

Alaska - Alberta Railway Development Corporation
("AARDC" or the "Company")

Answers to Frequently Asked Questions

1. What type of proceedings are underway?

The Company filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (the "BIA") on June 18, 2021 (the "Filing Date"). MNP Ltd. ("MNP") acts as proposal trustee (the "Trustee"). Subsequently, on July 12, 2021, MNP was appointed as Interim Receiver of AARDC.

2. What is the impact of the NOI on the Company's creditors?

Once a NOI is filed, the Company benefits from an automatic 30-day stay of proceedings (the "Initial Stay") and service to the Company cannot be discontinued. The Company must file its proposal within the Initial stay period or within any further extension of that period granted by the Court of Queen's Bench of Alberta (the "Court"). Currently the Initial Stay has been extended to August 31, 2021 (the "Extension").

3. What is a NOI?

A process available under the BIA that allows a company in financial distress the opportunity to restructure their affairs by presenting a formal proposal to their creditors.

4. What was the reason for the NOI filing?

The NOI filing was 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 and May 3, 2021. PricewaterhouseCoopers Inc. ("PwC") acts as the Court-appointed Receiver of Bridging (the "Bridging Receiver").

5. Why was an Interim Receiver appointed?

On June 7, 2021, the Trustee issued a material adverse change report (the "MAC Report") for AARDC based on the following:

- a. The Bridging Receiver advised the Trustee that it would only support the Extension if an Interim Receiver was appointed in respect of AARDC.
- b. There was no party available with the corporate authority to act on behalf of the Company.
- c. The parties charged with management of the day-to-day activities of AARDC did not have comprehensive information regarding the Company's assets or the required authority to manage AARDC's operations.

The Interim Receiver was appointed, upon the application of the Bridging Receiver, to address the concerns outlined in the MAC Report. In particular, the Interim Receiver has the authority to, in consultation with the Bridging Receiver, manage AARDC's operations during the NOI proceedings.

6. Does this mean AARDC is bankrupt?

No, by filing a proposal to its creditors, the Company could avoid bankruptcy and continue as a going concern. Having said that, if a proposal is not filed or if a proposal is filed but is not approved by a required majority of the Company's creditors or the Court, AARDC may be deemed to have made an assignment in bankruptcy.

7. Who can I talk to about these proceedings?

If you have questions about the proceedings or require additional information, please contact Rick Anderson of MNP at rick.anderson@mnp.ca.

8. What is the role of the Trustee?

A proposal trustee is an independent third party who is appointed by the Official Receiver to assist the Company in filing its NOI and/or proposal and to monitor the Company's operations during the stay or proceedings.

9. What is the role of the Interim Receiver?

The Interim Receiver is a Court Officer whose role is to preserve the Company's assets and manage AARDC's operations in consultation with the Bridging Receiver.

10. What is a proposal?

A proposal is a formal agreement that the Company presents to its creditors setting out how it intends to compromise and/or repay the debt owing on the Filing Date. Terms vary but may include the payment of a percentage of a creditor's claim either as a lump sum or over time and payments may include cash payments or through the issuance of shares.

11. What is the objective of filing a proposal?

The objective of filing a proposal is to allow a company to restructure its obligations and business operations. Generally, the intention is that the company will continue as a going concern with the proposal providing creditors and shareholders with a greater recovery than would be available to them in a bankruptcy scenario. In this case, the Company may, in consultation with the Bridging Receiver, initiate a Sale and Investor Solicitation Process (the "SISP"), the results of which will determine the terms of any future proposal. The timing of the SISP has not yet been determined.

12. When can I expect to receive additional information?

Publicly available information will be posted on the MNP Website as it becomes available. There are currently two websites related to these proceedings:

- a. NOI: <https://mnpdebt.ca/en/corporate/corporate-engagements/alaska-alberta-railway-development-corporation-7198362-manitoba-ltd-and-12703131-canada-ltd>
- b. Interim Receivership: <https://mnpdebt.ca/en/corporate/corporate-engagements/alaska-alberta-railway-development-corporation>

13. What are the anticipated next steps?

The Company is now required to file a proposal within the Extension or seek a further extension. As stated above, AARDC will likely implement a Sale and Investor Solicitation Process that will need to be completed prior to the Company filing its proposal.

14. How can I make sure that my claim is recognized in the proposal proceedings?

The Notice and Statement of Receiver includes a listing of the Company's creditors. If a creditor is not reflected in that listing, they should contact MNP. No claims process is being undertaken at this time.

15. When and how will my claim be paid?

The timing, nature, and quantum of any payment to creditors will be outlined in any future proposal that is filed by the Company. Depending what is set out in a proposal, terms may include the payment of a percentage of a creditor's claim either as a lump sum or over time and payments may include cash payments or through the issuance of shares. A claims process will only be undertaken at such time as a proposal is filed.