



NEWFOUNDLAND
AND LABRADOR
**INVESTOR
RELATIONS**

JUNE 2024



Newfoundland
&
Labrador
CANADA

NL QUICK FACTS



Total population: 540,000

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

Total area:

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

Diversified Economy

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

Fiscal Highlights:

- Highest revenue per capita
- Third highest GDP per capita
- Strong 2024 growth forecast vs. other provinces
 - Real GDP to increase 5.1%
- Capital investment forecast to increase 3%
 - Forecast growth to almost 63% increase by 2026

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 2024-25

	2020-21 (July 2020 Update)	2024-25
(Deficit)/ Surplus	(\$2.1)B	(\$152)M
Net Debt	\$16.7B	\$17.8B
Debt to GDP	57.1%	44.1%
Debt Expense	\$1.1B	\$1.2B
Debt Expense % Gross Revenue	16.0%	11.2%
Future Fund – Total Contributions	-	\$358.8M
Total Employment	213,800	238,800
Unemployment Rate	14.0%	10.0%
Population	519,900	543,100

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



Fixing Muskrat Falls

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

Prudent Fiscal Governance

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

Responsible Debt Management

- Effective treasury management
- Enhancing liquidity position
- Re-establishing and optimizing sinking fund performance
- Future fund
- Diversifying our investor base

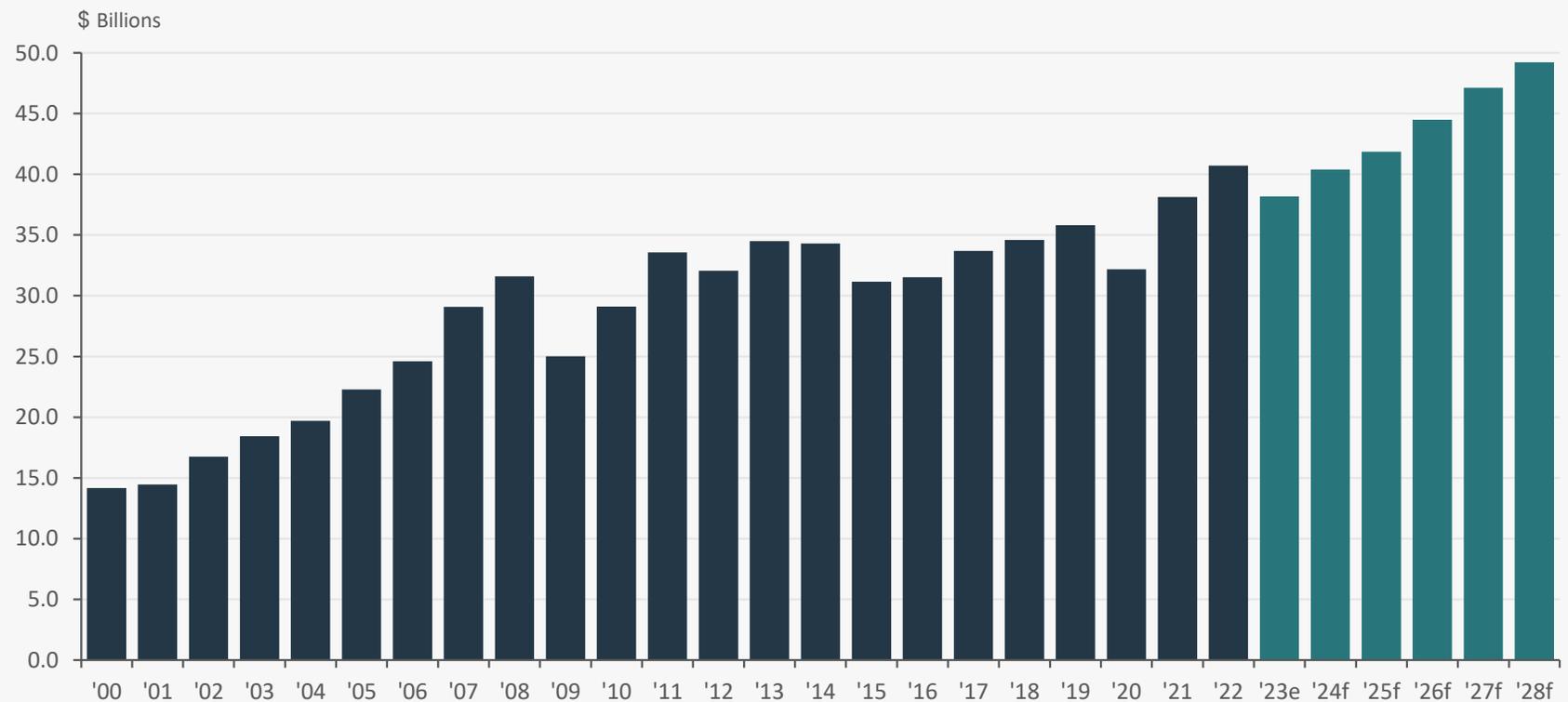
POPULATION GROWTH

ECONOMIC GROWTH

**FINANCIAL
AND
ECONOMIC
OVERVIEW**



NOMINAL GDP AT MARKET PRICES, NL, 2000-2028



e: estimate; f: forecast

Source: Statistics Canada (Table 36-10-0222-01); 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 – Hibernia, Terra Nova, White Rose, Hebron, Bay du Nord
- Exploration – BP, Equinor, Cenovus, Suncor, ExxonMobil

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





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
- Poverty reduction plan
- Seniors well-being plan

Supporting Industry

Improving unemployment

- March 2024 seasonally adjusted unemployment rate of 10.1%

Communities

Advancing population growth strategy

- Y/Y population growth of 5,588 (1.04% gain Jan. 2024 to Jan. 2023)



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

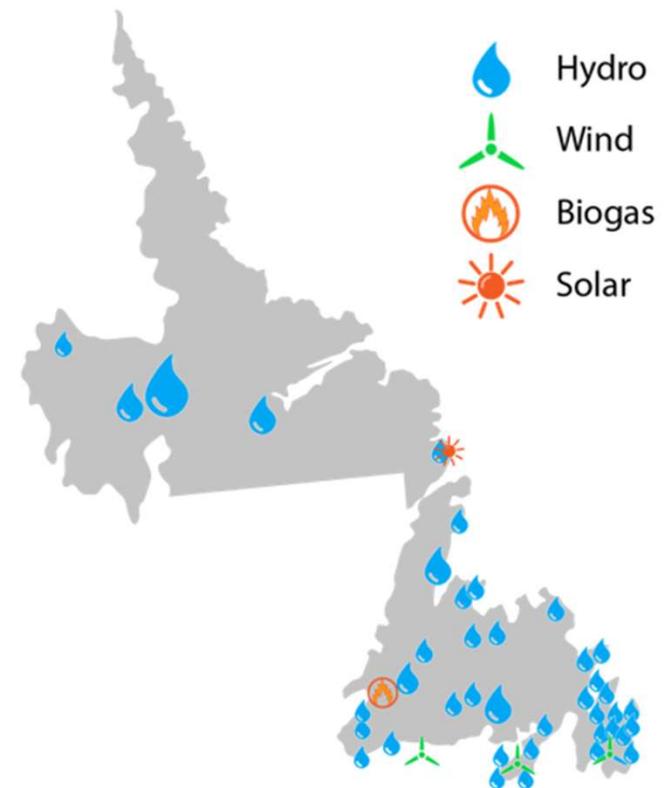
- Over 90% renewable via latest project - increasing to 98%
- Primarily hydro, followed by wind and solar
- Net metering program (renewables under 100 kW)

Net exporter of renewable energy

- Annual surplus energy exports of approximately 3.2 terawatt hours
- Additional 30 terawatt hours via Upper Churchill

Potential for more renewable energy

- Expanded Churchill Falls
- Gull Island
- Muskrat Falls



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

Green Hydrogen Approach:

- Canada-Germany Hydrogen Alliance
- Declaration of Intent with City of Hamburg
- MOU with the Port of Rotterdam
- Canada-EU Joint Green Hydrogen Roadmap



GREEN HYDROGEN

In August 2023, the Province completed Call for Bids for wind-hydrogen development. Four companies received Wind Application Recommendation Letters:

- EverWind NL Company – Burin Peninsula
 - Exploits Valley Renewable Energy Corporation – Central NL
 - Toqlukuti'k Wind and Hydrogen Ltd. (ABO) – Avalon Peninsula / Isthmus Region
 - World Energy GH2 Inc. – Western NL
- These four companies have the right to pursue the development of their project and can proceed through GNL's Crown Land application and approval process
 - Over the life of the four projects (35 to 40 years), anticipating overall economic impact (GDP) of \$206.2 billion and revenue to the province of \$11.7 billion



GREEN HYDROGEN

Pattern Energy

- A fifth company, Pattern Energy, is also advancing a wind-hydrogen project on privately owned land
- In April 2024, the Province announced a Contingent-Wind Energy Land Reserve has been established to allow Pattern to apply for Crown land within this limited reserve should it be required for the project

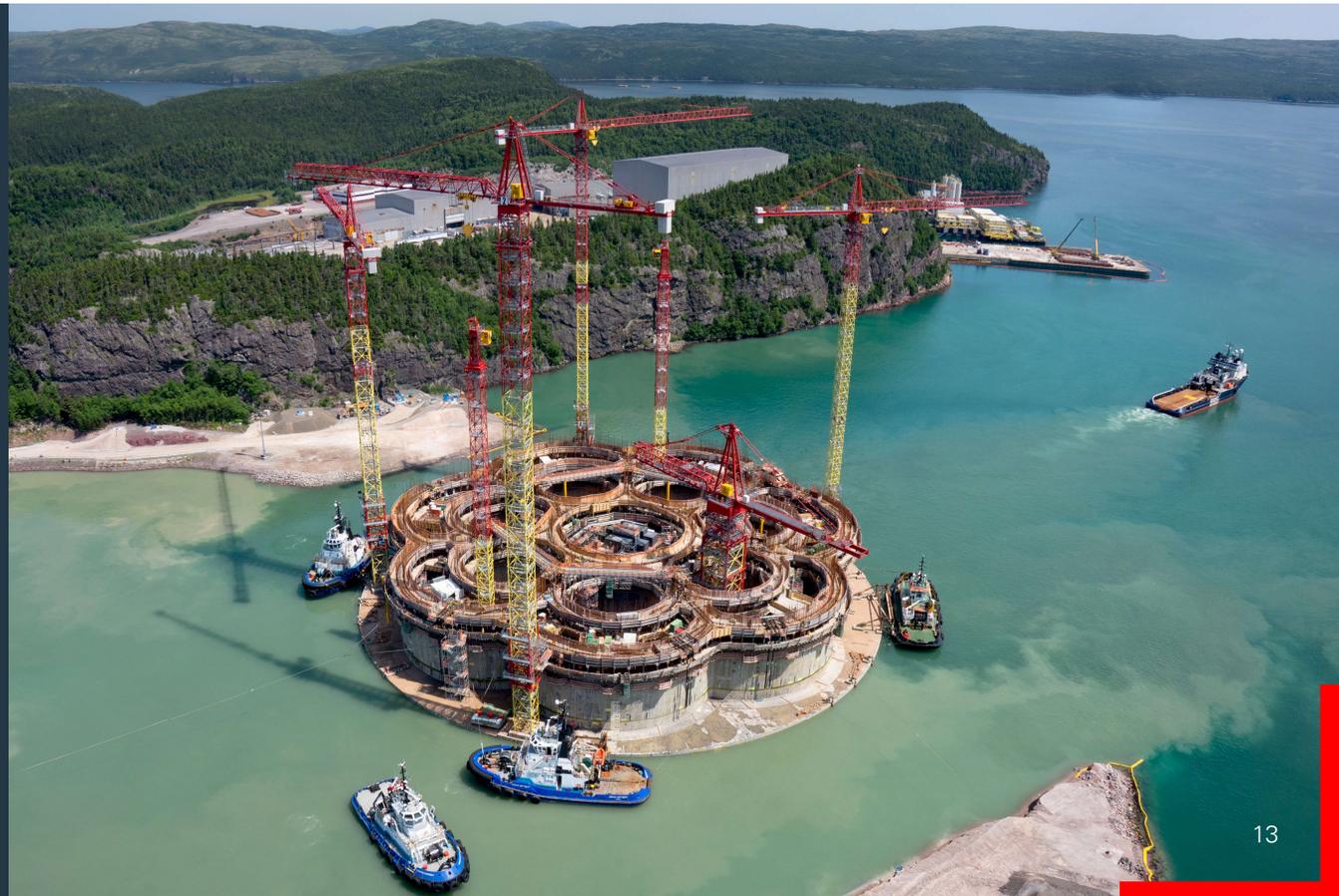
World Energy GH2 Inc.

- In April 2024, World Energy GH2's environmental impact statement was approved by the provincial government
- The company will still have to obtain licences and permits before construction on the project can begin



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 MAJOR PROJECTS

Upstream – Existing

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

Upstream – Developing

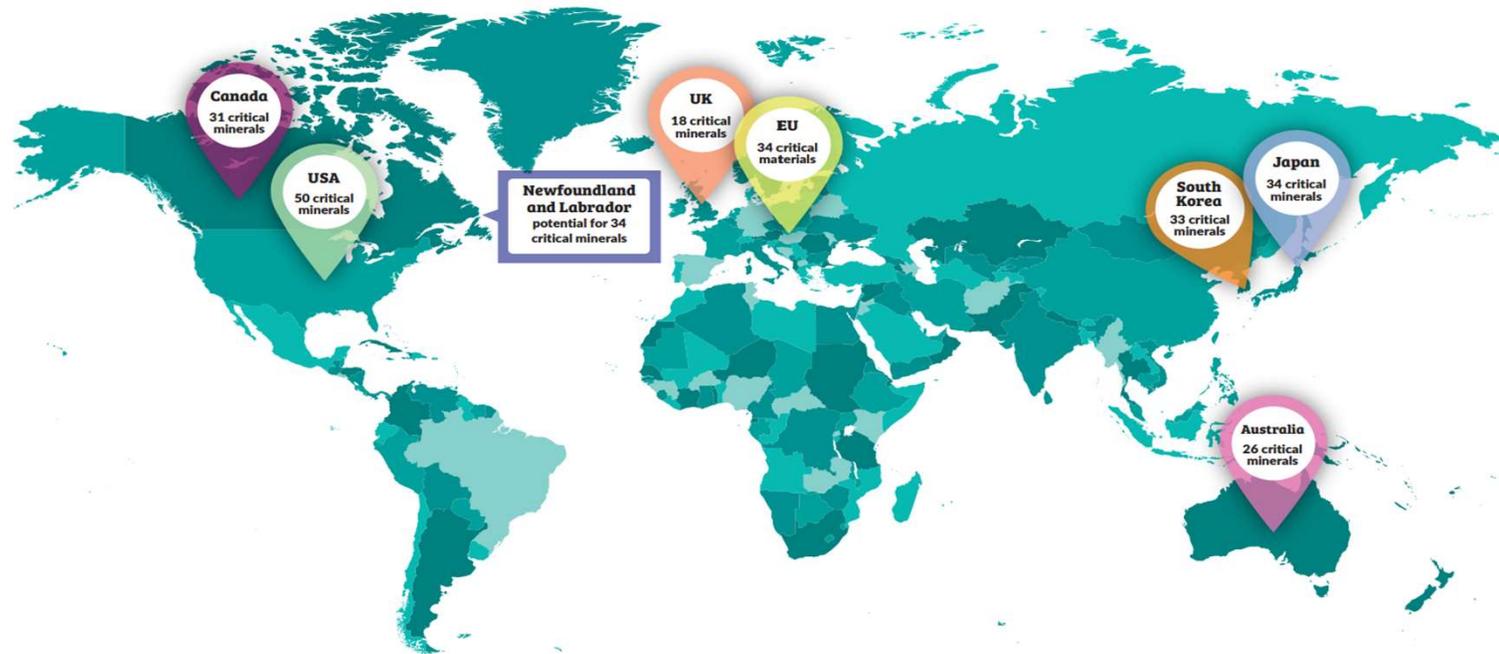
- Bay du Nord

Downstream

- Come by Chance Refinery



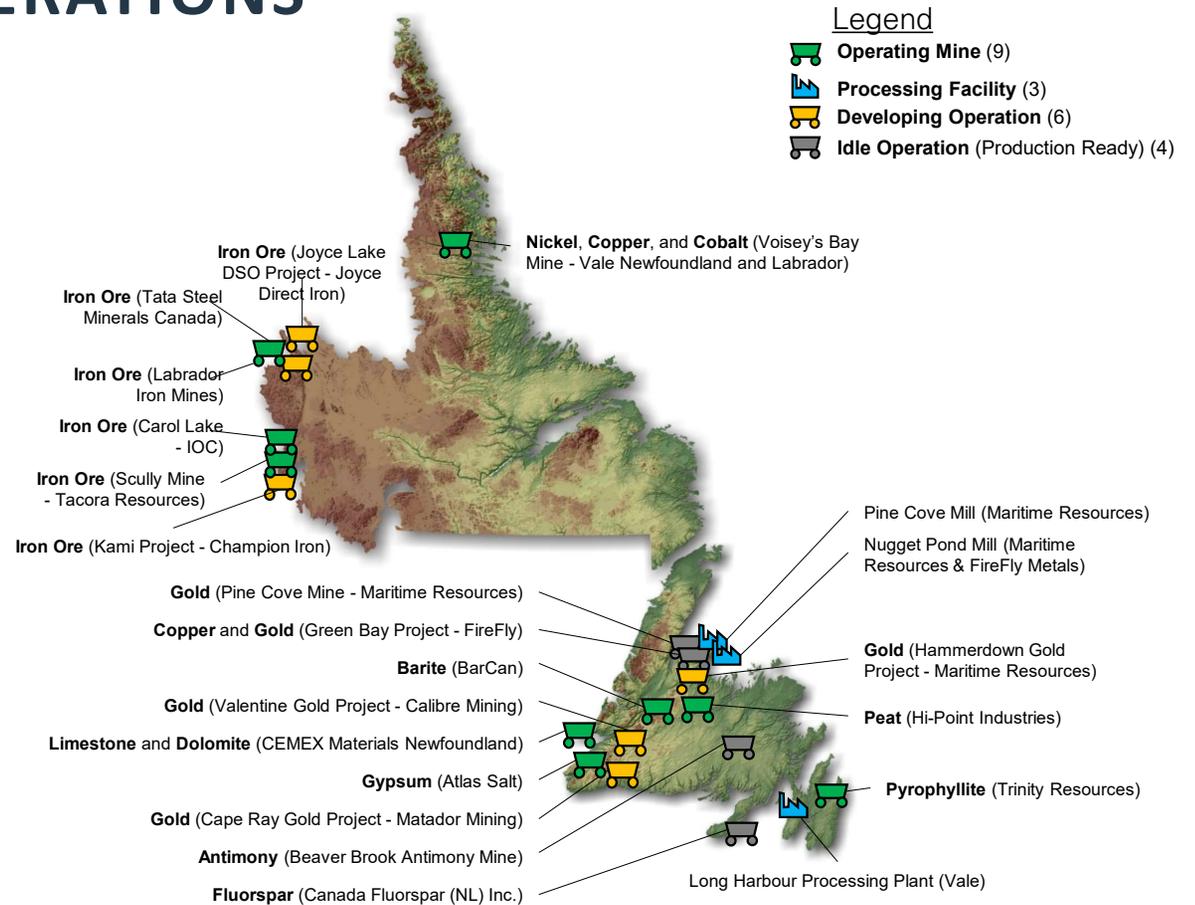
CRITICAL MINERAL ADVANTAGE



- Potential for critical minerals such as nickel, cobalt, copper, fluorspar, manganese, lithium and rare earth elements
- Critical Mineral Strategy promotes investments in geoscience and exploration assistance to identify and advance development of mineral deposits
- Maximizing potential through opportunities in supply chain, innovation, research and development

EXISTING MINING OPERATIONS

- NL has 9 active and 4 production-ready mines with commodities such as iron ore, nickel, copper, cobalt, gold, silver, antimony, fluorspar, barite, dolomite, limestone, gypsum, peat and pyrophyllite
- NL has 6 developing projects with commodities such as gold, copper and iron



MINING & EXPLORATION



- 2023 mineral shipments valued at **\$4.3 billion**
 - 85% iron ore
 - 10% nickel
- 2024 mineral shipments projected to be: **\$5.5 billion**
- An estimated \$218.5 million was spent on exploration activities in 2023
 - **\$223.2 million** projected for 2024
- Based on the Province's gold potential there has been increased exploration throughout central Newfoundland since 2020

GOLD MINING PROJECTS

- Calibre Mining's Valentine Gold project construction continues to advance (61% as of Q1 2024). Upon completion, it will be the largest gold mine in Atlantic Canada
- Maritime Resources announced the completion of all major permitting for the Hammerdown Gold Project. The Company's feasibility study presently indicates a five-year mine life
 - Update to the feasibility study in progress to include 2 additional deposits



FISHERIES AND AQUACULTURE



16,100
Employed



90 plants



Exports to
40 countries
valued at almost
\$1.1 Billion

\$1.3 Billion
market value

Key Markets

US, China, UK,
Denmark and Japan



215,000 tonnes
wild & farmed fish landed
50x province's annual
seafood consumption



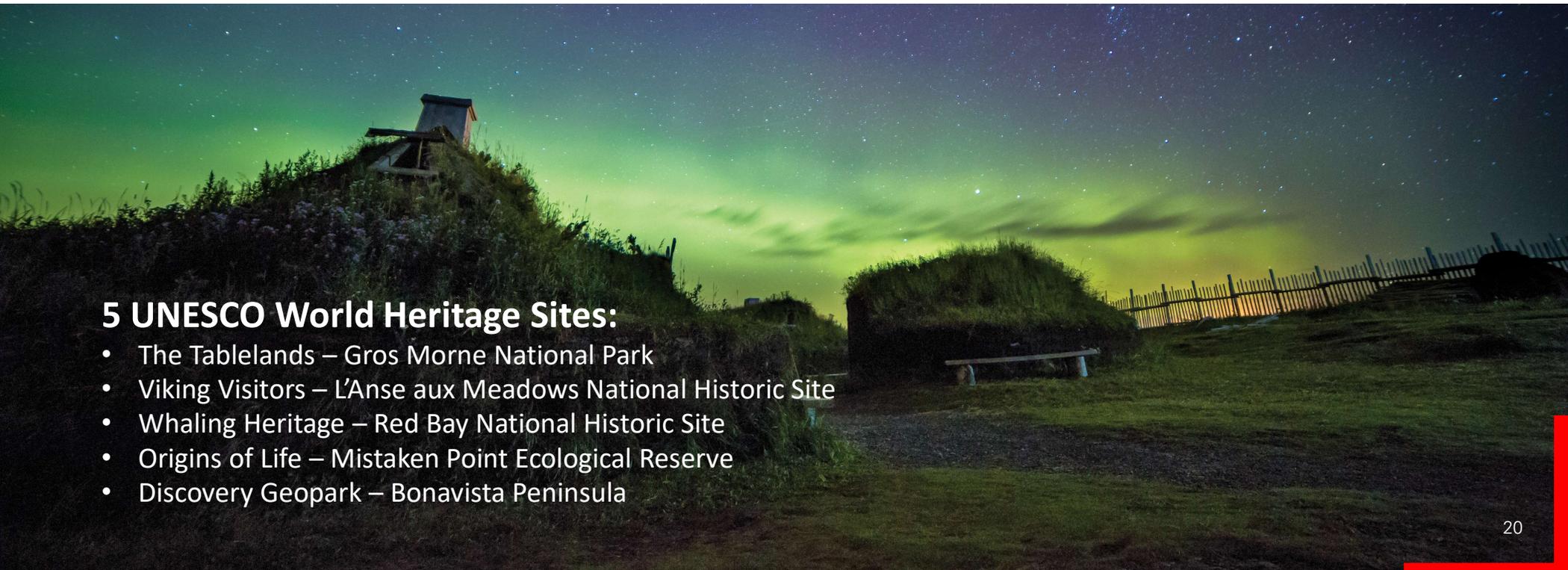
Over 75%

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

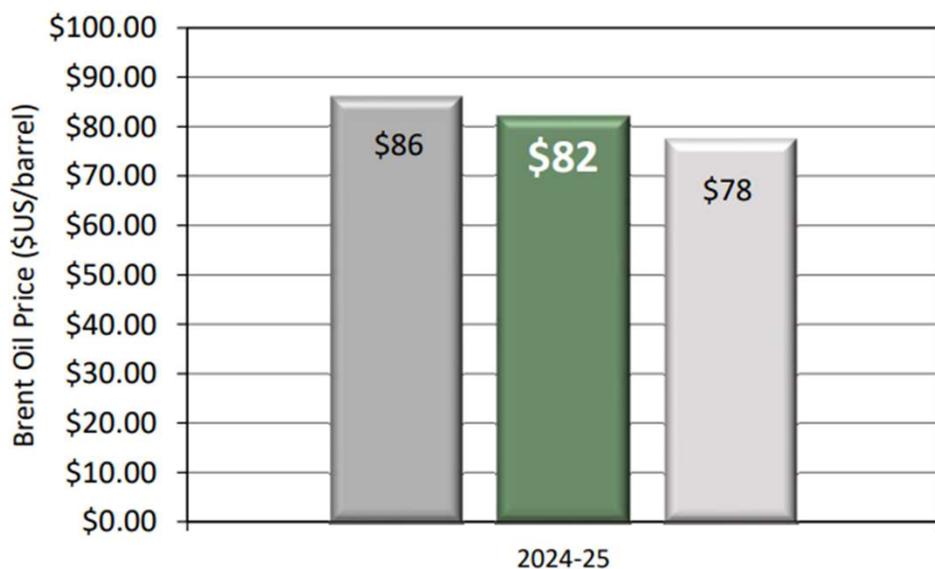


MULTI-YEAR FORECAST

	2024-25	2025-26	2026-27	2027-28	2028-29
Revenue	10,296	10,311	10,365	10,366	10,349
Less: Oil Risk Adjustment	-	20	45	60	70
Expenses					
Base Expenses	9,938	9,854	9,893	9,867	9,851
100% Funded	510	379	375	371	368
Surplus (Deficit) \$M	(152)	58	52	68	60

Return to surplus in FY2025-26 based on revenue growth and prudent fiscal management

OIL PRICE AND EXCHANGE RATE FORECAST



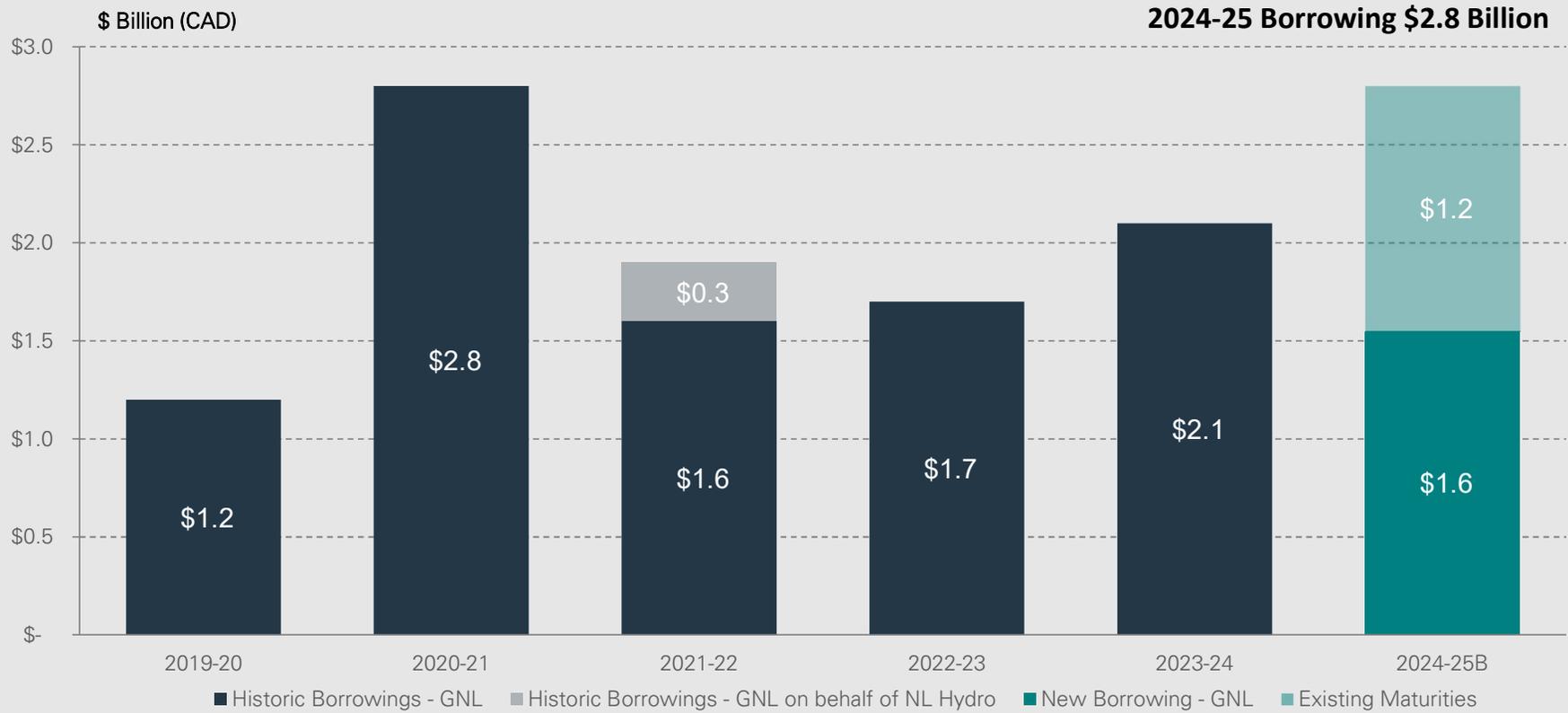
- Average of 3 Highest Forecasts
- Budget Price Assumption
- Average of 3 Lowest Forecasts

Budget 2024	2024-25
Oil Royalties	\$1,551.3 million
Oil Price (\$US/barrel)	\$82
Exchange Rate (CAD to USD)	0.747

Sensitivities	Change in Royalties (\$M)
Oil Price (\$US/barrel)	
- 1 \$US/barrel	-24.0
+ 1 \$US/barrel	+24.0
Exchange Rate (CAD to USD)	
- 1 US cent	+26.0
+ 1 US cent	-26.0

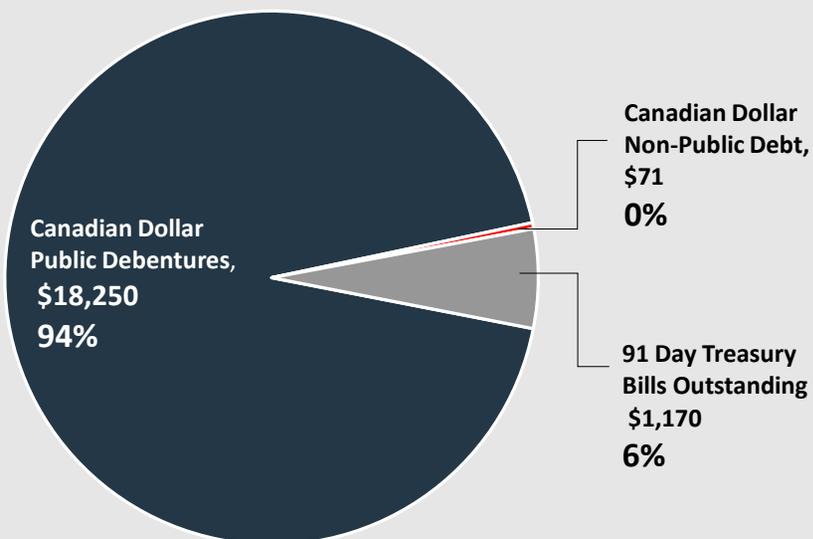
Forecast	24-25	25-26	26-27	27-28	28-29
Oil Price (\$US/barrel)	\$82	\$81	\$80	\$78	\$77
Exchange Rate (CAD to USD)	0.747	0.768	0.759	0.762	0.757

BORROWING REQUIREMENTS



NEWFOUNDLAND AND LABRADOR DEBT PORTFOLIO

CDN \$ Millions - as of March 31, 2024



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

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

Future Fund

Key Facts

- Established in 2023
- Primary purpose: Lower debt & borrowing costs
- Over \$300M accumulated

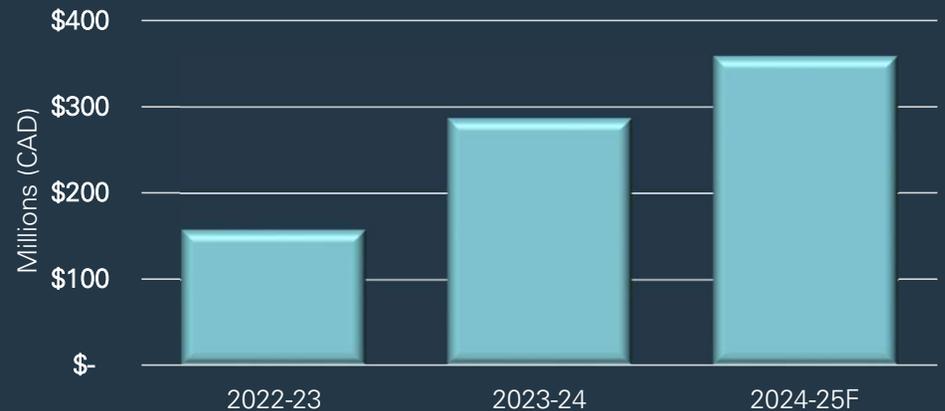
Withdrawals

- No withdrawals for the first 10 years
- Fund balance is \geq debt maturities for next 10-years
- Permitted Purposes:
 - Servicing the public debt
 - Paying for asset sale/retirement obligations
 - Other strategic & extraordinary circumstances

Contributions

- Investing one-time and non-renewable resources
- Over \$286M contributed to date
- Projected contributions by 2028-29: \$1.6B

Cumulative Contributions to the Future Fund



SUMMARY

- One of highest rates of economic growth for 2024 among Canadian provinces
- Projected return to balance in 2025-26
 - Significant progress and continued transformations
- 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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