

Private & Confidential

To:

Tenova S.p.A.
Via Gerenzano, 58
21053
Castellanza (VA)

Att.: Ms Fiorenza Casiraghi, Mr Paolo Frascarolo

Rome, May 18th 2016

Dear Sirs,

Subject: North Atlantic Iron Corporation (“NAIC”) Project – Quebec (the “Project”)

We refer to your request for a letter expressing SACE’s interest in relation to the Project under reference.

Based on the preliminary information made available by you, we understand that:

- Grand River Ironsands and Petmin Limited (together the “Sponsors”) are undertaking a project to build a plant for the production of nodular pig-iron with a capacity of around 425,000 tons per year, in Quebec;
- The Government of Quebec will take part in the Project both providing equity and disbursing a loan;
- The Export Development Corporation (“EDC”) and Caisse de Depot et Placement du Québec are also negotiating to define the terms of their participation in the Project;
- The total Project costs are expected to be in the range of USD 300 mln to be funded with a debt to equity ratio of 70:30.

Based on the above and taking into consideration the participation in the Project of the Government of Quebec, EDC and Caisse de Depot et Placement du Québec, we are pleased to inform you that SACE is in principle interested in undertaking an in-depth evaluation of the Project in the framework of the OECD Arrangement on Officially Supported Export Credits. In line with standard requirements for projects of similar size and complexity, SACE’s due diligence process will cover legal, financial, technical, insurance, market, environmental and contractual aspects. In this respect, in order to initiate SACE’s due diligence, we expect to receive a more exhaustive set of information, including:

- the Sponsor’s updated financial statements (including cash flow projections);
- an information package on the Project, including financing plan, financial model, security package, independent market, technical and environmental reports.

SACE can provide a buyer credit cover up to 100%, provided that a sound risk sharing with Sponsors and other ECAs/commercial banks is implemented.

Please note that this letter does not constitute a proposal as it does not contain any commitment by SACE to issue any guarantee or insurance cover nor should it be construed as such. The issuance of



a guarantee or insurance cover by SACE is, *inter alia*, subject to: (i) delivery to SACE of satisfactory contractual, financial and other relevant documents; (ii) the satisfactory conclusion of a final due diligence process conducted by SACE, including customary KYC/anti-bribery checks; (iii) the prior approval of the competent bodies of SACE at their discretion, (iv) compliance with the OECD eligibility requirements and (v) the non-occurrence of a material adverse change in the political, economic and financial situation of the country relevant to the transaction.

We look forward to co-operating with you on this transaction. If you have any questions regarding the content of this letter, please do not hesitate to contact Mr Mario Melillo, Head of Steel (+39066736466 m.melillo@sace.it) or Ms Claudia Falavolti, Steel Senior Underwriter (+39066736992 c.falavolti@sace.it).

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Teresa Saponara".

Teresa Saponara
Managing Director
Head of Large Business

A handwritten signature in dark ink, appearing to read "Giulio Dal Magro".

Giulio Dal Magro
Head of Heavy Industries
Large Business

The contents of this letter are confidential and no person may release or disclose the contents hereof without the prior written consent of SACE. Tenova may disclose the content of this letter to NAIC, the Government of Quebec, EDC and Caisse de Depot et Placement du Québec.