Pure Fonte Ltée

CapEx: US$680 million (80% debt, 20% equity)

EBITDA: US$209 million

IRR: 72%

NPV: US$791 million

Enterprise Value (EV): US$1.25 billion

Product Demand: Essential for **Electric Arc Furnace (EAF) steel mills**

Market Gap: North America imports **4+ million tpa** of pig iron

Strategic Location: Portside site & efficient shipping to the **Great Lakes, EU, and NOLA**

Premium Product: 95-96% Fe, 3.5-4.5% carbon – superior to HBI/DRI

Environmental Leadership: Lowest CO2 footprint globally

February 2025 - **Confidential**

Disclaimer

This presentation is confidential and intended solely for the client (“Company”) to assess the feasibility of a potential transaction. It may not be shared or published without prior written consent from Pure Fonte Ltée (“PFL”).
The information provided is based on PFL management forecasts, prevailing conditions, and market data, all of which are subject to change. Estimates are preliminary, and illustrative, and do not constitute a recommendation, valuation, or fairness opinion. This presentation is for discussion purposes only and should be reviewed alongside PFL’s oral briefing.

HIGH-PURITY MERCHANT PIG IRON PROJECT

Revolutionizing EAF Steel Production in the U.S. & EU

Critical Supply Solution – Directly meeting the high-purity pig iron (95-95% Fe; 3.5-4% C) demand of EAF steel mills.

Market Share – Supplying **800,000 tpa**, covering **20% of U.S. pig iron imports** (4M tpa).

Lowest Carbon Footprint – The most **environmentally sustainable** pig iron production globally.

$680M Capital Investment – Financed by **$544M in preferred debt** and **$136M in equity**.

Unmatched Financial Strength – Exceptional **NPV ($800m), IRR (, and EBITDA**, driving superior investor returns.
|
Unprecedented Government Support – Strong backing for domestic metal supply chain security.

Strategically Positioned – Leveraging optimal logistics and proximity to key steel production hubs.

Next-Generation Sustainability – Aligning with the global transition to **low-carbon steelmaking**.

Proven Execution Team – Industry leaders and partners with a track record of delivering large-scale projects.

Why EAF Mills Need Pig Iron

EAF steel mills require an **ore-based metallic** such as **pig iron, DRI, or HBI** to dilute impurities in scrap steel. PFL's **high-purity pig iron (95-96% Fe, 3.5-4.5% C)** is a **premium product** compared to HBI and DRI:

Pig Iron: 95-96% Fe, 3.5-4.5% Carbon

HBI: 91-93% Fe, 0.8-1.2% Carbon

DRI: 92-95% Fe, 0.5-2% Carbon

Advantages of Pig Iron Over HBI/DRI:

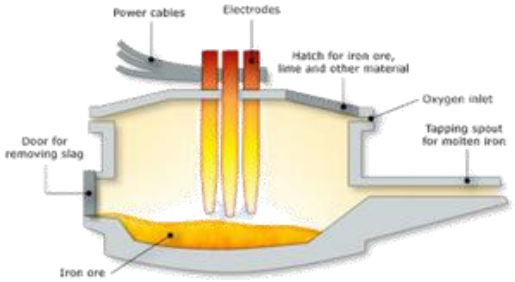
- **Higher Fe content** means **less material is needed** to achieve the same steel quality, improving efficiency.
- Uses a **BF-grade pellet**, while HBI/DRI requires higher-cost DRI-grade pellets.
- **Stable solid form** makes pig iron **the safest** to transport globally—no risk of combustion or deterioration.
- **EAF performance:** Higher carbon content **improves furnace efficiency**, reducing energy consumption and the need for additives, **lowering overall costs**.
- Typically, **pig iron constitutes 10-20% of the melt mix** when using scrap to produce high-quality steel.

Technology & Process

PFL is partnering with **Tenova**, a world leader in metallurgical plant technology, to implement an **optimized two-furnace process:**

1. **Direct Reduction** of iron ore pellets to remove oxygen.
2. **Electric Arc Furnace (EAF) Smelting** to purify molten iron before casting it into pig iron molds.

This process ensures **minimal impurities**, making PFL's pig iron highly desirable for **EAF steel mills aiming to produce premium steel grades**.



Comparative Analysis: PFL vs. Major Steel Mills

Enterprise Value (EV) Comparison

- To estimate PFL's **Enterprise Value (EV)**, we apply the typical **EBITDA multiples** observed in the steel sector:
- **Steel Industry EBITDA Multiples:** Generally, range between **4x and 8x** depending on efficiency, profitability, and market conditions.
- **PFL's Estimated EV:** If applying a 6x multiple to its US$209 million EBITDA, PFL's EV could be around **US$1.25 billion**.
- This suggests an attractive valuation compared to traditional steel mills, especially given its **high margin and low-carbon positioning**.

Company	ROI (Projected/Actual)	EBITDA Margin	Key Competitive Advantage
PFL (Projected)	31-42% (unlevered), 53-70% (levered)	50-60%+	High-purity pig iron, low CO2 emissions, minimal competition in North America
Algoma Steel	~10-20% (actual)	~15-25%	EAF steel production, low-cost supplier for Canadian demand
Nucor	~15-25%	~15-20%	Largest U.S. steel producer, strong vertical integration
NorthStar BlueScope	~10-18%	~15-20%	Efficient EAF operations, key regional presence
U.S. Steel	~5-15%	~10-15%	Diverse steel products, facing high legacy costs
Stelco	~10-20%	~15-22%	Strong in Canadian market, low-cost operations post-restructuring

Key Takeaways:

- **High EBITDA Margins & ROI:** PFL's projected financials indicate **superior returns** compared to conventional steel mills, making it a compelling investment.
- **Low-Carbon Advantage:** Steelmakers focusing on greener supply chains may **prefer PFL's high-purity pig iron** as a low-emission input, strengthening its market appeal.
- **Strategic Positioning:** With **limited competition in North America**, PFL can secure long-term contracts with major steel mills looking to **decarbonize their operations**.
- **Stronger Financial Metrics:** The combination of **high IRR, strong NPV, and robust EV projections** places PFL in a position to outperform traditional steel producers.

By leveraging its **high-purity, low-carbon pig iron**, PFL stands to disrupt the steel supply chain and capture significant market value, especially as global steelmakers prioritize **ESG-friendly feedstocks**.

Overview: Pure Fonte Ltée's High-Purity Pig Iron Plant

Project Financials:

- **Total Investment:** US$680 million (80% debt, 20% equity)
- **Net Present Value (NPV):** US$791 million
- **EBITDA:** US$209 million
- **Internal Rate of Return (IRR):** 72%
- **Estimated Enterprise Value (EV):** 6X EBIDTA = US$1.25 billion

Tax Incentives & Positive Impact on IRR

1. Quebec Tax Holiday

- PFL benefits from a **15-year corporate tax holiday** at the provincial level (11.5%).
- **Annual Quebec corporate tax savings:**
  - **11.5% of EBITDA** → US$24.04 million.
  - **Cumulative 15-year savings: US$360.6 million**.

2. Federal Corporate Tax (15%) & Accelerated Investment Incentive

- Canada's **federal corporate tax (15%) still applies**, but the **Accelerated Investment Incentive** allows for faster depreciation.
- Given the **US$680 million CapEx**, the **Accelerated Investment Incentive** is expected to **eliminate federal taxes** for the first **6-8 years**.
- Federal tax savings estimate: **US$9 million EBITDA × 15% = US$31.35 million per year** for 6-8 years.
- **Cumulative federal tax savings: US$188.1 million to US$250.8 million**.

.

3. Federal Investment Tax Credits (ITCs) for Green Technology

Since **40% of the total CapEx (US$680M) is allocated to technology**, US$272 million is potentially eligible for ITCs:

Applicable ITC for PFL

Clean Technology (CT) ITC – 30% Refundable (Paid Upon Filing 1st year Corporate Income Taxes)

This applies to equipment used for reducing carbon emissions.

If parts of PFL's technology (e.g., electric arc furnace, carbon capture, low-emission refining processes) qualify, they could receive a **30% refundable credit** on eligible equipment.

Potentially ITCs Available:

Carbon Capture, Utilization & Storage (CCUS) ITC – 50% Refundable

If PFL incorporates carbon capture in its process, it could qualify for up to **50% refundable ITC** on CCUS-related CapEx.

Clean Technology Manufacturing ITC – 30% Refundable

If any production process aligns with **clean technology manufacturing**, PFL could qualify for this additional ITC

Plant Location Relative to Port of Saguenay, QC

24 acres that is 2.4 kms apart by conveyor

Overview of government tax savings + investment

15-year Corporate Income Tax Holiday in Quebec worth an estimated US$176-346m over the term.

Canadian Accelerated Investment Incentive – worth an estimated tax savings (depreciation) and CapEx recovery of 58-63% of CapEx. Plant will pay no Federal taxes for 5-7 years of production.

US$120M in infrastructure to project site by governments – electricity, natural gas, and conveyance.

Electricity rate discount of 20% for seven years on the L-Rate (US$0.034/kWh) to US$0.027/kWh – one of the lowest rates, and cleanest power in the world.

Quebec government proposes to invest 20% of CapEx; similar to be negotiated with Canadian government.

Pure Fonte Ltée (PFL) – North America's Lowest-Cost, Low-Carbon Pig Iron Producer

Strategic Vision: PFL is developing **North America's lowest-cost** and **lowest CO_2 emission** pig iron facility.

Proven Development: With **12 years** of research and **US$25 million** invested, PFL has optimized its business model to be a cost leader.

CO_2 Cost Advantage: If the U.S. implements a CO_2 tax similar to **Canada and the EU (US$135/t CO_2)**, PFL will be the **lowest-cost producer** globally.

Optimal Site & Technology: After evaluating **18 North American locations** and multiple technologies, PFL selected **Port of Saguenay, Québec**, and **Tenova HYL** for its direct reduction process.

Logistics & Market Advantage: PFL offers **shorter shipping routes** to key customers, giving a **competitive edge** over Russian, Brazilian, Ukrainian, and South African suppliers—**year-round.**

Renewable Power & Hydrogen Ready: Québec's **lowest-cost electricity** enables affordable **hydrogen production** to replace natural gas and further cut CO_2 emissions.

Production Scale: The plant will produce **800,000 tonnes per annum (tpa)** of high-purity pig iron and is **designed to transition to hydrogen** when viable.

Capital Efficiency: Green pig iron **CapEx intensity** of **US$850/t** for 800 ktpa production.

Saguenay, QC Canada

Optimal Site Location

- Located at Port of Saguenay, Quebec and year-round shipping.
- Close to locally sourced feedstock suppliers and skilled labour.
- Advantaged logistics and shipping routes to off-take buyers in the Great Lakes and Europe.
- Access to clean and low-cost energy and distribution infrastructure.

Identified Suppliers and Off-Take Buyers

- In-province sourced iron ore pellets feedstock, less than 1-day sail from the port.
- PFL will be a supplier of choice to steel mills in North America and Europe.
- No other known global producer will make pig iron CO_2 emissions. At 0.6 tonnes of Co2/t of metal.
- 100% of production is spoken for by several major North American and EU traders.

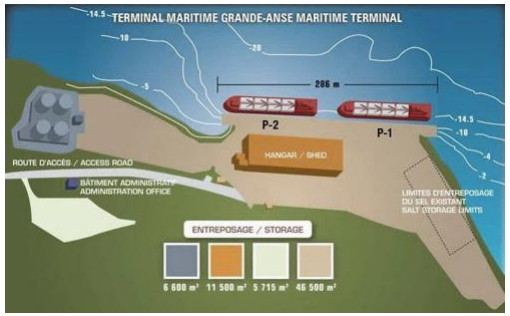
Low-Cost Production Process – Difficult to Replicate

- Locally sourced low-cost inputs, including the lowest cost electricity in North America and beyond.
- Efficient transport shipping routes to-and-from PFL, 12 months per year.
- Vetted, optimized production equipment and process to be sourced from Tenova and will provide PFL with a “Process Guarantee”.

Financial Support from Provincial and Federal Government

- Investments by the Province of Quebec (20% of CapEx) + $150M in infrastructure to the site.
- Strong support from local government in the region of Saguenay, Quebec.
- Discussions on financial support from Federal Government (Net-Zero Accelerator Fund) for ESG leaders (usually 20% of CapEx).
- Financial support from the Federal Government of Italy and a sovereign debt guarantee of 85% against PFL’s equipment debt from Tenova.

Optimized Production Location and Port



- **Port of Saguenay, Québec**
- **Transport Capacity:** 800,000 Tonnes per Annum (tpa) of Pig Iron.
- **Location:** Saguenay, Québec, Canada.
- **Wharf length:** 286 m. (939 ft) with two berths available.
- **Depth:** 13.8 m (45’2” ft) at mean low water tide.
- **Berthing capacity:** Vessels of more than 100,000 deadweighttons.
- **Navigation period:** Year-round storage.
- **Shed I:** 127 m x 45m = 5,715 m^2, 416ft x 148ft = 61,568 ft^2
- **Shed II:** 110m x 67m = 7,382 m^2, 361ft x 220ft = 79,434ft^2
- **Open storage:** 685 ha.

Logistics and Proximity Advantage – Feedstock Suppliers

Domestic De-Risked Iron Ore Sourced from Québec

- Feedstock supply sourced as close as a 1-day sail to Port of Saguenay.
- PFL requires consumption of 1.2mtpa (million tonnes per annum) of iron ore pellets to meet planned production of 800ktpa of Merchant Pig Iron.
- Local BF Grade Pellet Feedstock Suppliers:
  - RIO Tinto IOC and Québec Iron through Port of Sept Iles, Québec.
  - ArcelorMittal through Port Cartier, Québec.

Management

- **Francis MacKenzie**, MBA – Founder and Chief Executive Officer, PFL
  - Led PFL's business development over the past 12 years, including raising $50 million for site assessments and technologies.
  - Led the team in creating the business model, including all market and technical aspects.
  - Leadership roles in private and public firms and corresponding capital raises. Worked in government heading up investment and trade and later a leader of a provincial politicalparty.
- **Bertan Atalay**, P. Eng, MBA, - Chief Operating Officer, PFL
  - Senior management positions in the following public and private companies: Golder Associates Ltd., Shell (Amsterdam), Enron (London), and Northland Power (Toronto).
  - Assisted structuring and placing more than US$4.5bn in limited and non-recourse project finance.
- **Liz MacKenzie**, MBA, Corporate Communications, PFL
  - Corporate Communications Manager since inception.
  - Co-lead the environmental permitting for PFL site in Saguenay, Quebec.
- **Lina Tannous** – CPE, LPC, Corporate Secretary
  - Working since as a paralegal and Corporate Affairs Director.
  - Law degree from College of Law, London, England.

Strategic Advisors

- **Kevin Kemper**, CEO, KBM Advanced Materials
  - 2010-2018 VP Operations for PFL Project., Head of Bankable Feasibility Study and co-lead of Environmental Permitting for PFL.
  - Project finance in Mining and Metallurgy, Rothschild (2010-2012).

- **Francesco Memoli**, Eng., CEO, Tenova Incorporated
  - Senior Executive focused on the development and construction of plants globally (2001-2022).
  - Sold, designed and commissioned multiple plants for Tenova globally (1998-2018).

- **Robert Stevens**, CEO, Melford International Terminals Incorporated
  - Founding Directors on the Board of Atlantic Canada Opportunities Agencies.
  - Over 40 years of business experience in various industries, including: manufacturing, international trade, government, and HR.

- **Bill O'Connor**, Metallurgical Advisor, PFL
  - US Bureau of Mines (1987-1996) and Department of Energy (1996-2006) conducting pyro-metallurgical research.
  - Developed the process design for EAFs smelting a wide range of materials, including the production of pig iron from iron bearing ores.

Board of Directors

- **David J. Hennigar**, MBA, Chairman of PFL and related companies (GRI, NAIC, MMI)
  - Chairman/Vice-Chair of several public and private companies including High Liner Foods, and Thornridge Holdings Ltd.
  - Previous Director/Officer of Crown Life Insurance Company, Extendicare Inc., Assisted Living Concepts,
  - Crombie REIT, Halifax Developments Limited, Scotia Investments Limited, Burns Fry Limited, Acadian Securities
  - Inc., etc.
- **J. Paul Allingham**
  - Former Executive Vice President and Chief Financial Officer, *dmg world media*..
  - Previous Chief Financial Officer, Bruncor. Inc. and Chief Financial Officer New Brunswick Telephone Company Ltd.
  - Former Executive Vice President and Chief Financial Officer, Papeterie Red Inc., and Daishowa Forest Products,
  - Quebec.
- **Jean-Marc MacKenzie**, LLB
  - Member of the Bar in Ontario.
  - Currently CEO of Regen Scientific; formerly Senior VP of Morneau Shepell Ltd. (TSX:MSI).
  - 1996-2022 executive experience with international healthcare companies, extensively involved in the mining industry with respect to health and safety, regulatory compliance, and health management: Medcan Health Management (1996-2005), Innu Med (2006-2015).

Base Case

Produce 800,000 tpa of
Merchant (Basic) Pig Iron for Steel Mills

- **Total Financing**: US$680M
- **Revenue Mix**: 100% Steel Mills/0% Foundries
- **Geographic Mix**: 50% USA / 50% Europe
- **Debt**: US$544M
- **Equity**: US$136 million
- **EBIDTA**: US$209.5 million/a
- **Leverage**: 4X
- **5-yr levered IRR**: 72.4%
- *Market prices as of February 2025, Iron Industry Sources*
- *LT is Analyst Long Term Consensus*
- *NPV @8.88%; 7X EBIDTA exit in year 5*
- *Assumptions can be remodeled in an interactive financial model*

Model Summary - Port Saguenay 0

		Flat Current	LT Estimates
Summary Economics			
NPV @ 8.9% post-tax (assuming 7.0x EBITDA exit multiple in year 5)	US$m	275.6	791.7
Unlevered			
IRR (assuming 7.0x EBITDA exit multiple in year 5)	%	18.9%	32.4%
IRR (assuming 7.0x EBITDA exit multiple in year 10)	%	22.2%	19.5%
Payback	yrs	5.6	4.2
Levered			
IRR (assuming 7.0x EBITDA exit multiple in year 5	%	47.5%	72.4%
IRR (assuming 7.0x EBITDA exit multiple in year 10	%	31.5%	24.3%
Payback	yrs	2.5	1.5
EBITDA - average p.a.	US$m	125.7	209.5
Debt Capacity - 11 yr tenor	US$m	471.7	721.1
FX rate	CAD:USD	0.70	0.72
Avg. Commodity Prices - FOB Plant			
NPI - ex-works	US$/t	567.1	637.3
BPI - ex-works	US$/t	467.1	537.3
Iron ore pellets	US$/t	125.5	105.6
Lime	US$/t	120.0	120.0
Electricity	US$/kwh	0.040	0.041
Natural gas	US$/mm btu	4.9	5.0
Operating cost - 20 yr avg			
Plant production cost (ex SG&A)	US$/t	334.5	303.0
Plant operating cost (inc. SG&A)	US$/t	344.5	314.3
Plant operating cost (inc. SG&A, D&A & Int)	US$/t	394.6	365.6
Capex			
Pre-construction costs		10.2	10.2
Construction Capex	US$m	657.5	667.4
Sustaining p.a.[1]	US$m	0.0	0.0

Uses of US$10 million Pre-Construction

Pre-Construction Costs				US$
Permitting - SNC & Other Fees			$m	0.71
Transfer Public Consultation			$m	0.13
BAP			$m	0.09
SNC - FEED			$m	0.86
Tenova Detailed Engineering = Phase 1			$m	0.97
Tenova Detailed Engineering = Phase 2			$m	3.47
Long Lead Items (e.g. downpaymnet of pig caster)			$m	0.00
Financing/Legal			$m	1.00
Corporate			$m	1.23
Legal Fees - Project Financing			$m	0.20
Legal Fees - EPC Contract & Process Gaurantees			$m	0.10
Other / Contingency			$m	1.23
Pre-Construction Costs			**$m**	**10.00**

Project Timelines

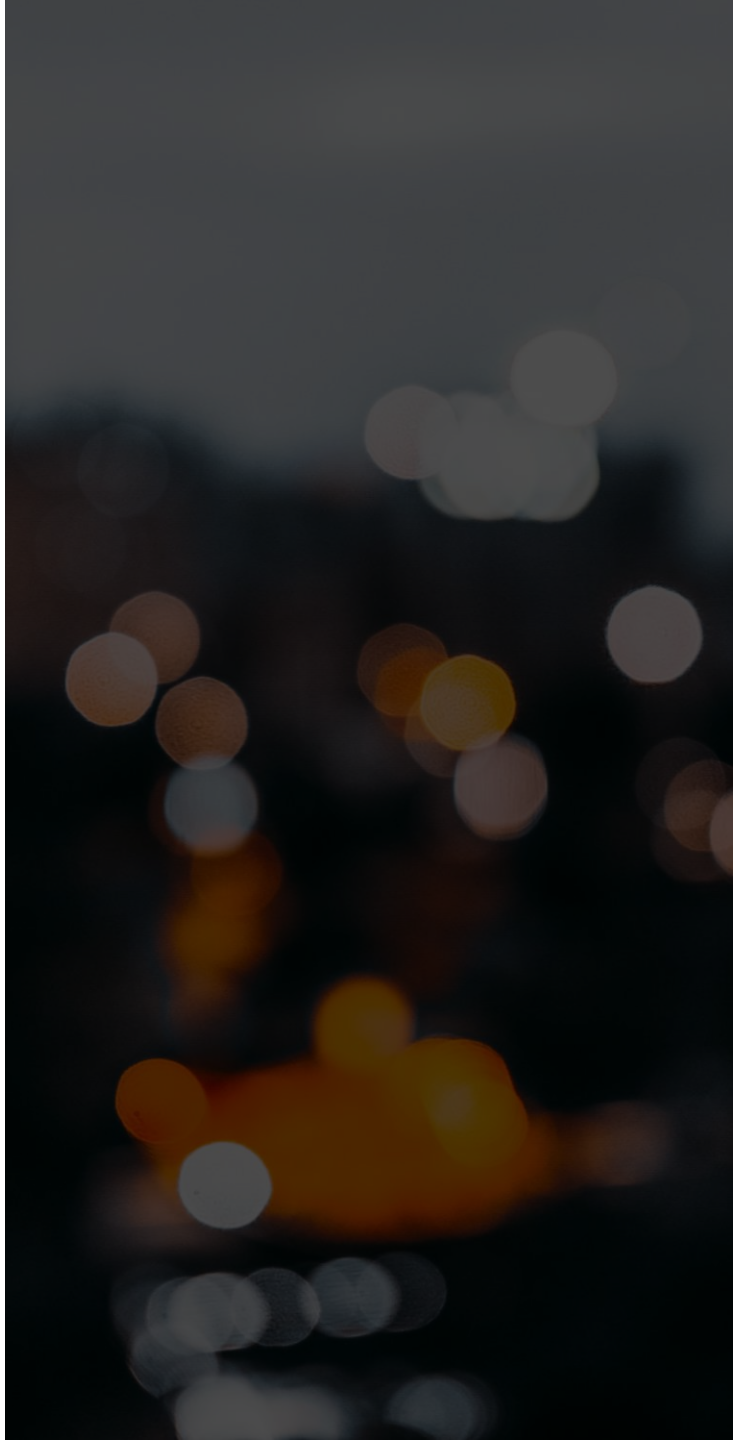
Target - 36 Months
Best Case - 30 Months

Milestone	Lead	0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q9	Q10	Q11	Q12
Term Sheet - Project Lead	PFL												
Secure Government Commitments	PFL												
Contract Site, Power, Natural gas, Water, etc.	PFL/Tenova and Techint (Engineering Team 1)												
Finalize Preconstruction Equity $10m	PFL												
Secure offtakes - iron ore and pig iron	PFL												
Engage Local President/ Plant Management	PFL												
Initiate and Close Final Permitting Phase	Winning Bid - Local Engineering Team 2												
Detailed Engineering - plant (Tenova)	Tenova/Techint												
Front Engineering Design - site	Engineering Team 1 and 3												
Permit Decree	Engineering Team 2												
First US$250m Drawdown	PFL + Capital Partner												
Site Works	Local Team + engineering Team 1 and 3												
Constriction	Local Team + engineering Team 3 and TENOVA												
Second Draw Down $350M	PFL + Capital Partner												
Commissioning	Tenova												
Last Draw US$80m	PFL + Capital Partner												
First Production	PFL Operating Team												

Supplemental Information

Available in Data Room

- Bankable Feasibility Study.
- Financial Models.
- Third Party Commitments: Tenova “Process Guarantee”; Italian Government Sovereign Insurance (SACE); Province of Quebec Financial Commitments.
- Tenova HYL Process; Tenova/PFL Presentation.
- Province of Quebec Environmental Impact Assessment; Addenda.



Thank You

Company Contact

Liz MacKenzie
liz@purefonte.ca
(902) 233-7255