

FORM 87

NOTICE AND STATEMENT OF RECEIVER

Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*

**IN THE MATTER OF THE RECEIVERSHIP OF
ALASKA - ALBERTA RAILWAY DEVELOPMENT CORPORATION**

of the City of Edmonton, in the Province of Alberta

THE RECEIVER GIVES NOTICE AND DECLARES THAT:

On June 18, 2021, Alaska – Alberta Railway Development Corporation (“AARDC” or the “Company”) filed a Notice of Intention to Make a Proposal (the “NOI”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act, RSC 1985, c B-3* (the “BIA”). MNP Ltd. consented to act as Trustee under the NOI (the “Trustee”). AARDC was granted a 30 day stay of proceedings pursuant to Section 69(1) of the BIA (the “Initial Stay”). Pursuant to an Order granted by the Court of Queen’s Bench of Alberta on July 12, 2021, the Initial Stay was extended to August 31, 2021 (the “Extension”).

The NOI proceedings were initiated following the receivership of AARDC’s primary secured lender, Bridging Finance Inc. (“BFI”) and certain other entities and investment funds related to BFI (“Bridging”) pursuant to Orders granted by The Ontario Superior Court of Justice on April 30, 2021 and May 3, 2021. PricewaterhouseCoopers Inc. (“PwC”) acts as the Court-appointed Receiver of Bridging.

1. On June 7, 2021, the Trustee issued a material adverse change report for AARDC based on the following:
 - a. The Bridging Receiver advised the Trustee that it would only support the Extension for AARDC if an Interim Receiver was appointed in respect of AARDC. Due to the size and nature of Bridging’s claim, the Company does not have the ability to make a viable proposal without Bridging’s support.
 - b. Outside of Mr. Sean McCoshen (“McCoshen”), the sole director and shareholder for AARDC, there was no party with the corporate authority to act on behalf of the Company. The Trustee had been advised that McCoshen was currently under medical care and was not involved in the day to day operations of AARDC. Further, McCoshen had not, during the course of AARDC’s NOI proceedings been accessible to the Trustee other than through the Company’s legal counsel, Dickinson Wright LLP, in addition to which, the Receiver of

Bridging had expressed concern regarding McCoshen's activities in relation to the Company prior to the NOI filing.

- c. The parties currently charged with the management of the day-to-day activities of AARDC did not appear to have comprehensive information regarding the Company's assets or the required authority to manage AARDC's operations.

On June 12, 2021, on application by PwC, the Court of Queen's Bench of Alberta granted an Order appointing MNP Ltd. as Interim Receiver of AARDC during the NOI (the "Interim Receiver"). A copy of the Interim Receivership Order can be found on the Interim Receiver's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/alaska-alberta-railway-development-corporation>.

BACKGROUND

AARDC was originally incorporated as 1788099 Alberta Ltd. ("178") under the *Alberta Business Corporations Act* on February 3, 2017. 178 originally changed its name to Alberta – Alaska Railway Development Corporation and then to AARDC. As noted above, McCoshen was the sole director and shareholder of AARDC.

The Interim Receiver understands that AARDC's operations were being managed out of an office located at 12905 127 Avenue NW in Edmonton, Alberta (the "Edmonton Office"), in a residential condominium owned by McCoshen. As of the Filing Date, the bulk of the Company's operations were being conducted remotely; however, AARDC did lease an office located at Suite 500, 900 West Hastings Street in Vancouver, B.C. (the "Vancouver Office"). On June 30, 2021, AARDC issued a Notice to Lessor to Disclaim or Resiliate a Lease by Commercial Tenant in respect of the Vancouver Office. Selected contractors of AARDC operate out of an office in Anchorage, Alaska, which they sublet.

AARDC's operations were undertaken to advance their stated purpose of building and operating a railway that would extend from Alberta to Alaska and allow for the transport of resource commodities to global markets via the ports of Southcentral Alaska (the "Railway"). AARDC's operations to date have largely been funded by Bridging. The Trustee understands that some of AARDC's most notable milestones with respect to realizing the railway project include obtaining a Presidential Permit issued by former U.S. President, Donald J. Trump, granting permission to AARDC to construct, connect, operate and maintain railway facilities at the international border of United States and Canada (the "Presidential Permit") and the execution of a master agreement with the Alaska Railroad Corporation that includes cooperation in permitting, selection of right-of-way, economic terms and authorization to operate on their track and extend several portions of their system (the "ARC Agreement").

ASSETS

Following its appointment, the Interim Receiver took possession and control of the Property. The Property includes the following:

1. Cash of approximately \$427,000 that is being used to fund the Company's operations during the NOI proceedings; and
2. Intellectual property related to AARDC's efforts to develop the Railway, including the Presidential Permit and the ARC Agreement (the "AARDC IP").

CREDITORS

On June 8, 2021, the Bridging Receiver issued a demand letter and a Notice of Intention to Enforce Security (the "244 Notice") to AARDC pursuant to Section 244 of the BIA. As set out in the 244 Notice, AARDC is indebted to Bridging in the amount of approximately \$212.9 million consisting of a principal balance of approximately \$145.8 million, additional transfers of approximately \$14.2 million and interest and penalties of \$52.9 million pursuant to a non-revolving credit facility (the "AARDC Loan"). The terms of the AARDC Loan were originally set out in a term sheet dated December 11, 2015, as subsequently modified by ten amending agreements during the subsequent period ended February 23, 2021. The AARDC Loan was secured by a general security agreement over all present and after acquired property of AARDC and all proceeds thereof (collectively, the "Bridging Security"). The Interim Receiver has requested a legal opinion with respect to the validity and enforceability of the Bridging Security.

In addition to the AARDC Loan, the Company listed additional creditors with claims totaling approximately \$21.0 million of which approximately \$12.7 million is due to related parties. A listing of the Company's creditors, outside of Bridging, is attached hereto. Canada Revenue Agency also has a deemed trust claim for payroll source deductions against AARDC in the amount of approximately \$45,900.

PLAN OF ACTION

The Interim Receiver is currently working with the Bridging Receiver to assess the content and sale-ability of the AARDC IP. The Interim Receiver understands that the Bridging Receiver is in the process of initiating a sale process with respect to Bridging's assets, including the AARDC Loan (the "Bridging Sale Process"). The purpose of the interim receivership is to support the Bridging Receiver in the Bridging Sale Process, as it relates to the AARDC Loan and, depending on the results of the Bridging Sale Process, subsequently initiate a sale and investor solicitation process for the Company for the purpose of realizing on the AARDC IP.

The contact person for the Receiver is as follows:

MNP Ltd.
1500, 640 – 5th Avenue SW
Calgary, AB T2P 3G4
Rick.anderson@mnp.ca

Attention: Rick Anderson

This Notice is provided for information purposes only. The Interim Receiver has not yet implemented a process to deal with creditors' claims and, as such, no further action is required by creditors at this time. Further information with respect to the interim receivership proceedings will be posted to the Interim Receiver's website as it becomes available.

Dated at Calgary, Alberta this 20th day of July 2021.

MNP Ltd., in their capacity as the Receiver and
Manager for Alaska – Alberta Railway Development
Corporation and not in its personal or corporate capacity



Vanessa Allen, B. Comm, CIRP, LIT
Senior Vice President

MNP Ltd.
Claims Register

In the Matter of the Proposal of
Alaska - Alberta Railway Development Corporation
of the city of Edmonton, in the Province of Alberta

Insolvency Date: 12-Jul-2021

Estate Number: TBD

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
Unsecured creditors						
1. 5321328 Manitoba Inc.	No	Not proved		3,725,372.63		
2. 7198362 Manitoba Ltd.	No	Not proved		8,966,257.50		
3. Air Alaska (Alpine)	No	Not proved		2,111.20		
4. Alayna Ward-Award Communications	No	Not proved		5,040.00		
5. Alberta Treasury Board & Finance Attn: Hazel Trombley	No	Not proved		1.00		
6. Altek Construction Ltd.	No	Not proved		100,815.62		
7. Arnold & Porter	No	Not proved		928,632.54		
8. Axiom	No	Not proved		22,667.64		
9. Barnes & Thornburg LLP	No	Not proved		13,013.00		
10. Brattle	No	Not proved		333,065.62		
11. Brian Love	No	Not proved		29,568.87		
12. Britt Radius	No	Not proved		692.53		
13. Cassels Brock LLP	No	Not proved				
14. Clear Concepts	No	Not proved		194.43		
15. Communica Public Affairs Inc.	No	Not proved		154,117.93		
16. CRA - Service Canada	No	Not proved		45,941.08		
17. CRA - Tax - Prairies	No	Not proved		1.00		
18. CSC	No	Not proved		487.64		
19. Dean Dokkie	No	Not proved		4,253.26		
20. Deborah Archibald (Archibald Robb Consulting)	No	Not proved		1,381.80		
21. Don Pope - EcoStep Environmental Consulting Ltd	No	Not proved		2,047.50		
22. Environmental Dynamics Inc	No	Not proved		4,778.99		
23. Fast Trippier Clunie Wittman LLP Attn: Faron J. Trippier/Irina Vakurova	No	Not proved		1.00		
24. Fort Nelson First Nation	No	Not proved		23,785.13		
25. Future 500	No	Not proved		14,111.08		
26. HDR Engineering	No	Not proved		2,006,794.00		
27. Hydrogeological Consultants HCL	No	Not proved		2,385.65		
28. Jack Ferguson and Associates	No	Not proved		165,000.00		
29. Jambo Software	No	Not proved		1.00		
30. Jason Smith (Jacobs)	No	Not proved		5,207.21		
31. JP Gladu Expenses	No	Not proved		3,193.37		

Claims Register for Alaska - Alberta Railway Development Corporation - Concluded

Insolvency Date: 12-Jul-2021

Estate Number: TBD

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
32. Keja Nokomis Whiteman	No	Not proved		3,785.63		
33. McKinsey	No	Not proved		3,339,114.90		
34. MLT Aikins LLP Attn: Martin S. Minuk	No	Not proved		1.00		
35. Navigator	No	Not proved		236,115.38		
36. Outcrop Communications Ltd	No	Not proved		4,751.35		
37. Peter Scholz	No	Not proved		37,751.30		
38. Peter Wallis Consulting	No	Not proved		13,178.64		
39. Pinpoint Consulting Inc.	No	Not proved		15,513.75		
40. Prolog	No	Not proved		1,575.00		
41. Qilak LNG	No	Not proved		18,022.59		
42. Sean McCoshen	No	Not proved		250,000.00		
43. Serecon	No	Not proved		23,600.23		
44. State of Alaska - Dept of Natural Resources	No	Not proved		24,345.91		
45. Tetratex Yukon	No	Not proved		876.75		
46. Thompson Hine	No	Not proved		34,093.78		
47. Thurber Engineering	No	Not proved		4,876.20		
48. Torkin Manes LLP Attn: Darryl T. Mann/Jennifer L. Siemon	No	Not proved		1.00		
49. Torys	No	Not proved		379,017.05		
50. Uptown Property Group	No	Not proved		15,793.71		
51. Uqaqti Consulting	No	Not proved		27,000.00		
52. US Department of the Interior (US Geological Survey)	No	Not proved		1.00		
53. WCB Workers Compensation Board of Alberta Attn: Collection Department	No	Not proved		1.00		
Total : Unsecured creditors				20,990,336.39		

Grand Total: 20,990,336.39