

Mackenzie Valley Aboriginal Pipeline LP

*a proud partner in
The Mackenzie Gas Project*

**Advantage North
Yukon Convention Centre
Whitehorse, YK
May 28 – 30, 2007**



Mackenzie Gas Project



- Accesses the closest frontier basin in North America
 - 6 Tcf Onshore reserves
- Initial capacity 1.2 Bcf/d
- Expandable to 1.8 Bcf/d
- Total Project Cost: \$16.2 Billion



Mackenzie Gas Project



- Gathering System north of Inuvik
- Processing Plant - Inuvik
- 1200 km - 30" gas pipeline to Alberta
- 10" liquids pipeline – to Norman Wells
- APG is a partner in the 30" gas pipeline



Making history

**APG is a unique alignment of
Aboriginal groups in the Mackenzie
Valley**

**Not only to support the construction of the
Mackenzie Valley Pipeline**

...but to be a part of it



Making history

Our Mandate is...

**To maximize the long-term financial return
to the Aboriginal Groups of the NWT
through ownership in the pipeline**



Making history

APG is a business deal, negotiated by
Aboriginal people for Aboriginal people.

Once the pipeline is completed, APG will
pay meaningful *long-term* dividends to
its stakeholders...

...for as long as gas flows through the pipeline



Ownership means **full**
partnership

Ownership through the Regulatory Phase:

APG – 33.33 %

Imperial Oil – 34.14%

ConocoPhillips Canada – 15.96%

Shell Canada – 11.25%

Exxon Mobil Canada – 5.32%



Ownership means **full** partnership

As a full partner, APG

- Has a seat on the Board of the MGP
- Participates in all project committees
- Has a direct voice in the development of this major project



How the financing will work

Fundamental commercial arrangements:

- Producers sign long-term shipping contracts
- APG obtains loans to finance its investment
- Loans are repaid from APG's share of pipeline revenue
- Balance of APG revenue is returned to APG shareholders as dividends



How the financing will work

For costs incurred prior to regulatory approval:

- A loan has been negotiated with TransCanada Corp. to cover APG's share of Project costs during the pre-development period
- Loan balance now exceeds \$120 million
- TransCanada bears all risk if pipeline does not proceed



How the financing will work

Following regulatory approval:

- Bank loans will be arranged for APG's share of construction costs
- APG must borrow both debt and equity
- APG has obtained an investment-grade credit rating from DBRS
- All major Canadian Banks have expressed strong interest



Regulatory Process

- **Cooperation Plan – June 2002**
 - Two parallel reviews
 - National Energy Board (Technical, Safety & Commercial)
 - Joint Review Panel (Environmental and socio-economic)
 - Anticipated 24 months from application to approval
- Regulatory Application filed October 2004
- Public hearings commenced January 2006
- Hearings taking place in 30 communities



Regulatory Status

- **NEB Hearing Phase completed Dec 14**
 - on schedule
- **JRP significantly behind schedule**
 - Hearings currently scheduled through June 2007
 - Balance of schedule expected shortly
- **Project Update filed with regulators on May 15**
 - Provides details on cost & schedule changes
 - No significant changes to Project's "footprint"
- **Over 7000 individual permits required from Northern Boards**
- **Regulatory approval could be delayed beyond 2008**
 - Over 4 years from application to approval
 - More than twice the time anticipated by Cooperation Plan



This is a Challenging Project

- Significant cost and schedule pressures
- Continuing Regulatory delays
- Several Access & Benefits Agreements outstanding
 - Two of five in place
- Availability of qualified workforce



Summary

- **The Mackenzie Gas Project is at a critical juncture**
 - Regulatory issues require timely resolution
 - Hearings likely to continue to late 2007
 - Gas to market as early as ??
- **The APG business deal is “ready to go”**
 - All commercial arrangements have been finalized with the Producers
 - Initial approach made to capital markets for construction funding
 - Will provide stable, long-term revenue stream for NWT aboriginal groups





Fred Carmichael
Board Chair

Nellie Cournoyea
Past Chair

APG's Board of Directors

Doug Cardinal
Board Member

John Tutcho
Board Member

Charlie Furlong
Board Member

Duane Smith
Board Member

John Louison
Board Member

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Board Member

