

Diadem Group LTD.

Coaltrans Petcoke Conference

May 9, 2014 | Vancouver, BC

Presented by David Montpetit, President

Agenda

- Overview of Rail and Port Destinations in Western Canada
- Petcoke Port Destinations in Western Canada
 - Ridley Terminals Inc. Expansion
- Shipping Advantages for Western Canadian Ports
- Rail Carriers and Capacity for Petcoke
 - Challenges for Rail Carriers
 - Handling Considerations for Petcoke

Overview: Rail and Port Destinations in Western Canada



Petcoke Port Destinations: Western Canada

- Ridley Terminals Inc. (RTI), Prince Rupert BC
 - Petcoke customers
 - Husky Energy (shipping)
 - Suncor (shipping)
 - CNRL
 - Throughput capacity
 - RTI' s expansion program is on track
 - 2014/15 throughput capacity is 16-25 mmt
 - 2013 Petcoke business was between 1.5-2 mmt
 - Available capacity for new Petcoke business
 - Servicing rail carrier
 - CN

Ridley Terminals Inc. Expansion



Petcoke Port Destinations: Western Canada (cont'd)

- Westshore Terminals, Vancouver BC
 - Petcoke customer
 - Oxbow Carbon LLC
 - Throughput capacity
 - 2014 – 33 mmt
 - 2013 Petcoke business was approximately 300,000 mt
 - No additional capacity available
 - Servicing rail carriers
 - CN
 - CP
 - BNSF

Shipping Advantages: Western Canadian Ports

Distance from North American West Coast Ports to China



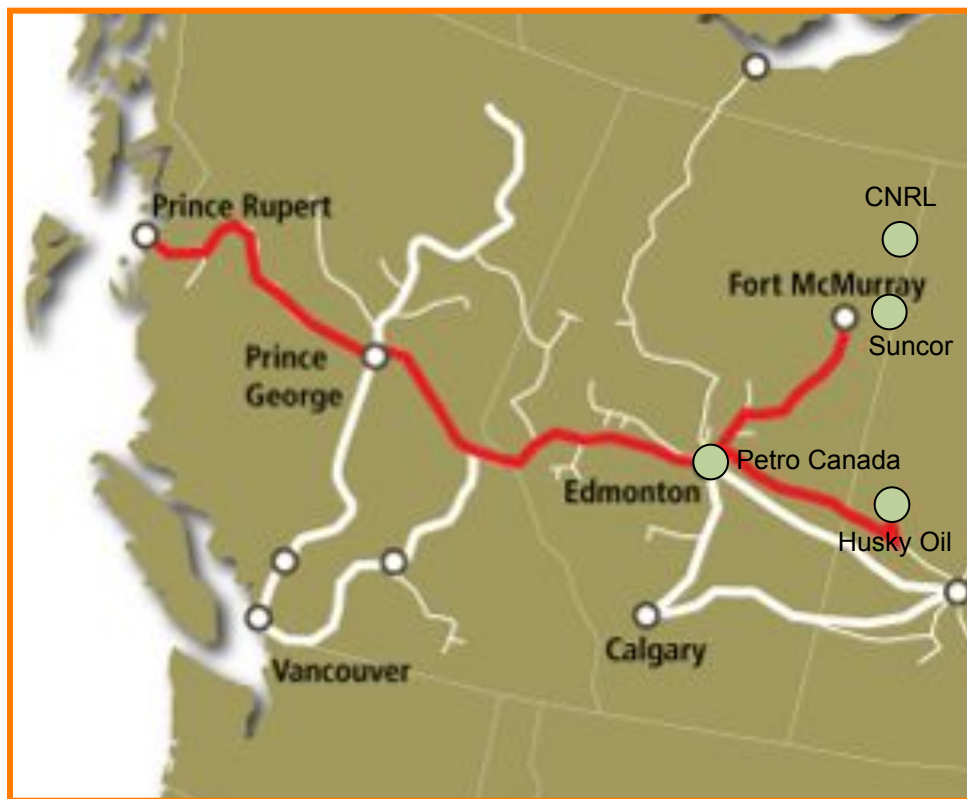
Petcoke Capacity for Rail Carriers

- CN handles the Petcoke movement from the refineries in Western Canada to the ports in British Columbia
- Petcoke producers
 - Syncrude
 - Suncor (shipping)
 - Loading
 - CN controlled Lynton loadout, 1,235 miles (1,988 km) from RTI
 - Trucking from the refinery to Lynton, ~34 miles (55 km)
 - Edmonton: 955 miles (1,537 km) from RTI

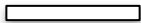
Petcoke Capacity for Rail Carriers (cont'd)

- Petcoke producers (cont' d)
 - Husky Energy (shipping)
 - Loading
 - Lloydminster SK, 1,118 miles (1,800 km) from RTI
 - CNRL
 - CN controlled Lynton loadout, 1,246 miles (2,005 km) from RTI
 - Trucking from refinery to Lynton, ~50 miles (80 km)
- CP rails Petcoke from Edmonton within the province of Alberta and to British Columbia for domestic use
- 2013 Petcoke inventory in Alberta is approximately 85 mmt

Petcoke Capacity for Rail Carriers (cont'd)



 CN moves Petcoke from Western Canada producers to Ridley Terminals Inc.

 CN and CP rail lines

Challenges for Rail Carriers

- Fort McMurray corridor currently has adequate capacity to handle additional Petcoke movement
 - Competing with
 - Crude
 - Container, equipment and other tank traffic
- Rail line capacity is 263,000 lbs
- Rail cars
 - Steel 100 mt cars
 - Maximum payload capacity is 92 mt
- Edmonton mainline to RTI is currently at 30% utilization
 - Plenty of capacity on the line

Challenges for Rail Carriers (cont'd)

- Loading
 - Currently loading 10-20 cars at a time between various locations
 - Lynton loading capacity is 50 cars per day
 - Shippers should be targeting unit train movement
 - 100 cars plus
 - Efficiencies include:
 - » Loading
 - » Improved cycle times
 - » Product will not be compromised – freezing
 - » Quicker unloading and stock pile management
 - » Improved rail rates based on unit trains and subject to less restrictive tariffs

Handling Considerations

- Movement to load-out
 - Trucking distance
 - Cost
 - Truck size
 - Daily running hours
- Moisture content
 - Drainage
 - Refinery direct versus stock piles

Handling Considerations (cont'd)

- Moisture content (cont'd)
 - Freezing of the product
 - Rail cycle time
 - Seasonal raiing
 - Anti freeze empties
 - Course versus fine product
- Rail fleet
 - Unit versus manifest trains

Questions | Comments?

- Thank you for your attention today.

About Diadem Group LTD.

- David Montpetit, President
 - 20+ years' experience in project/sales management and contract negotiation/administration
 - Supported by a talented and experienced negotiating/resource team including world-renowned legal counsel and logistics and costing consultants
- We focus on improving efficiencies and reducing costs in the rail transportation and port logistics industries
- We use a solution-based approach to achieve short and long-term service level agreements that maximize all commercial, contractual and legislated mechanisms to fully protect the shippers
- We work to ensure all supply chain efficiencies are maximized and fully utilized, including loading and unloading facilities

Contact Us



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