



Azure Sustainable Fuels Corp.

Proposed Portage Renewable Fuels Production Facility

Project Update: September 2023

Azure continues to work towards getting all the necessary approvals to move forward with a Renewable Fuels Production Facility in Portage la Prairie (The 'Facility'). The purpose of the Facility and associated water-related pipeline infrastructure (i.e., the 'Project') is to produce sustainable aviation fuel (SAF) required to meet domestic and international mandates related to the reduction of Carbon Dioxide (CO₂) emissions generated by the aviation sector. The last few months have been an exciting time for Azure.

In June 2023, Azure formally kicked off the Front-End Engineering and Design (FEED) phase, which is expected to be concluded in approximately fifteen months. At the conclusion of FEED, Azure will have a clear understanding of the Project scope and design, along with Project cost estimates which, will then lead to the Final Investment Decision (FID) phase where Azure will determine if a financial commitment meets economic thresholds.

On June 20, 2023, Azure was granted \$2.9 million from the Sustainable Canadian Agricultural Partnership to support the Front-End Engineering Design (FEED) study for the Facility. This emphasizes the government of Manitoba's commitment to enhancing the province's competitive advantages in adding agricultural processing to support the development of renewable transportation fuel processing in Canada. The support from Canada and Manitoba validates Azure's vision to create a 'Made-in-Canada' solution to reduce carbon emissions globally by utilizing local feedstocks and Canadian skillsets. (see <https://www.azuref.com/post/governments-of-canada-and-manitoba-provide-2-9-million-over-two-years-to-advance-manitoba-as-leader> for the full press release)



From left to right: Darren Ongyerth, VP of Business Development; Paul Bowen, COO; Premier Heather Stefanson; Douglas Cole, President, and CEO; and Vanessa Vredenburg, Director of Indigenous and Stakeholder Relations



Following the announcement on June 20, 2023, Azure held a community information session in Portage la Prairie to share detailed information on Sustainable Aviation Fuel (SAF), provide a Project overview, Facility overview, results of the environmental studies, Project benefits, and information regarding potential employment opportunities. The session was well attended, and feedback received was positive.

On June 21, 2023, Azure participated in the Portage la Prairie Indigenous People’s Day celebration. Azure continues to meet with local stakeholders and Indigenous organizations to share information, gather feedback, and collaborate on ways to address Project requirements in Portage la Prairie. Azure was honoured to be featured in the first ever issue of the Portage City Guide in June 2023. (<https://www.azuresf.com/post/portage-city-guide>).

Azure recently added four professionals to the Azure team to support moving the project through FEED. In addition, Azure has utilized local companies to complete the environmental assessment, archaeology, legal support, and local Indigenous consultants to support the project and ensure that local knowledge is being utilized, and economic benefits are brought back to Manitoba.

Azure has completed a draft EAP and associated studies. Prior to submitting, Azure wanted to share the results and offer the opportunity to respond to any questions or gather any feedback. Summarized below are the results of the EAP for your review.



Environmental Studies Undertaken and Completed

Azure is happy to announce it has completed the required studies and assessments to support an EAP. Details of these studies and the results are outlined below.

Environmental Study:	Outcome:	Results:
Heritage Resources Impact Assessment	No material findings	Field investigations and reporting have met Heritage Impact Assessment requirements with no material findings.
Terrestrial Field Study	No material findings	Project area is located on cultivated land with a low risk for sensitive wildlife habitat; Native vegetation clearing to occur outside of bird breeding / nesting season.
Noise and Vibration Impact Assessment	No exceedance	Projected sound levels were predicted to not exceed the Manitoba Guidelines for the Maximum Desirable
Air Quality Assessment Report	No exceedance	Dispersion modelling assessment predicted no exceedances of the Manitoba Ambient Air Quality Criteria for Total Suspended Particles; Dust controls to be put in place on the access road.
Traffic Impact Assessment	No additional infrastructure required	The Traffic Impact Assessment has found that traffic increases caused by the Project will not require infrastructure upgrades beyond what has already been recommended in previous traffic studies.



Environment Act Proposal (EAP) Results

The EAP concluded that with the application of proposed mitigation measures and follow-up plans, adverse residual environmental impacts resulting from the Project are expected to be sufficiently mitigated. Additionally, the success of the Project is anticipated to provide substantial benefit to the RM of Portage la Prairie, City of Portage la Prairie, local and regional area communities, and the province of Manitoba. Direct employment and potential business opportunities related to the services required for operating the Project are substantial.

The table below provides a detailed summary of the EAP results.

Environmental and Socio-economic Component	Mitigation Measures	Assessed Impacts
Physical Environment		
Geology/Topography	<ul style="list-style-type: none"> Impacts on topography have been assessed as being minor to negligible. 	Minor to negligible.
Soils (Erosion)	<ul style="list-style-type: none"> Revegetation to occur as quickly as feasible to stabilize the soil and minimize soil erosion. Erosion and Sediment Control Plan to be implemented during construction and decommissioning. 	Minor and restricted to the Project site
Groundwater	<ul style="list-style-type: none"> Azure will not be establishing new groundwater wells, primarily sourcing water from treated wastewater reuse. Mitigation measures to prevent accidents and malfunctions applied. A stormwater collection system will be installed to prevent Facility site run-off from entering groundwater systems. 	Negligible
Atmospheric Environment		
Air Quality	<ul style="list-style-type: none"> No exceedance to air quality criteria expected. In addition to applying measures to mitigate soil erosion, Azure will treat the access road with an appropriate dust suppressant so that concentrations remain below limits. 	Minor
Climate/Greenhouse Gases	<ul style="list-style-type: none"> Applying measures to mitigate soil erosion which can also produce dust, Azure will treat the access road with an appropriate dust suppressant so that concentrations remain below limits. 	Moderate (provincial) Minor (national)
Noise	<ul style="list-style-type: none"> Spread rail operations loading and unloading over 15 to 18 hours per day, with most loading and unloading occurring from 07:00 to 19:00 during winter and between 07:00 and 17:00 during summer. Fit vehicles with mufflers and other noise mitigation equipment as required. Unnecessary idling and revving of engines to be avoided. 	Minor



Environmental and Socio-economic Component	Mitigation Measures	Assessed Impacts
Terrestrial Environment		
Vegetation	<ul style="list-style-type: none"> • Areas to be cleared of vegetation will be minimized to the extent feasible and will be clearly marked to avoid clearing more than required. • Trees/wood will be cut and disposed of in accordance with applicable regulations. • Areas disturbed during Project construction, not required for Project operations, will be re-seeded and will be maintained (e.g., mowed) in accordance with applicable provincial regulations and RM of Portage la Prairie by-laws. 	Minor (project site) Negligible (local area)
Wildlife	<ul style="list-style-type: none"> • Minimize vegetation clearing to the extent feasible • Not clearing vegetation during the breeding bird season will limit adverse effects to the existing minimal sub-optimal wildlife habitat. 	Negligible
Aquatic Environment		
Surface Water	<ul style="list-style-type: none"> • Implement erosion and sediment control plan. • Submit Facility site plan drawings to Manitoba Transportation and Infrastructure to ensure that project runoff does not impact road infrastructure. • Facility site surface water runoff will be directed to a raw water receiving pond via perimeter drainage ditches and an underground stormwater system. 	Negligible
Fish and Fish Habitat	<ul style="list-style-type: none"> • The water outfall structure will be constructed outside of Fisheries and Oceans Canada (DFO) restricted timing windows for the protection of fish and fish habitat in southern Manitoba for spring and summer spawning fish species (i.e., April 1 to June 30). • Additional DFO measures to protect fish and fish habitat will be applied, as applicable, during construction of the water outfall structure and water-related pipeline infrastructure in the vicinity of fish-bearing waterbodies. • Measures to avoid or minimize the potential for soil erosion; avoid fires and explosions; and avoid spills and leaks, will be applied. 	Minor
Socioeconomic Environment		
Labor Force and Employment	<ul style="list-style-type: none"> • Employment opportunities to be advertised in the region. 	Moderate (positive)
Infrastructure and Services	<ul style="list-style-type: none"> • Emergency Response Contingency Plan to be developed and implemented. • An on-site raw water receiving pond will have capacity for emergency fire suppression. Safety measures, such as modern safety systems, will be in place to avoid accidents and malfunctions. 	Minor



Environmental and Socio-economic Component	Mitigation Measures	Assessed Impacts
Community Services	<ul style="list-style-type: none"> • Azure plans to reuse a large portion of its required water for the Facility, with only a small amount of potable water required from the RM of Portage la Prairie. • Azure will process most of its wastewater on site and will not add a substantial wastewater volume to the city's wastewater facility. 	Minor (positive)
Land and Resource Use	<ul style="list-style-type: none"> • Land use conflicts for the Facility site and related components are not anticipated. 	Minor (positive)
Human Health	<ul style="list-style-type: none"> • All Azure employees will abide by the standards, procedures and training required under The Workplace Safety and Health Act as well as Azure's internal Health and Safety Program and Emergency Response Contingency Plan to be developed prior to construction. • Employee Orientation and Safety training will be mandated for all new hires in addition to required yearly safety reviews for existing staff. • Facility level safety reviews will be conducted as per regulations and best practices. Applicable personal protective equipment (PPE) will be provided to employees. • Where required, visitor orientation and PPE will be provided when visitors enter employee only areas. 	Negligible
Indigenous Communities	<ul style="list-style-type: none"> • The Project is expected to be an overall benefit to nearby Indigenous communities within commuting distance to the Project site as there will be increased employment opportunities associated with the Project. The risk of adverse impacts on human health as been assessed as negligible. • The Project is not expected to adversely impact the exercise of Indigenous or Treaty rights because: <ul style="list-style-type: none"> ○ Fish or fish habitat will not be substantially affected by the Project. ○ The Facility site is located on private land accessible only for the purposes of the Project. ○ The residual environmental impact of the Project on vegetation beyond the Project site is assessed to be negligible. ○ The residual environmental impact of the Project on regional wildlife populations is assessed to be negligible. 	No impacts anticipated to Indigenous or Treaty Rights.



Environmental and Socio-economic Component	Mitigation Measures	Assessed Impacts
Heritage Resources	<ul style="list-style-type: none"> • Azure will have a Heritage Resources Protection Plan (HRPP) in place prior to the initiation of Project construction activities which will provide guidance to construction contractors to protect heritage resources if accidentally encountered in accordance with direction from the Historic Resources Branch. • If heritage resources are discovered within the Project site, work will be stopped, the Historic Resources Branch will be advised, and the discovered historic resources will be recorded by an archaeologist and adequately protected as required. 	Minor
Traffic	<ul style="list-style-type: none"> • Staff arrivals and departures will be staggered daily to accommodate the 24 hours, seven days/week operation schedule. Additional minor traffic will be related to weekly supply/parts deliveries and contractors for services such as waste disposal. • Facility site access will have the following controls: two-lane stop controlled access from Road 41W on the east side of the Facility site for use by staff and visitors; and two-lane stop controlled access from Ferris Road on the west side of the development intended for use by trucks. • Recommendations as described in a draft Traffic Impact Study for the Project will be reviewed by Manitoba Transportation and Infrastructure (MTI) and any intersection and/or geometric improvements will be implemented prior to Project operations as described in recommendations included in a final Traffic Impact Study report reviewed and approved by MTI. 	Minor

Should you have any questions regarding the information provided, please reach out to Vanessa Vredenburg, Director of Indigenous and Stakeholder Relations at info@azuresf.com.