



NEWFOUNDLAND
AND LABRADOR

INVESTOR RELATIONS

SEPTEMBER 2023


Newfoundland
&
Labrador
CANADA



NL QUICK FACTS

Total population: 530,000

- Capital City: St. John's
- Population: 212,579 (2021)

Total area:

- 405,720 km²
- 29,000 km of coastline

Fiscal Highlights:

- Highest revenue per capita
- Third highest GDP per capita

Diversified Economy

- Conventional and green energy, minerals, fisheries, forestry, technology, tourism
- Oil and gas emissions amongst the lowest worldwide

Credit Rating Strengths:

- A / A1 Ratings (stable outlook)
- Stronger budgetary performance and return to surpluses
- Strong debt management and favourable maturity schedule
- Significant energy resources and low reliance on federal transfers

PERFORMANCE INDICATORS

The path from 2020-21 to 2023-24

	2020-21 (July 2020 Update)	2023-24
(Deficit)/ Surplus	(\$2.1)B	(\$160)M
Net Debt	\$16.7B	\$16.2B
Debt to GDP	57.1%	39.9%
Debt Expense	\$1.1B	\$1.1B
Debt Expense % Gross Revenue	16.0%	10.9%
Future Fund – Total Contributions	-	\$284.1M
Total Employment	213,800	237,700
Unemployment Rate	14.0%	10.1%
Population	519,900	531,110
Net Migration	-245	+7,240
Children in School	1,000 More Students Than Projected	
Income Support Beneficiaries	31,350	29,344

STRATEGIC PLAN FOR FINANCIAL IMPROVEMENT

GOAL Stronger, Smarter, Self-sufficient, Sustainable Newfoundland and Labrador

Objective

- Responsible Financial Management
- Managing and Lowering the Cost of Debt and Borrowing
- Return to Surplus

HOW WE GET THERE

01

Fixing Muskrat Falls

- Rate mitigation
- \$5.2 billion agreement with Government of Canada

02

Prudent Fiscal Governance

- Balanced budget legislation
- Expenditure control
- Transformation and modernization
- Strengthening the role of the auditor general
- Strategic review of assets

03

Responsible Debt Management

- Effective treasury management
- Enhancing liquidity position
- Optimizing sinking fund performance
- Future fund

POPULATION GROWTH

ECONOMIC GROWTH

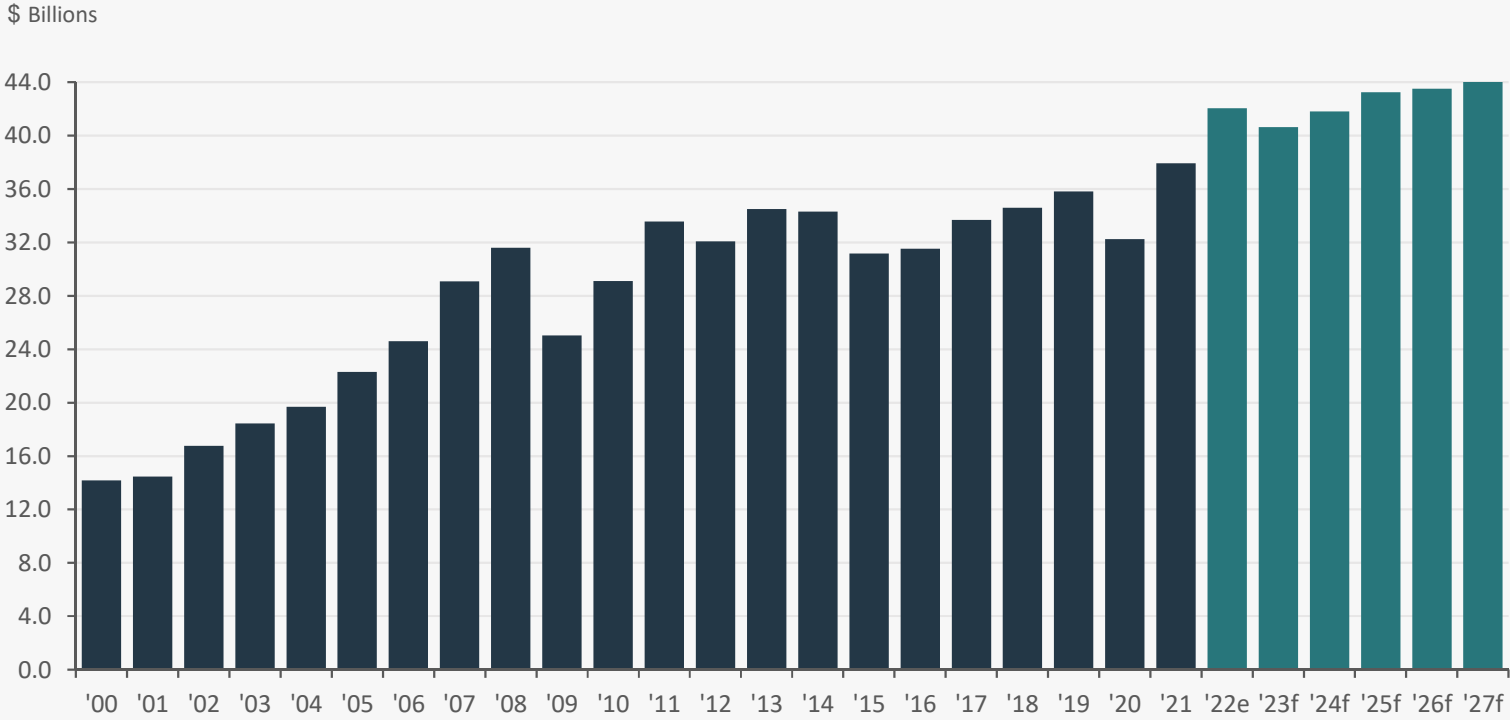
**FINANCIAL
AND
ECONOMIC
OVERVIEW**



CANADA – ECONOMIC SNAPSHOT

Indicator	Current Value	Value Date	24-Month Historic Trending
Population	39.9 Million	Q2 2023	<p>38.2M 39.9M</p>
Real GDP	\$2.20 Trillion	Q2 2023	<p>2.08T 2.20T</p>
CPI Inflation	3.3%	July 2023	<p>4.1% 3.3%</p>
Unemployment	5.5%	July 2023	<p>7.5% 5.5%</p>

NOMINAL GDP AT MARKET PRICES, NL, 2000-2027



e: estimate; f: forecast
Source: Statistics Canada (Table 36-10-0003-01); Department of Finance

DIVERSE EXPORT PRODUCTS

Green Economy

- Hydrogen
- Hydroelectricity
- Green diesel
(Come by Chance Refinery)

Strategic Minerals

- Iron ore
- Copper
- Cobalt
- Gold
- Nickel
- Rare earth minerals

Oil and Gas

- Offshore projects

Technology

- Verafin (cybersecurity)
- Kraken (marine robotics)
- CoLab (engineering software)
- Mysa (smart thermostats)
- Rutter (ocean tech)

Fisheries and Aquaculture

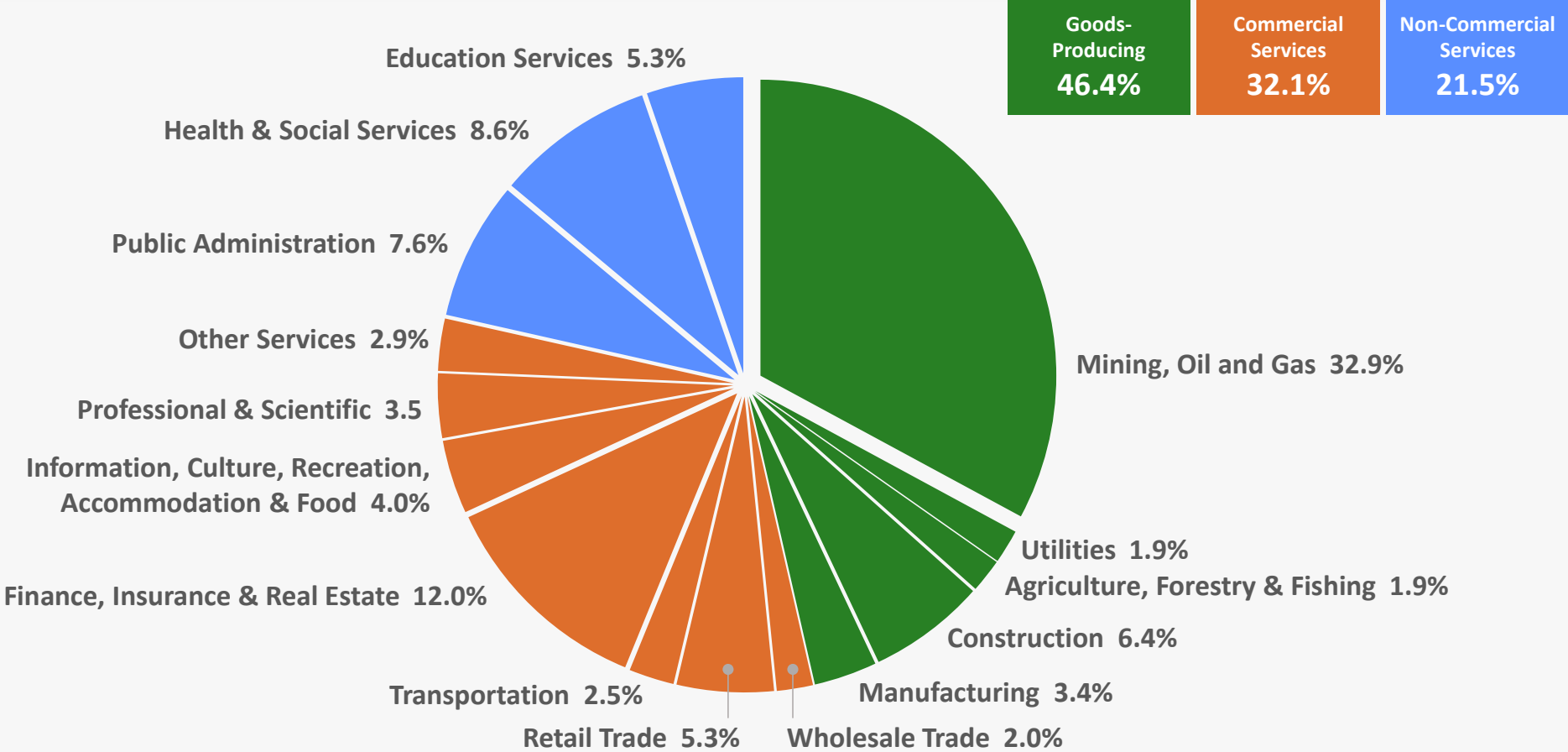
- Crab
- Shrimp
- Cod
- Salmon

Forestry

- Newsprint
- Lumber



GDP BY INDUSTRY SHARES (2022)



Source: Statistics Canada (Table: 36-10-0400-01)



ENVIRONMENTAL

Standards

- Net Zero by 2050
- 98% renewable energy

Reducing Impacts

- Hydrogen first mover
- Low carbon oil production setting global standards

Measuring Performance

- Management of Greenhouse Gas Act



SOCIAL

People

- Piloting a targeted basic income for youth receiving residential services

Supporting Industry

Improving unemployment

- July 2023 seasonally adjusted unemployment rate of 8.7% - lowest rate on record since 1976

Communities

Advancing the population growth strategy

- Q4 2022 population growth of 3,130 (0.6% quarterly)



GOVERNANCE

Corporate Governance

- Stable majority government
- Enhanced autonomy for auditor general

Transparency

- Strengthened oversight and accountability framework
- Focus on transformation and modernization processes across sectors

Regulation

- Balanced budget legislation
- Established future fund

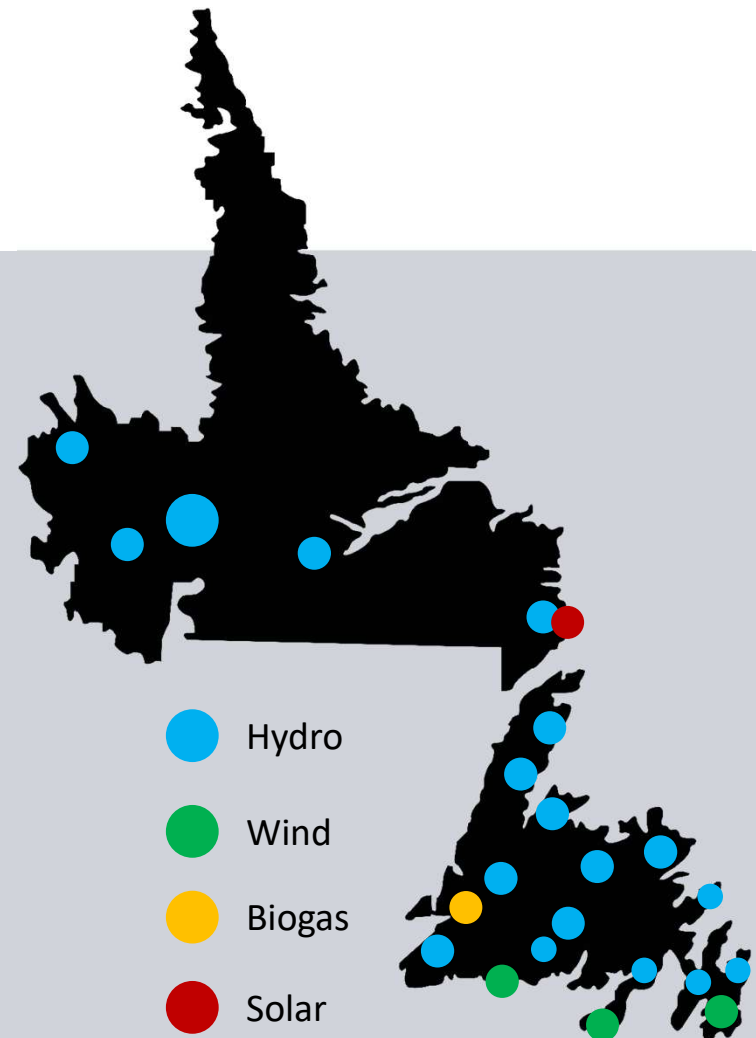
DEVELOPED RENEWABLE ENERGY

Highly renewable electricity grid

- More than 91 per cent renewable; increasing to 98% via LCP
- Primarily hydro, followed by wind and solar
- Biogas electricity generation pilot Program
- Net metering program (renewables under 100kw)

Net exporter of renewable energy

- 1.2 terawatt hours/annually
- Increasing to 3.2 terawatt hours/annually via latest project



GREEN HYDROGEN

Newfoundland and Labrador is well positioned to produce green hydrogen:

- Best wind resources for electricity generation in North America (US Department of Energy wind map)
- Numerous ice-free deep water ports
- Vast unpopulated Crown lands
- Abundant fresh water resources
- Proximity to North American and European markets

Canada and Germany have:

- Released national hydrogen strategies
- Signed a declaration of intent to establish a Canada-Germany Hydrogen Alliance



GREEN HYDROGEN

Call for bids for wind-hydrogen development on Crown lands in the province has been completed. Four companies advancing developments:

- EverWind NL Company – Burin Peninsula
- Toqlukuti’k Wind and Hydrogen Ltd. (ABO) – Avalon Peninsula / Isthmus Region
- Exploits Valley Renewable Energy Corporation – Central NL
- World Energy GH2 Inc. – Western NL
- During the life of the four projects (35 to 40 years), anticipating:
 - Overall economic impact (GDP) of \$206.2 billion; and,
 - Estimated peak employment at 11,694 full-time equivalents during construction
- Fifth company, Pattern Energy, also advancing a project on privately owned land



OIL AND GAS – A SOURCE OF COMPETITIVE ADVANTAGE

- Low carbon emissions relative to international competitors
- Robust supply and service capabilities
- Skilled and readily available workforce
- Offshore reserves and exploration opportunities
- Involvement of major players in the industry



OIL AND GAS - CURRENT EXPLORATION

BP Canada Energy



- In Summer 2023, BP Canada drilled Ephesus F-94 well in the Orphan Basin on exploration licence EL 1168 testing a new play concept

Equinor Canada

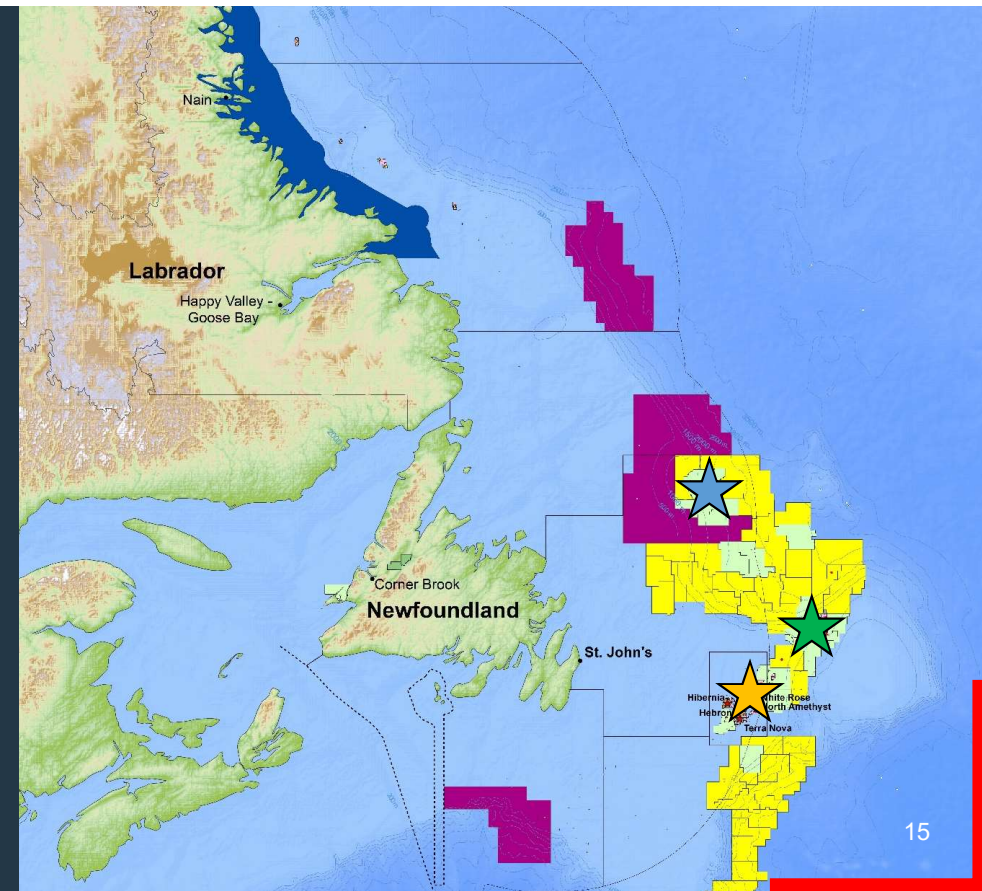


- Recently drilled several successful exploration wells which led to new oil discoveries; Cambriol G-92, Cappahayden K-67/z which resulted in the awarding of a new SDL1059 licence

Exxon Mobil Canada



- Exxon Canada drilled Gale N-66 well in the Summer of 2023 in the Jeanne d'Arc basin / Central Ridge on exploration licence EL 1167



OIL AND GAS MAJOR PROJECTS

Upstream – Existing

- Terra Nova
- White Rose and West White Rose
- Hibernia
- Hebron

Upstream – Developing

- Bay du Nord

Downstream

- Come by Chance Refinery



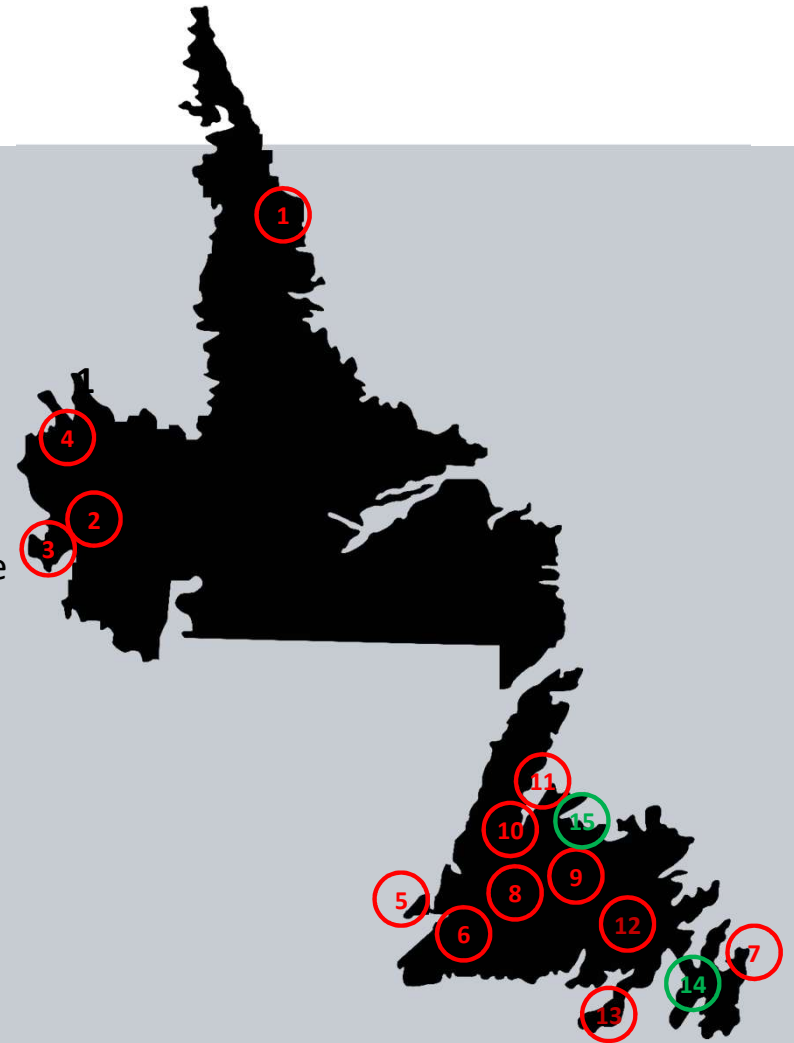
EXISTING MINING OPERATIONS

Existing Operations

1. Vale Newfoundland and Labrador Limited
2. Iron Ore Company of Canada (IOC)
3. Tacora Resources Inc.
4. Tata Steel Minerals Canada Ltd.
5. Atlantic Minerals Limited
6. Atlas Salt Inc.
7. Trinity Resources
8. BarCan (Barite Canada)
9. Hi-Point Industries
10. Rambler Mines and Metals
11. Maritime Resources
12. Beaver Brook Antimony Mine
13. Canada Fluorspar (NL) Inc.

Processing Facilities

14. Vale – Long Harbour Processing Facility (nickel, copper and cobalt)
15. Maritime – Nugget Pond (gold)



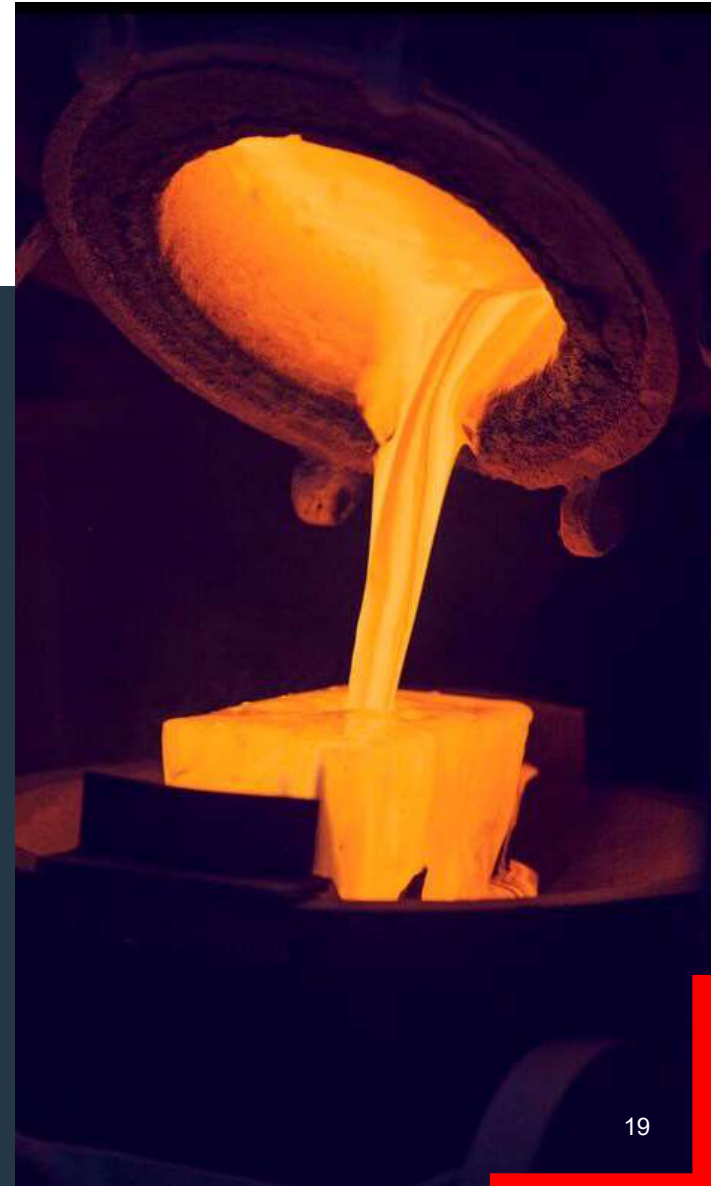
EXISTING MINING OPERATIONS



- 2022 mineral shipments valued at **\$5.2 billion**
 - 75% iron ore
 - 16% nickel
- 2023 mineral shipments projected to be: **\$4.6 billion**
- 9 active and 4 production-ready mines: iron ore, nickel, copper, cobalt, gold, silver, antimony, fluorspar, barite, dolomite, limestone, gypsum, peat and pyrophyllite
- Seven developing projects with gold, iron ore and rare earth elements

GOLD MINING PROJECTS

- Marathon Gold's Valentine Gold project advancing in construction, which will be the largest gold mine in Atlantic Canada
- Maritime Resources Corp.'s Hammerdown gold project released from environmental assessment; issued a feasibility study highlighting a five-year mine life



MINING EXPLORATION

- \$243 million spent on exploration in 2022
 - Highest investment in 30 years
- \$238.6 million projected for 2023
- Production capacity in nickel, cobalt, copper, antimony and fluorspar
- Additional funding to expand the support provided by the Junior exploration assistance program to target critical mineral exploration
- Exploration projects include rare earth elements, zinc, copper, manganese, lithium, platinum group metals, uranium



FISHERIES AND AQUACULTURE



17,300
Employed

\$1.4 Billion
market value



206,000 tonnes
wild & farmed fish landed
50x province's annual
seafood consumption



89 plants

Key Markets

US, China, Indonesia,
UK and Denmark



Exports to
40+ countries
valued at over
\$1.24 Billion



Over 80%

wild fisheries (by value)
are certified to the
MSC standard



TOURISM – ANOTHER WORLD, NEXT DOOR

Tourism generates over **\$1 billion** in spending by resident and non-resident visitors in the province

5 UNESCO World Heritage Sites:

- The Tablelands – Gros Morne National Park
- Viking Visitors – L'Anse aux Meadows National Historic Site
- Whaling Heritage – Red Bay National Historic Site
- Origins of Life – Mistaken Point Ecological Reserve
- Discovery Geopark – Bonavista Peninsula

FISCAL OUTLOOK, BORROWING REQUIREMENTS AND DEBT

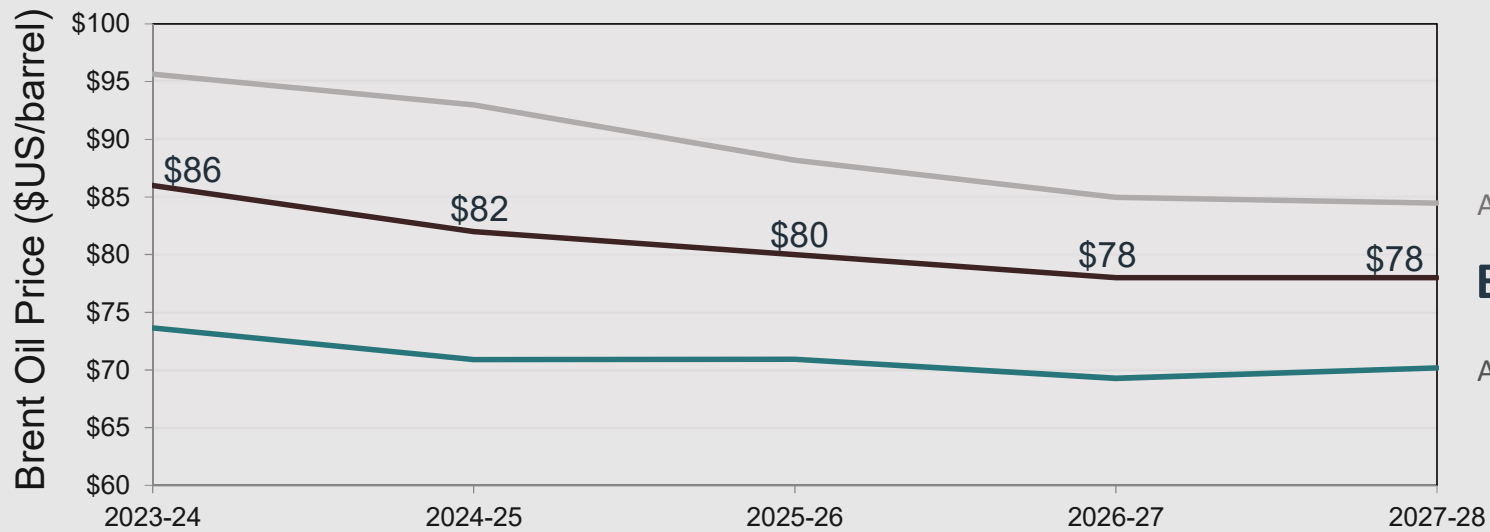


MULTI-YEAR FORECAST

	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue	9,689	9,974	10,055	9,905	9,802
Less: Oil Risk Adjustment	-	20	40	50	60
Expenses					
Base Expenses	9,378	9,296	9,358	9,413	9,346
100% Funded	471	361	371	371	371
Surplus (Deficit) \$M	(160)	297	286	71	25

Return to surplus in FY2024-25 based on revenue growth and prudent fiscal management

OIL PRICE AND EXCHANGE RATE FORECAST



Average of 3 Highest Forecasts

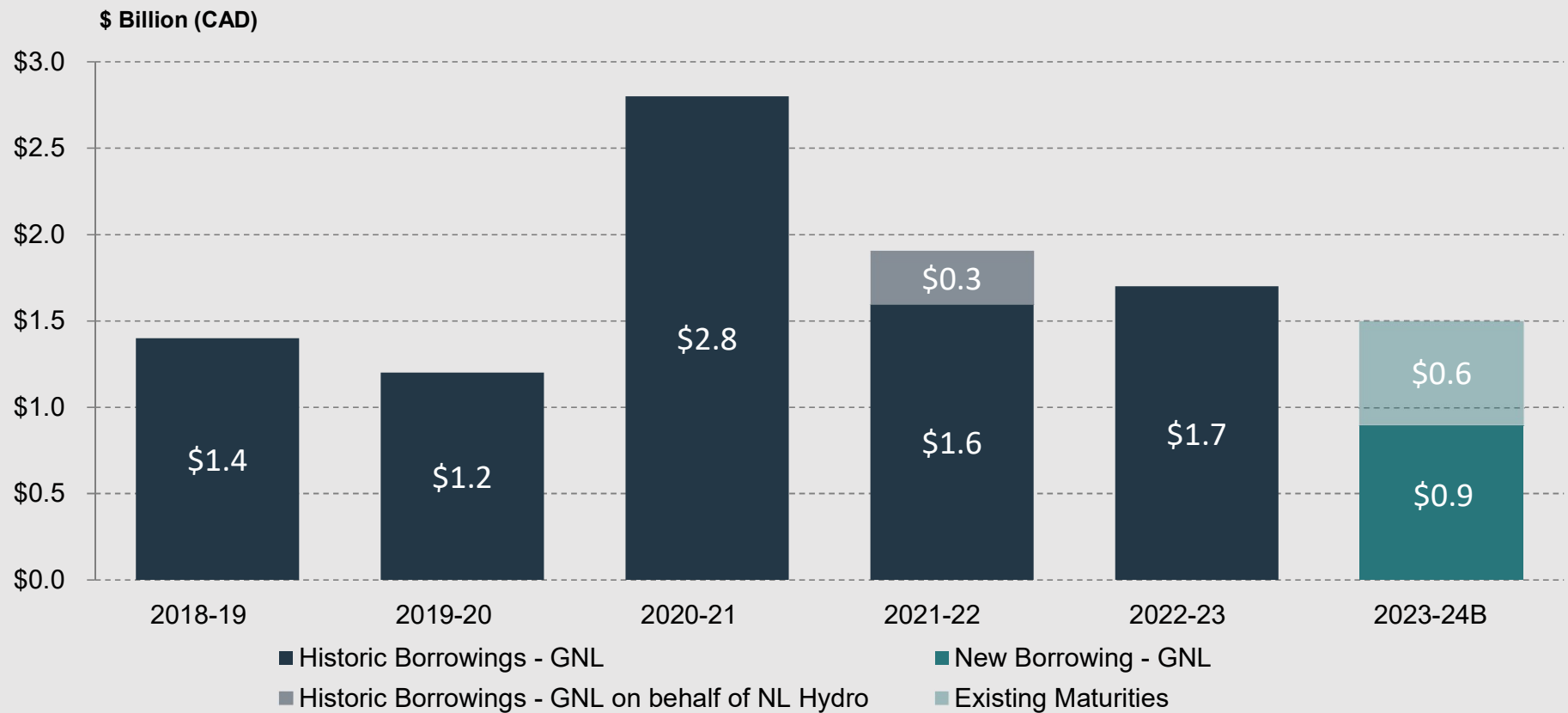
Budget Price

Average of 3 Lowest Forecasts

Exchange Rate	2023-24	2024-25	2025-26	2026-27	2027-28
CAD to USD Exchange Rate	0.757	0.778	0.784	0.787	0.787

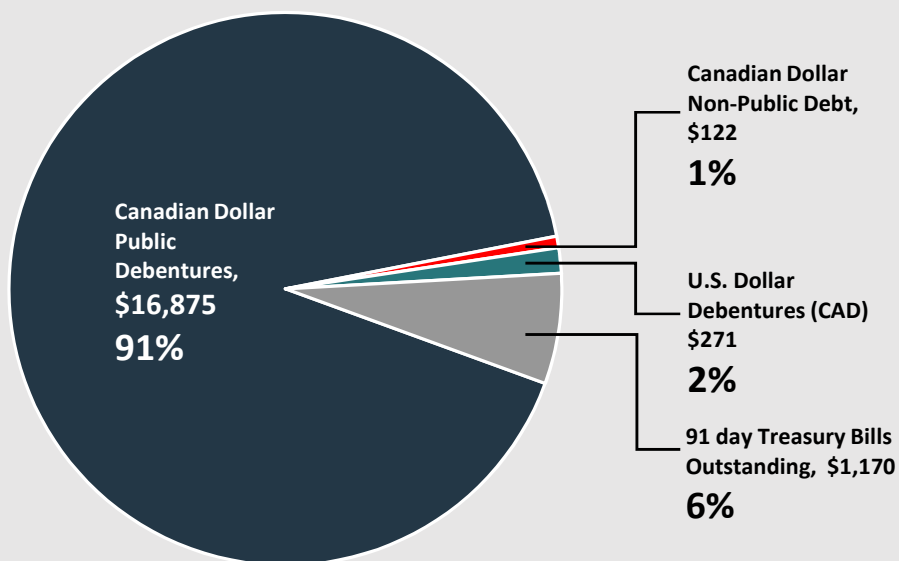
BORROWING REQUIREMENTS

2023-24 Borrowing \$1.5 Billion



NEWFOUNDLAND AND LABRADOR DEBT PORTFOLIO

CDN \$ Millions - as of August 31, 2023



Notes:

- Canadian Dollar Non-Public Debt is composed of debentures issued to the Canada Pension Plan Investment Board
- Does not include debt issued on behalf of or directly by government business enterprises, agencies or boards
- \$USD debentures converted to Canadian dollars using March 31, 2023 closing exchange rate of 1.3533

Agency	Rating	Credit Strengths
S&P	A Stable	<ul style="list-style-type: none"> • Stronger budgetary performance and return to operational surpluses • Growing operating revenues with the easing of pandemic restrictions and rising oil prices • Prudent financial management
Moody's	A1 Stable	<ul style="list-style-type: none"> • Fiscal flexibility inherent to all Canadian provinces to achieve budget targets • Treasury management and regular cash flows facilitate financing planning • Strong debt management and favourable maturity schedule
DBRS	A Stable	<ul style="list-style-type: none"> • Significant energy resources • Low reliance on federal transfers • Wage certainty

SUMMARY

- Return to economic growth after pandemic
- Projected return to balance in 2024-25
 - 2 years ahead of schedule
 - Significant progress and continued transformations
- Low reliance on federal transfers
- Significant long-term potential with extensive natural resources
 - Several projects proceeding on green hydrogen
 - Offshore oil, minerals, hydro, fisheries, tourism
- Manageable borrowing requirements and maturity profile
- Recent credit rating upgrade (DBRS)



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Iron Ore Company of Canada at Labrador City

