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MEGAPROJECTS OUTLOOK – CANADA

Third Quarter 2013

Projects include major private industrial investments (i.e.: resource extraction, pipelines, manufacturing sector), announced or under construction in Canada as of June 2013 and valued at $1 billion or more. Selected projects have a precise location, a set value and timetable, and are at the construction or pre-construction stage.

$386 BILLION

Total value of ongoing industrial megaprojects in Canada

Slowdown of new announcements
A decrease from 2012 is now evident.

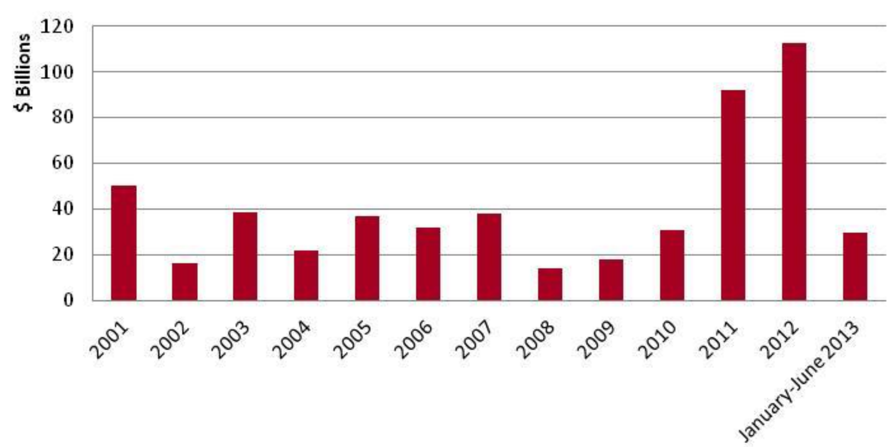
Likelihood of completion in decline
The value of megaprojects proceeding on schedule has decreased since December 2012 and is now set at 68 percent of the value of ongoing megaprojects. There is a notable decline of megaprojects originating from BRIC.

Oil & gas transport projects moving ahead
The value of oil & gas transportation megaprojects (pipelines and LNG terminals) increased by nearly $25 billion since December 2012.

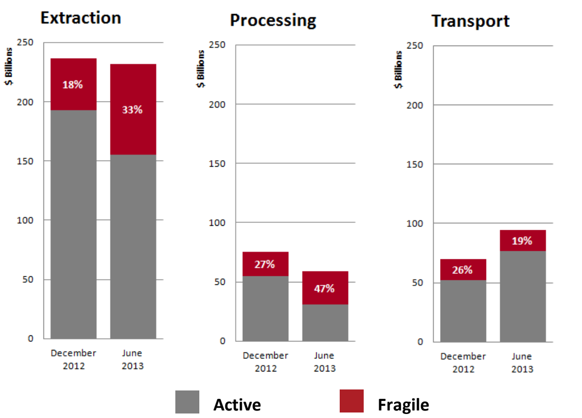
GLOBAL SLOWDOWN CATCHES UP WITH CANADA

In a context of faltering prices for raw materials and global economic slowdown, the decrease in new announcements of private industrial megaprojects in Canada in 2013 should not come as a surprise. In fact, at an annualized rate, the level is at its lowest since 2010. Moreover, the likelihood that a project currently underway will be completed within predicted timeframes has dropped significantly: E&B DATA estimates that 32 percent of the value of announced megaprojects are fragile—delayed or otherwise at risk—an increase of 21 percent since the end of 2012. The situation varies depending on the industry and on each project's positioning within the product processing chain.

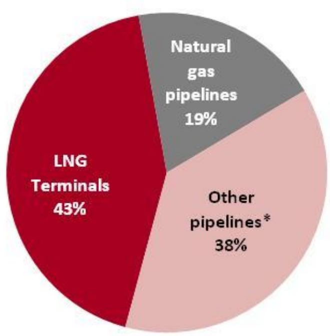
New Megaprojects Announcements – 2001 to June 2013



Breakdown of Ongoing Megaprojects by Type of Activity and Likelihood of Completion – June 2013



Breakdown of Ongoing Oil & Gas Transport Megaprojects – June 2013



**Other pipelines include pipelines carrying petroleum, bitumen or diluents.*

EXTRACTION

Which investors will be solid enough to carry on with their projects, in spite of depressed commodity prices? Surely, it will be international companies with integrated downstream operations as well as large State-owned enterprises, even though they will likely have to pay the price. Current circumstances represent an opportunity for these companies to squeeze out smaller competitors with weaker financial capabilities. This situation applies as much to oil & gas as it does to some of the extractive sector, such as the iron-mining industry.

PROCESSING

Canada's goal of increasing local resource processing will remain a dream if it is up to the majority of investors. The resource-nationalism movement demonstrated by some public administrations in recent years is showing less vigor in the face of the highly volatile economic climate. Nearly half of all processing projects (by value) are at risk, whether they involve oil & gas or minerals.

That being said, Canada's energy surplus—an anomaly among industrialized countries—will eventually find new outlets, in the natural-resources sectors or other industrial sectors. The emergence of large data-centre projects constitutes an early indicator of this trend.

TRANSPORT

The Asian thirst for energy (India, China, Japan) seems unquenchable, and liquefied-natural-gas (LNG) terminal projects on Canada's Pacific coast (total value $36 billion) are progressing on schedule, largely unaffected by the economic situation. However, in spite of growing concerns about shipping oil & gas products by rail, not all currently proposed pipeline projects will be completed. As the projects move forward, the complexity of their deployment is becoming apparent. The multiplicity of administrations (federal, provincial, First Nations and even municipal) and the variety of areas of jurisdictions (energy, natural resources, transport, environment), guarantees significant delays, if not outright postponements. One may recall the sagas of the Foothill and MacKenzie Delta pipeline projects.

While post-2008 forecasts expected a global recovery in 2012-2013, any return to strong economic growth worldwide in the next few months has already been ruled out. While only five percent (by value) of ongoing projects have been withdrawn since the start of 2013, this outcome seems increasingly likely in the months to come.

TABLES AND NOTES

Megaprojects' Status Updates

Development stage of megaprojects	Value ($M)
Previously ongoing	381,493
New - January to June 2013	29,600
Abandoned - January to June 2013	19,800
Completed - January to June 2013	5,274
Total ongoing	**386,019**

New Megaprojects Announcements

Sector	Country of Origin			
	Canada ($M)	Others ($M)	Total ($M)	%
Mining	3,800	0	3,800	13%
Oil & Gas	8,500	16,000	24,500	83%
Others	0	1,300	1,300	4%
Total	**12,300**	**17,300**	**29,600**	**100%**

Ongoing Megaprojects' Status

Status	June 2013		December 2012	
	Value ($M)	%	Value ($M)	%
Active	263,801	68%	299,633	79%
Fragile	122,218	32%	81,860	21%
Total	**386,019**	**100%**	**381,493**	**100%**

Ongoing Megaprojects by Sector

Sector	June 2013			December 2012		
	Value ($M)	Fragility	%	Value ($M)	Fragility	%
Mining - Total	129,324	44%	34%	133,348	16%	35%
Extraction	105,924	40%	27%	105,148	17%	28%
Processing	23,400	65%	6%	28,200	14%	7%
Oil & Gas - Total	255,395	25%	66%	248,145	24%	65%
Extraction	125,595	27%	33%	131,245	20%	34%
Processing	35,200	36%	9%	46,800	35%	12%
Transport	94,600	19%	25%	70,100	26%	18%
Others	1,300	0%	0%	0	0%	0%
Total	**386,019**	**32%**	**100%**	**381,493**	**21%**	**100%**

Ongoing Megaprojects by Region of Destination

Region	June 2013			December 2012		
	Value ($M)	Fragility	%	Value ($M)	Fragility	%
Western Canada	295,881	29%	77%	290,455	20%	76%
Northern Canada	6,240	12%	2%	6,240	12%	2%
Central Canada	47,850	51%	12%	48,750	28%	13%
Atlantic	36,048	30%	9%	36,048	24%	9%
Total	**386,019**	**32%**	**100%**	**381,493**	**21%**	**100%**

Ongoing Megaprojects by Region of Origin

Region	June 2013			December 2012		
	Value ($M)	Fragility	%	Value ($M)	Fragility	%
Canada	224,715	28%	58%	232,689	29%	61%
United States	55,786	15%	14%	55,786	2%	15%
BRIC	23,590	35%	6%	23,590	4%	6%
Europe	38,200	36%	10%	20,900	48%	5%
Others	43,728	64%	11%	48,528	6%	13%
Total	**386,019**	**32%**	**100%**	**381,493**	**21%**	**100%**

DEVELOPMENT STAGES

"New" megaprojects are those publicly announced between January 2013 and June 2013. "Previously ongoing" projects were ongoing as of December 31th 2012. Megaprojects labeled "abandoned" have been either announced as, or presumed abandoned, since January 2013. "Completed" megaprojects have been completed since January 2013. "Ongoing" megaprojects include both new and previously ongoing projects not yet completed.

MEGAPROJECT SECTORS

The mining sector includes extraction activities (metallic and non-metallic minerals) and processing, such as iron-ore pelletizing and aluminum smelting. The oil & gas sector includes extraction activities, processing (i.e. upgrading, refining) and transportation, which includes pipelines and liquefied natural-gas terminals. All other manufacturing sectors are included in "others."

MEGAPROJECT STATUS

"Active" projects are those at the construction stage or working their way through government-approval processes and financial structuring while showing no sign of faltering. Projects are categorized as "fragile" when available public information suggests that the project as initially announced could be compromised or delayed, due to financial factors (market conditions, financing) or regulatory concerns, or because the investor has remained silent about the project for an abnormally long period of time. Officially suspended projects are also included in this category.

REGION OF DESTINATION

Western Canada includes British Columbia, Alberta, Saskatchewan and Manitoba. Northern Canada includes Yukon, Northwest Territories and Nunavut. Central Canada includes Ontario and Quebec. The Atlantic region includes Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island.

REGION OF ORIGIN

BRIC refers to Brazil, Russia, India and China. Europe includes all members of the European Union as of June 2013, as well as Norway and Switzerland. Countries such as Australia, South Africa and Malaysia are included within the residual category "others."

E&B (Economic and Business) DATA is an independent economic-analysis company specializing in the industrial sector, particularly in heavy industry. Its clients include private investors, industry associations, governments and trade unions. Data come from CAPEX-online and are based on a continuous screening of public announcements concerning private capital investment projects in Canada. For a purchase or a subscription to CAPEX-online, please contact info@ebdata.com.