

ENERGY POLICIES

CONIFEX TIMBER: CHAMPIONING BRITISH COLUMBIANS, EMPOWERING FIRST NATIONS, AND COLLABORATING FOR A BRIGHTER SUSTAINABLE FUTURE.

ABOUT US

considerable expertise and knowledge designing, building, and managing industrial-scale electrical infrastructure in a rural, resource-dependent community in northern BC over the past decade. We have also explored numerous opportunities to leverage our power infrastructure expertise to expand this segment of our business in the interior of BC.



ABOUT OUR WHITE PAPER

Our White Paper was issued in response to the province's imposition of a moratorium on electrical interconnection services for new cryptocurrency mining projects. Our White Paper concludes that the moratorium unnecessarily damages Indigenous and non-Indigenous residents of northern BC, BC Hydro customers, and all British Columbians.

WHITE PAPER UPDATE

This update is intended to inform policymakers, regulators and the public of developments that have occurred since the release of our White Paper. It concludes with a summary of the key, immediately actionable, energy policy improvements that the province should implement to benefit all British Columbians.

CONIFEX'S WHITE PAPER

In August 2023, Conifex published its White Paper entitled "BC's Lost Opportunity to Develop Next Generation Data Centers".

Scan here for the original report or visit

Conifex.com/community

A NEW CALL FOR FIRST NATIONS

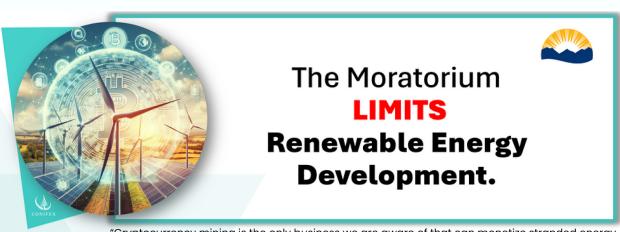
In June 2023, BC Hydro announced that, in the spring of 2024, it intended to move forward with a call for new sources of emission-free wind and solar power, targeting larger, utility scale projects.

The announcement that the province is providing \$140 million to the BC Indigenous Clean Energy Initiative to support Indigenous-led power projects is a positive development. Unfortunately, the province continues to ignore the unique ability cryptocurrency customers have to improve the operational and financial attractiveness of renewable development and further energy reconciliation objectives. Regrettably, First Nations will not be able to solicit these ideal customers until the province reverses the moratorium.

Renewable energy sources, such as wind and solar, are characterized by intermittency, resulting in volatile and non-controllable electricity production. Optimal sites for generating renewable electricity are often in remote regions in or intersecting First Nations' traditional territories.

These remote locations often have insufficient local electricity demand and inadequate transmission infrastructure to support a significant increase in renewable energy generation. The good news is that cryptocurrency focused portable data centers can be established in remote locations.

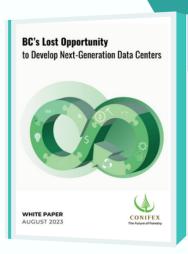
Cryptocurrency data center customers facilitate the development can renewable energy sites by First Nations who would otherwise not be able to meet the requirement for larger, utility scale These customers also enable low operating costs to be achieved economies of scale, strengthens the financial viability of new Another, and likely the most projects. important advantage of cryptocurrency customers, is their unique ability to respond to fluctuations in power supply. Should wind or solar power availability these fluctuate. customers can instantaneously adjust their power up consumption or down. Other prospective customers for renewable energy sites do not possess this extremely rare capability.



"Cryptocurrency mining is the only business we are aware of that can monetize stranded energy without government subsidies". Ken Shields, CEO of Conifex

THE MORATORIUM MAY BE A PLOY FOR A PERMANENT BAN

In its September 15, 2023 submission to the British Columbia Utilities Commission, BC Hydro stated that cryptocurrency loads which materialized in 2023 "are not forecast to continue past fiscal 2027." We discuss the moratorium and related topics in our White Paper published last August.



GOVERNMENT'S EXISTING ENERGY POLICY IS COSTLY FOR BRITISH COLUMBIANS

A key element of the CleanBC Plan is to ensure electricity supply is available to re-power current fossil-fuel reliant equipment in British Columbia. Our White Paper outlined our concern that re-powering existing demand should not be a substitute for supplying electricity to advance economic growth. Re-powering does not address the urgent need to strengthen the economic resiliency of hard hit, forest dependent and other rural communities in the interior BC.

Despite assertions to the effect that the CleanBC program "will generate jobs and economic opportunity," the recent release of the province's own economic modelling clearly indicates this statement is false. According to published reports, implementation of the CleanBC Plan will cause average household incomes to fall by \$4,600. The reports indicate that the CleanBC Plan will reduce provincial gross domestic output by \$28 billion this decade.





Government's Current Energy Policy

leads us to a

LOW WAGE ECONOMY

"We cannot remain silent while our Indigenous and non-Indigenous employees and residents in the communities we operate pay the extraordinary price for the provincial government's misguided energy policies." Ken Shields, CEO of Conifex

SELLING MORE POWER DOMESTICALLY DRIVES POWER RATES LOWER

Electricity does not travel well, which creates a challenge since most of BC Hydro's domestic and export customers are located a long distance from the source of generation. We doubt that many British Columbians are aware that BC Hydro's transmission losses presently amount to the new power supply available when BC Hydro's massive \$16 billion Site C project comes on stream in 2025. We are not suggesting that there is a full \$16 billion of redundant energy infrastructure in BC. However, we are suggesting several billion dollars of value can be unlocked if BC Hydro targeted and served customers who will locate closer to its source of generation.

BC Hydro's audited financial statements indicate that its profit margins on domestic sales of electricity are more than double the margin on export sales. Selling additional green power to British Columbians is a far better use of BC's available electricity supply than exporting cheap power and economic opportunity to Alberta and the US. We strongly believe that additional value will be unlocked if BC Hydro targets domestic customers over export customers.

BC Hydro had the right plan in place three years ago when it was actively soliciting local governments to encourage cryptocurrency miners and data center operators to locate in their communities. Reversing the moratorium will allow BC Hydro to avoid requesting approximately \$100 million in power rate increases charged to British Columbians.





Current Energy Policy increases rates for

BC HYDRO CUSTOMERS

"Besides keeping power rates low, emphasizing local customers creates jobs, boosts family incomes, accelerates First Nations reconciliation, and strengthens local government tax receipts". Ken Shields, CEO of Conifex

DC'S MORATORIUM ON CRYPTOCURRENCY MINING IS A HUGE MISTAKE

Our White Paper explains how the province is unaware how technological advancements, innovation, and changing user preferences have catapulted e-commerce and its associated digital asset payment systems to the forefront of the financial sector. In the past five years, the combined market value of US digital assets has grown from \$14 billion to nearly \$3 trillion.

The province also appears to be unaware of the emergence of a new technology boom based on artificial intelligence (AI), machine learning (ML), and other High Performance Computing (HPC) applications. The most well-known AI application – ChatGPT – was launched one month before the moratorium was imposed and reached 100 million users in two months, faster than any other app in history. It took 16 years for mobile phones to reach 100 million users, and seven years for the internet to do so. New AI and ML applications have led to skyrocketing demand for data center services and are transforming the industry.

It is absolutely clear to us that policymakers in our home province do not understand the positive impact operators of next generation data centers servicing digital asset payment system customers and other innovative technologies can provide British Columbians.



"The unprecedented rise of AI, exemplified by ChatGPT reaching 100 million users in just two months, is driving a massive 44% annual growth in global AI infrastructure investment. Yet, BC's energy policy hinders the development of cutting-edge data centers, pushing tech professionals to seek opportunities outside the province." Ken Shields, CEO of Conifex



BC ENERGY POLICIES & FIRST NATIONS

Today we stand at a fork in the road, facing an energy policy that will profoundly shape the future economic stability of our province. Each path before us leads to a vastly different destination. The key policy decisions regarding cryptocurrency mining and next-generation data center development will determine which path is taken.

On one path there's potential to embrace an innovative technology that can rejuvenate hard hit forest dependent communities in the interior of BC. The other path represents the risk of missing out on a once-in-a-lifetime opportunity, leading to lower family incomes and economic waste.

At this critical juncture, we trust you view the ideas Conifex brings to the table as helpful in guiding our province down the right path as we shape our economic future for decades to come.

Current BC Energy Policy Report Card

Income & Employment
Growth

CRITICAL Areas for Upgrade

New Tech Boom Participation

IMMEDIATE Action Required

Limiting Rate Increase for BC Hydro Customers

NEEDED: New Industrial Loads

"Withdrawing the moratorium is pivotal to the long-term success of renewable energy development in the province."

Ken Shields, CEO of Conifex















THANK YOU

Let's Talk!

Ken Shields, CEO & Chairman



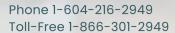
Ken.Shields@conifex.com



778-846-2629

Corporate Office

980-700 West Georgia Street PO Box 10070 Vancouver, BC V7Y 1B6





CONIFEX TIMBER: CHAMPIONING BRITISH COLUMBIANS, EMPOWERING FIRST NATIONS, AND COLLABORATING FOR A BRIGHTER SUSTAINABLE FUTURE.

NOVEMBER 2023