

ATLANTIC GATEWAY SHIPPING TERMINALS, LTD

**Privileged and Confidential
Not for Distribution or
External Discussion**

Mayor John W. Morgan
Cape Breton Regional Municipality
Civic Centre
320 Esplanade
Sydney, NS
B1P 7B9

Dear Mayor and Council:

Re: Consortium Offer to Purchase “Greenfield Site” adjacent to Sydport Industrial Park owned by Laurentian Energy Corporation (LEC)

I am writing on behalf of the private sector led consortium of experienced industrial developers that have made an offer to LEC to purchase the parcel of land known as the “Greenfield Site” adjacent to the Sydport Industrial Park. As an investor and member of the consortium, I believe it is important that the Cape Breton Regional Municipality (CBRM) Council be aware of the mixed use, multi modal nature of our vision.

The dredging of Sydney Harbour has enabled the commercialization of the Port and opened up a variety of industrial development opportunities that our consortium intends to leverage through our extensive international business network. As you know, our consortium is prepared to invest significant capital to acquire the Greenfield Site and to incrementally build units of business that will create jobs and spur further private sector investment and growth. To validate this commitment, a consultant accomplished in international port development will be hired to explore and identify best site use and to finalize the vision and business plan for the property. This will be consistent with Atlantic Gateway, national and provincial development priorities as well as complement current and potential harbour related business.

The consortium will initially examine transshipment opportunities of bulk commodities such as iron ore, coal, wood pellets and value added petroleum products. There will be phased development based on existing and emerging market opportunities in the resource sector particularly in northern Quebec, Labrador and Nunavut. It is important for the CBRM Council to understand that our consortium initially started our business deliberations on the prospect of an ocean container terminal and will continue to advance and aggressively pursue market leads that could benefit from a fully integrated trans-modal business model. This is consistent with other successful port models and operating environments such as what exists in Prince Rupert, BC.

Ongoing efforts will be made to market a container terminal and will be advanced consistent with improved market conditions necessary to meet supply and demand requirements through incremental traffic growth in the global transshipment sector. This is consistent with a trade delegation that was hosted in the Fall of 2011 in Sydney on the siting and construction of a container terminal by international business parties with the capacity to deliver.

On the basis of what we know to be a good, sound and prudent private sector investment decision, we would be more than willing to update you on our business model as appropriate in the near future. Please be assured that our consortium will abide by and adhere to all legislative, regulatory frameworks that exist at the municipal, federal and provincial levels and any related legally obligated responsibilities and duties associated with the conduct of our business.

As I am sure you can appreciate, a business transaction of this nature involves information and planning that by its very nature must remain confidential in order to protect project specific competitive advantages. In this situation we must also be cognizant of the various regulatory agencies that are involved, given that the consortium partners include at least one publicly traded company. We understand you may have come into possession of confidential information that should not have been released without our consent however, given that this has occurred, we would stress to you the absolute requirement of maintaining this confidentiality to ensure it does not jeopardize the development(s) and bring unnecessary financial harm to our consortium. We are confident that given your role(s) as public officials you will understand the importance of these issues and respect the confidential nature of this proposed transaction.

All of that said, we want to assure you that our purpose is to bring responsible, sustainable, long term investment that will move Cape Breton's economic development agenda forward.

Sincerely,



Peter Knollenberg
Director

cc: CBRM Council
LEC Board of Directors