

JUL 24 2024

Ted Lomond, President
North Atlantic Refining Limited
29 Pippy Place
St. John's, NL A1B 3X2
tedlomond@northatlantic.ca

Dear Mr. Lomond:

RE: Wind Hydrogen Hub Application Recommendation Letter

I am writing regarding the proposal of North Atlantic Refining Limited (the Company) to the Department of Industry, Energy and Technology for the establishment of a reserve of Crown land. This reserve is for the establishment of a Green Energy Hub and includes upgrading, expanding and leveraging existing infrastructure and operations while establishing a wind energy project to power the production, storage and export of Liquid Organic Hydrogen Carriers, all of which is as described in the project information on file with the Department of Industry, Energy and Technology (the Project).

I am pleased to advise that the Department of Industry, Energy and Technology has determined that the Project be recommended for further consideration by the Government of Newfoundland and Labrador, and that a wind reserve be established within the area identified in Annex A and illustrated in Annex B in order for the Company to pursue the development of the Project.

Please note that this recommendation may not apply should the Project change materially or should material assumptions or statements be found to be inaccurate. Please also note that while your proposal has received a Wind Hydrogen Hub Application Recommendation Letter, this should not be interpreted as an endorsement of the Project or any assumptions made therein, including the accuracy, feasibility, or viability of the content. This includes but is not limited to any statements in your proposal concerning the availability and cost of electrical power from the island interconnected system, which neither the Province nor its Crown corporation, Newfoundland and Labrador Hydro, verifies, endorses or warrants. Requests for connection to the provincial electricity grid to support hydrogen production and the cost of electrical power from the provincial electricity grid are subject to regulation by the Board of Commissioners of Public Utilities.

Crown lands for which the aforementioned right applies are outlined in the GIS data attached as Annex A and presented for demonstration purposes in the map attached as Annex B. These lands will be held in reserve for the Company for a period of 18 months from the date of this letter or until the Company makes an application to the Department of Fisheries, Forestry and Agriculture (FFA) for the lands required to complete the Project, whichever occurs earlier. If the Company

does not make an application to FFA for the lands required for its current Project within a period of 18 months from the date of this letter, the lands outlined in the attached annex will no longer be held in reserve for the Company. A reserve fee of \$440,471.85 per year will be charged by FFA to the Company.

Should the Company make application(s) to FFA for the lands required to complete the Project within the 18-month period noted above, the lands included in the Crown lands application will continue to be held in reserve for the Company until the application is cancelled, withdrawn, refused or a title has been issued. Any lands that have been reserved for the Company, but not requested in the Crown Lands application, will be released from the reserve. A reserve fee will continue be charged by FFA to the Company for the lands included in the Crown lands application while they are held in reserve pending a decision on the application or title is issued, whichever is later.

This letter is to be included in the Company's application for the Crown lands required for the Project, in addition to other information required for review of the application. All applications for Crown lands will be subject to the Crown lands processes and fees as well as the Environmental Assessment (EA) process, as applicable. If an EA is required, as per section 68 of the **Environmental Protection Act**, Crown land shall not be issued until an undertaking has been released from EA.

Please note that your Project is subject to the Province's legislative and regulatory framework, including but not limited to, that pertaining to the development and provision of electricity in the province, such as the **Public Utilities Act** and the **Electrical Power Control Act, 1994**, that pertaining to the control and management of water resources under the **Water Resources Act**, and any other laws of the Province. Further, the issuance of this letter is distinct and separate from the Crown lands application and approval process and is distinct and separate from the EA process. As such, the issuance of this letter does not substitute or guarantee approval in the separate Crown lands application process under the **Lands Act**, the separate EA process under the **Environmental Protection Act** and Regulations, and any other statutory and regulatory approvals, exemptions or regulatory processes applicable to the Project.

In addition, please note that the Company will be required to submit a Benefits Plan and a Gender Equity, Diversity and Inclusion Plan (GEDIP) for the Project that meets the approval of the Province. The Benefits Plan and GEDIP must be approved prior to the commencement of Project construction, and it is therefore recommended that you engage with IET officials early in your development process to ensure these timelines are met. Also, please note that the Company's Project will be subject to the Province's Wind-Hydrogen Fiscal Framework, which was announced in February 2023.

Furthermore, please note that the Crown land lease fee annual charge of 7 per cent of market value will be based on a new localized market valuation of the final areas submitted for land lease, if any. FFA will assess market value of the leased lands annually and the Company will be advised of any change in the annual fee.

In advancing the proposed Project, you are encouraged to explore all Government of Canada funding opportunities. The Canada Infrastructure Bank (CIB), for example, is an impact investor that invests to develop the next generation of infrastructure in Canada, including green infrastructure and clean power. The CIB is open to engaging in discussions with proponents about their projects and eligibility for investment from the CIB including investment parameters and timelines. I encourage you to contact Carl Landry, Managing Director, Investments at the CIB at clandry@cib-bic.ca to further discuss your Project.

I wish you success and look forward to working with you in the future.

Sincerely,

A blue ink signature of John Cowan, written in a cursive style.

JOHN COWAN
Deputy Minister

- c. Jamie Chippett, Deputy Minister
Department of Fisheries, Forestry and Agriculture

Annex A

Project GIS Data As attached in the email

Annex B

Wind-Energy Reserve – Demonstration Map

