



News and Notes

March 2015

A Progress Report on the Northern Plains Nitrogen Fertilizer Production Facility

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From the President's Desk

Our goal for these newsletters is to provide our most important audiences – especially our investors – with a progress report on the project and offer some insights into the marketplace for nitrogen fertilizer. Most of the news has been positive. Northern Plains Nitrogen has made steady progress in gaining the approvals needed by the project.

I'm proud of the fact that NPN is developing a project that will be a good partner with the community and the region. Last month, we reported on NPN's innovative approach to meeting our water needs. The plant will use "gray" water off the city waste water treatment plant to meet most of the plant water requirements. Additionally, the plant will process site stormwater/runoff and recycle internal processes to maximize the best use of the available water supply, conserving the region's supply of fresh water and reducing and preventing pollution.

In terms of going the extra mile, NPN has been working with local stakeholders in a collaborative manner to address concerns over any potential impact the facility's water vapor plume might have on operations at Grand Forks Airport.

Last fall, the Federal Aviation Administration conducted an aeronautical study that concluded the NPN facility would not exceed obstruction standards and would therefore not be a hazard to air navigation. Additionally the engineers

working in the background for NPN followed all latest aviation industry guidance, methodology and modeling techniques with a goal to share facts, promote communication and to assist with workable solutions if aviation impacts were identified.

NPN conducted an in-depth plume study to address outstanding issues and recently presented the findings to stakeholders. The findings are currently being reviewed by a respected third party and it is expected a win-win solution is in easy grasp.

As Grand Forks Airport Authority Executive Director Patrick Dame told *Prairie Business*, "We just want to make sure we're doing our due diligence and analyzing everything that's there."

While we are pleased with the progress we are making in obtaining the necessary approvals for the project, we also have been candid in discussing the project's financial realities. The initial seed capital offering raised more than \$4.7 million. NPN has used these funds to develop and implement the business plans. The success cited above wouldn't be possible without the ability to hire the well-qualified and highly-regarded experts.

As we have disclosed on several occasions in the past, additional investors will be needed for the project to succeed. The projected cost of development now is in excess of \$2 billion. We continue to work with investment banks and financial consultants to secure the necessary capital.

We are seeking capital in a difficult and highly competitive market. We also have a story that is unfamiliar to many investors who haven't been closely involved with agriculture-related ventures. While current and projected market conditions continue to support the project, the opportunities and risks of a nitrogen fertilizer plant are new to many investors. It takes time to tell our story.

We remain optimistic. We also continue to be gratified by the support NPN has received from public officials. From the day we announced the project, leaders like North Dakota Governor Jack Dalrymple and Grand Forks Mayor Michael R. Brown have offered support and encouragement.

Most importantly, though, we are grateful for the confidence our current investors have placed in us. We will continue to work toward delivering on our shared vision.

Sincerely,
Darin Anderson
Darin Anderson
President, NPN Board

Maintaining Stewardship of the Land

The site selected by Northern Plains Nitrogen for its Grand Forks facility is not far removed from its history as productive farmland. In fact, one of the steps needed for the facility to stay on track was to change the zoning from agricultural use to one that allows for construction of the nitrogen facility and development of the larger area for industrial purposes.

While that change has gained the approval of the Grand Forks Planning and Zoning Commission, NPN views the site's ag history as a constant reminder of its obligation to be trusted stewards of the land.

"We are committed to being good neighbors to the entire Grand Forks community," said Calvin Coey, project manager for NPN. "We continue to look not just for acceptable solutions, but for the innovative solutions that meet everyone's needs."

In addition to the zoning change, the commission also approved the preliminary plat which shows how the 340-acre site will be used and authorized Grand Forks' annexation of the land.

The NPN team continues to work with Grand Forks to move the project forward. Advanced Engineering and Environmental Services, Inc., was retained to evaluate the environmental impact of the plant and returned with a positive report. No existing or potential environmental concerns were identified by Advanced Engineering and Environmental Services.

Much more work will be needed by NPN and Grand Forks. For example, while the site is well-served by transportation, water and energy infrastructure, the site will need additional investments to serve NPN and other developers in this emerging industrial area.

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