

**MEMORANDUM OF UNDERSTANDING**  
**Re Iqaluit Hydro Project**  
**September 03, 2025**

**BETWEEN:** **QULLIQ ENERGY CORPORATION**

**AND:** **NUNAVUT NUKKIKSAUTIIT CORPORATION**

**WHEREAS:**

- i. Qulliq Energy Corporation (“QEC”) is a statutory, territorial corporation that is 100 percent owned by the Government of Nunavut.
- ii. QEC is the only power utility generator and distributor of electrical energy in Nunavut. Its mandate is to provide safe, reliable, and efficient electricity and plan long-term affordable energy for Nunavummiut.
- iii. Each community in Nunavut has its own independent electricity generation and distribution system. QEC does not have local renewable energy resources or regional electricity transmission capability, creating a situation of high dependency on fossil fuels.
- iv. Nunavut Nukkiksautiit Corporation (“NNC”) is a 100 percent Inuit-owned company and is a wholly owned subsidiary of Qikiqtaaluk Corporation.
- v. Qikiqtaaluk Corporation’s mandate is to make a positive difference for Inuit, communities, and the Nunavut economy by creating meaningful employment and business opportunities.
- vi. NNC’s mandate is to lead major clean energy projects in the Qikiqtani Region of Nunavut.
- vii. NNC is the lead proponent of developing the Iqaluit Nukkiksautiit project (as further detailed below, the “INP”).
- viii. The INP is a 15-30 MW hydro-electric generating station located in the Kuugaluk area and, when developed, will include generation or other assets that may include a hydroelectric generating station, reservoir facilities, electrical infrastructure including transmission assets, and wind generating facilities to provide clean, renewable electrical power and energy to be provided to QEC for its use and sale.
- ix. NNC is seeking to advance discussions with QEC on a commercial framework that would outline (a) the ownership of the generation and transmission assets associated with the INP, (b) the operation and maintenance of those assets, and (c) the terms and conditions by which QEC will buy electricity from the INP. QEC and NNC have agreed that an integral part of the commercial documentation will be a power purchase agreement (“PPA”) between the entity owning the INP and QEC.

- x. NNC has secured funding to advance the planning and preliminary engineering of the INP.

**NOW THEREFORE**, the parties wish to enter into a Memorandum of Understanding to explore the following:

1. Objects, Mutual Cooperation and Desired Outcomes

- I. QEC acknowledges the importance of transitioning to clean energy and is committed to collaborating with NNC in developing the INP in a manner that incorporates feedback from community Rightsholders and that is in the best interest of electricity users, the community, the environment generally, and the River at Kuugaluk (the “Affected Interests”). QEC will consider regional energy growth, potential changes over time of overall energy usage opportunities (including opportunities for beneficial electrification), QEC’s electrical system requirements, and responsible planning for reliable electrical service of QEC’s customers in Iqaluit.
- II. NNC will share its technical and other information about the INP to enable QEC to assess and understand the potential for this resource to play an important role in the provision of electrical power and energy to Iqaluit.
- III. QEC, as the intended long-term customer of the INP under the PPA, will provide the necessary information and support for the parties to optimize the design and utilization of the INP for the best and most effective and efficient use of the renewable resource.
- IV. QEC and NNC are committed to a stepped and responsible approach to the development of a commercial framework, ultimately leading to a set of definitive binding agreements that facilitate the development of the renewable energy resources. In developing the commercial framework, the parties are committed to first developing a heads of terms document (the “Heads of Terms”). The Heads of Terms will include the essential terms of the PPA, operation and maintenance agreement(s), shareholder agreement(s) and option agreement (as applicable), as each may apply to the generation and transmission components of the INP. The PPA section of the Heads of Terms will include the terms and conditions under which (i) firm power and energy will be delivered from the INP to QEC and (ii) QEC will pay for that firm power and energy. The Heads of Terms relevant to the remaining commercial framework documents will address the risks and responsibilities of the parties in respect of the INP, and will contribute to the parties developing the INP in a manner sensitive to the Affected Interests.

- V. The Heads of Terms will serve as the basis for formal discussions that will follow and that will be subject to review and approval by both NCC, QEC and their shareholders.

2. Duration

This MOU shall commence on the date hereof and remain in effect until September 30, 2026, unless terminated earlier by either party in writing, as provided for herein.

3. Heads of Terms Work Plan and Scope

The parties agree to work together to develop the Heads of Terms, covering the matters set out below, such that the Heads of Terms can be referred for shareholder approval by October 15, 2025. In pursuit of this timeline, QEC will take the lead on and be responsible for preparing the first draft of the Heads of Terms section applicable to the PPA, and NNC will take the lead on and be responsible for preparing the first draft of the Heads of Terms applicable to the other agreements, in both cases, by no later than September 15, 2025.

Based on discussions to date, the following essential terms fall within the scope of the Heads of Terms document:

- A. Power Purchase Agreement. The PPA will be between the owner of the INP, as supplier, and QEC, as the power purchaser. The PPA will include a mechanism to determine the price for power over the term of the PPA, allocation of risk between the parties and such terms as are usual in a power purchase agreement. The pricing mechanism will apply to both the provision of power and ancillary services. The PPA will provide a mechanism for the parties to consider opportunities to provide energy to the existing Iqaluit district heating network (as it may be expanded), and similar ancillary uses of energy from the INP.
- B. Operation and Maintenance Agreement (“O&M Agreement”). The O&M Agreement will be entered into by the owner of the INP, as owner, and the entity engaged on the operation and maintenance of the INP, which is anticipated to be one of the parties or a special purpose corporation owned by one or more of the parties, incorporated for such purposes. The O&M Agreement will include a set of operations and maintenance obligations, a pricing mechanism and such other terms for usual for an agreement of this kind. The obligations will include routine and exceptional maintenance and a method to recommend life extending investments to the owner of the INP. It is to be determined whether such operations and maintenance matters will be the subject of multiple agreements, in relation to the various components of the INP, including power generation and transmission.
- C. Shareholder Agreement (the “USA”). The USA will be put in place amongst the shareholders of the corporation owning the INP (the “INP Corporation”), and will be finalized if QEC invests in the INP Corporation. It is to be determined whether separate

corporations will be used to hold different components of the INP, in which case, multiple USAs may be required. These agreements will include a right of each shareholder to have at one director (at least) on the board of such corporation. Separate and apart from equity ownership and the USA itself, NNC and QEC will agree that the corporation owning the INP (or each of the corporations owning the generation and transmission components) will have (i) an advisory panel which will include representatives of any community directly affected by the activities of such corporation, and any other group agreed to by the existing members representing the Affected Interests, and (ii) an advisory panel which will include representatives of NNC, QEC and any other party owning material infrastructure involved in providing power from the INP to power users. These advisory panels will meet regularly and will have the ability to refer to the board of directors of the INP Corporation identified issues of concern, related to the operations, maintenance, expansion, renewal and replacement of the INP and its components. The board of directors of the INP Corporation shall be responsible to respond to those issues of concern and to incorporate any necessary operational modifications, as it determines is appropriate in the circumstances.

- D. Option Agreement (the "Option"). The Option will be put in place if QEC does not invest in the INP Corporation during the development phase of the INP. The Option will be granted by the owner of the equity in the INP Corporation, and will allow for the investment of QEC in the ownership of the INP, which option shall be for a set time period and at a set price, as determined by the calculation set out in this Agreement. The proposed equity interest available under the Option is a 24.5% equity interest, with the option to purchase to be exercised within 90 days of the INP achieving commercial operation.

#### 4. Definitive Agreements

Following approval by the shareholders of QEC and NNC of the Heads of Terms, the parties will proceed in good faith with the negotiation of the terms and conditions of the "Definitive Agreements", which are anticipated to include the PPA, O&M Agreement(s), USA(s) and Option, as well as a number of related agreements. The Definitive Agreements will contain such terms, conditions precedent, agreements, covenants warranties, and representations as are customarily included in agreements involving transactions similar to that contemplated hereby so as to reflect the matters set forth in this MOU and the Heads of Terms. The parties will make all commercially reasonable efforts to negotiate and execute the Definitive Agreements within one hundred and eighty (180) days of the date on which the shareholders of both NNC and QEC have approved the Heads of Terms.

#### 5. Due Diligence/Tax Planning

Each party will complete such due diligence and seek appropriate tax advice in advance of and in conjunction with the negotiation of the Definitive Agreements. In connection therewith, NNC will grant to QEC, and to its officers, employees, legal counsel, accountants and other

authorized representatives (collectively, the “**QEC Representatives**”) access to the materials created in respect of the INP and to consult with the officers, employees, legal counsel, accountants, consultants and other authorized representatives (collectively, the “**NNC Representatives**”) of NNC concerning such materials. Further, QEC will grant to NNC and to the NNC Representatives, access to materials in its possession or control relevant to the INP, and to consult with the QEC Representatives concerning such materials.

## 6. Confidentiality

Both parties agree to maintain the confidentiality of any sensitive information received during this collaboration, except as required by law or as agreed upon by both parties in writing. Each of the parties agrees, and agrees to cause its affiliates and QEC Representatives/NNC Representatives, as applicable, to keep the negotiations regarding the proposed Project contemplated herein, including all correspondence, documents, discussions, and third party communications arising therefrom, and the confidential information provided in the course of the negotiations, in strict confidence, except (a) for disclosure to employees, officers and directors of the parties, as necessary; (b) for disclosure to accountants, investment bankers, legal counsel, consultants, agents or financing sources as contemplated herein, (c) as required by law, or (d) as the parties agree in writing. All information and documents provided by either party to the other and all matters pertaining to this MOU will be kept strictly confidential, and neither the party shall disclose the negotiations regarding the proposed Project, the Definitive Agreements or any of the terms and conditions thereof. To the extent that disclosure becomes legally required, the relevant party, as the case may be, will be given a reasonable opportunity to review such proposed disclosure and the other party will maintain confidentiality to the greatest extent permissible under such law.

## 7. Costs

Except as otherwise agreed by the parties, each of the parties will bear its own costs in connection with the INP and the negotiations contemplated by this MOU, including, without limitation, all legal, accounting, consulting, and other professional fees. QEC and NCC will each provide the necessary resources and support to advance the INP. Any joint funding requirements will be set out in additional agreements between the parties.

## 8. Termination and Expiry

Prior to the execution and delivery of the Definitive Agreements, any party hereto may, by written notice to the other, elect for any reason not to proceed with the transactions contemplated by this letter without any liability to any other party hereto, whereupon this MOU and the negotiations contemplated hereunder shall automatically terminate.

## 9. Governing Law

This MOU is governed by and will be construed in accordance with the laws of the Territory of Nunavut and the federal laws of Canada applicable therein and the parties irrevocably attorn to the exclusive jurisdiction of the courts of the Territory of Nunavut.

#### 10. Nature of MOU

Save and except for Sections 6-10, which will be legally binding on the parties, this MOU is not intended to create a legally binding contract between the parties but outlines the parties' mutual objectives and intentions. A binding agreement is intended to be established through the negotiation and execution of the Definitive Agreements, but the parties acknowledge that further negotiations and the conduct of due diligence and tax planning may result in issues being raised that require the matters discussed above to be supplemented, amended or qualified. No party will have any liability to any other party based upon, arising from, or relating to this MOU, including any termination hereof, except in respect of a breach of any of the enumerated Sections.

By signing below, the parties acknowledge their commitment to the terms and conditions outlined in this MOU.

#### For **QULLIQ ENERGY CORPORATION:**

Name: Ernest Douglas

Title: President & CEO

Signature:



Date: 29-August-2025

#### For **NUNAVUT NUKKIKSAUTIIT CORPORATION:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

This MOU is governed by and will be construed in accordance with the laws of the Territory of Nunavut and the federal laws of Canada applicable therein and the parties irrevocably attorn to the exclusive jurisdiction of the courts of the Territory of Nunavut.

#### 10. Nature of MOU

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By signing below, the parties acknowledge their commitment to the terms and conditions outlined in this MOU.

#### For **QULLIQ ENERGY CORPORATION:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

#### For **NUNAVUT NUKKIKSAUTIIT CORPORATION:**

Name: HARRY FLAHERTY

Title: PRESIDENT + CEO

Signature: 

Date: AUGUST 29, 2025