

**MEMORANDUM OF UNDERSTANDING
FOUNDATIONAL HYDROGEN INFRASTRUCTURE INITIATIVE**

This Memorandum of Understanding is made as of ● day of April 2019

B E T W E E N:

BRUCE COUNTY, a municipality located in the
Province of Ontario ("**Bruce**")

- and -

SAUGEEN FIRST NATION, a First Nation
registered under the *Indian Act*, RSC 1985, c. I-
5 ("**SFN**")

(each a "**Party**" and together the "**Parties**")

WHEREAS within Bruce County and the traditional SFN territories (collectively the "**Region**", as further described in Appendix A) surplus electricity may be made available to produce hydrogen for various applications including the de-carbonization of certain agriculture, transportation and industrial processes (referred to herein as "**Power-to-Gas**") as further described in Appendix B;

AND WHEREAS the Region is endowed with underground geologic formations that may enable the storage of vast amounts of hydrogen in the future;

AND WHEREAS the combination of surplus electricity and storage potential for hydrogen gas make the Region uniquely positioned to lead the clean energy transformation for Canada;

AND WHEREAS the Parties desire to work together to determine the feasibility of producing and storing hydrogen generated from local surplus electricity to be used in the Power-to-Gas process and of maximizing the commercialization of Power-to-Gas opportunities to each of the Parties in the Region and beyond (the "**Project**");

AND WHEREAS the Parties wish to confirm in the present Memorandum of Understanding their mutual objectives and respective obligations in order to establish the next steps for the Project.

THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. NEGOTIATIONS

- 1.1 The Parties undertake that, as long as this Memorandum of Understanding remains in force, they shall work together on an exclusive basis and shall use their commercially reasonable efforts to negotiate and complete definitive documents relating to the Project.

2. PURPOSE

- 2.1 The purpose of this Memorandum of Understanding is to outline the roles, responsibilities, funding and reporting structure for the Project.

3. RESOURCING

- 3.1 Each Party agrees to provide to the Project an initial amount of CAD \$35,000, which funds (the “**Seed Funding**”) will be used to cover initial Project costs related to the development of:
- a) Feasibility studies and business case development to outline the Project’s potential for an Energy Sustainability Centre and the commercialization of Power-to-Gas technologies and the positive impact such technologies will have for reducing carbon emissions; and
 - b) Retaining a project manager to directly support the management and advancement of the Project, including identifying investors to help secure estimated total Project funding of CAD \$36 million (the “**Project Funding**”).
- 3.2 Bruce County shall be responsible for coordinating the Seed Funding and shall provide SFN with an itemized breakdown with sufficient detail of how the Seed Funding has been spent.
- 3.3 The Parties agree to jointly develop terms of reference and approach for any subsequent round(s) of Seed Funding that may be required.

4. PROJECT DEVELOPMENT COSTS

- 4.1 The Parties agree that, once raised, the Project Funding will be used to advance the Project over the next one to three years, and specifically, within such timeframe, to advance two pilot demonstrations:
- a) Power-to-Gas (approx. CAD \$24 million): create a state of the art demonstration of multi-megawatt grid-connected and a dynamically controlled Power-to-Gas system and energy storage, including demonstration and evaluation of underground geologic reservoirs for storage of hydrogen gas; and

- b) Sustainable Energy Centre (approx. CAD \$12 million): Establish a multi-purposes clean technology centre in Bruce County, which will:
- Create a manufacturing centre for hydrogen-based energy systems;
 - Create a training centre for clean energy and hydrogen technologies;
 - Build capacity to achieve energy self-sufficiency for First Nation communities, including energy autonomy for off-grid remote communities using hydrogen technologies; and
 - Position Bruce County as a centre for development and early-adoption of hydrogen technologies.

5. STEERING COMMITTEE

- 5.1 The Parties will form a steering committee (the “**Steering Committee**”) within fourteen (14) days of the date of this Memorandum of Understanding to advance the project and manage the decision making process during the early development stages of the Project. The Steering Committee will be composed initially of the following members:
- a) Chief Lester Anoquot, Saugeen First Nation
 - b) Warden Mitch Twolan, Bruce County
 - c) Jason Van Geel, Carlsun Energy
 - d) Chief Administrative Officer, Bruce County
 - e) Director of Planning and Development Bruce County
 - f) Mark Rodger, Borden Ladner Gervais
- 5.2 Each of Bruce County and SFN may propose additional members to the Steering Committee, which new members must be approved unanimously by the Parties.
- 5.3 The Steering Committee will meet at least once a month, and additional meetings of the Steering Committee may be held as required.
- 5.4 The Steering Committee meetings will generally be held either at the Bruce County Administrative Offices or SFN Administrative Offices. Steering Committee meetings can also be held by conference telephone calls as the Parties direct.

6. TERMINATION

- 6.1 This Memorandum of Understanding shall be effective as of **[May 1, 2019]** and shall terminate on the earlier of:
- a) the date on which the Parties enter into a definitive partnership, joint venture or other agreement or arrangement for the Project as the Parties may determine;
 - b) the date on which either Party receives from the other a written notice of definitive abandonment of the Project;
 - c) the date of receipt of a written notice of definitive breakdown of the negotiations between the Parties with respect to the Project, sent by one of the Parties to the other; or
 - d) December 31, 2020
- 6.2 In the event of termination, each Party will return to the other Party all information obtained by it in relation to the other Party.

7. CONFIDENTIALITY

- 7.1 Each Party will keep the contents of this Memorandum of Understanding, and all negotiations and information exchanged relating to this Memorandum of Understanding or to the negotiation of agreements in furtherance of this Memorandum of Understanding, in confidence and will not disclose them to any third party without the consent of the other Party. The foregoing will not prevent or restrict disclosures required by law, or disclosures to professional advisors or consultants retained in connection with this Memorandum of Understanding or the negotiation of agreements in furtherance of this Memorandum of Understanding, subject to the Party making the disclosure requiring such advisors or consultants similarly to observe this confidentiality restriction.

8. RELATIONSHIP OF PARTIES

No Party has the power or authority to legally bind the other Party, and nothing herein contained will be construed as authorizing any Party to act as an agent or representative of the other Party or to legally bind the other Party.

9. AMENDMENT

Except as otherwise provided herein, this Memorandum of Understanding may only be modified or amended by writing executed by all of the Parties.

10. GOVERNING LAW

This Memorandum of Understanding will be governed by the laws of the Province of Ontario.

11. NOTICES

Any notice which may be or is required to be given or made pursuant to this Memorandum of Understanding shall be given in writing and must be given by personal delivery, by registered mail or by electronic communication addressed to the recipient as follows:

- a) in the case of Bruce County, addressed to:

30 Park St.
Walkerton, Ontario
N0G 2V0

Attention: Mitch Twolan, Warden
Email: mtwolan@brucecounty.on.ca

- b) in the case of SFN, addressed to:

Attention: Lester Anoquot, Chief
Email:

or such other address, facsimile number or individual as may be designated by notice by either Party to the other. Any communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof or, if given by registered mail, on the fifth business day following the deposit thereof in the mail. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such communication must not be mailed but must be given by personal delivery or by electronic means of communication. If given by electronic means of communication, the communication will be deemed to have been given on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which normal business hours next occur if not given during such hours on any day.

12. ASSIGNMENT

Neither Party may assign this Memorandum of Understanding in whole or in part to another party. This Memorandum of Understanding will enure to the benefit and be binding upon the Parties and their respective successors and permitted assigns.

13. COUNTERPARTS

This Memorandum of Understanding may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same document.

14. WAIVER

The waiver, whether by conduct or otherwise, of any of the provisions of this Memorandum of Understanding shall not be deemed to constitute a waiver of any other provisions (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in an instrument duly executed by the Parties to be bound thereby.

15. BINDING NATURE

It is understood that no legal obligation to create a joint venture or enter into any agreement whatsoever is intended to be created between the Parties hereto. This Memorandum of Understanding is an expression of a mutual desire to advance development of the Project between the Parties. The provisions of Articles 7 - 14 are intended, however, to be legal, binding obligations of the Parties in accordance with their terms.

[Signature page follows.]

BRUCE COUNTY

Mitch Twolan
Warden

I have the authority to bind the municipality.

SAUGEEN FIRST NATION

Lester Anoquot
Chief

I have the authority to bind the band.

APPENDIX “A”
GEOGRAPHIC REGION

[TO BE DISCUSSED]

APPENDIX 'B'

POWER-TO-GAS PATHWAY TO LARGE-SCALE DECARBONIZATION

[NTD: Insert graphic from project brief.]

