



Michel Coal Project

2018 SUSTAINABILITY REPORT

TRANSPARENCY

ACCOUNTABILITY

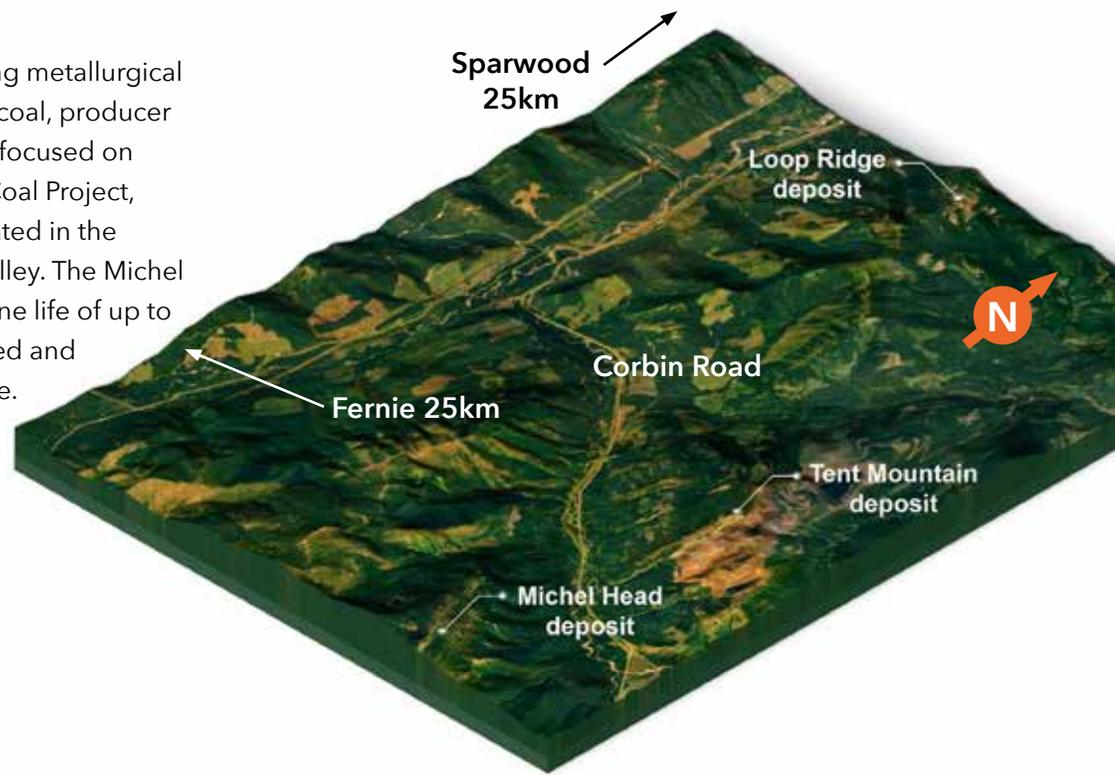
INNOVATION



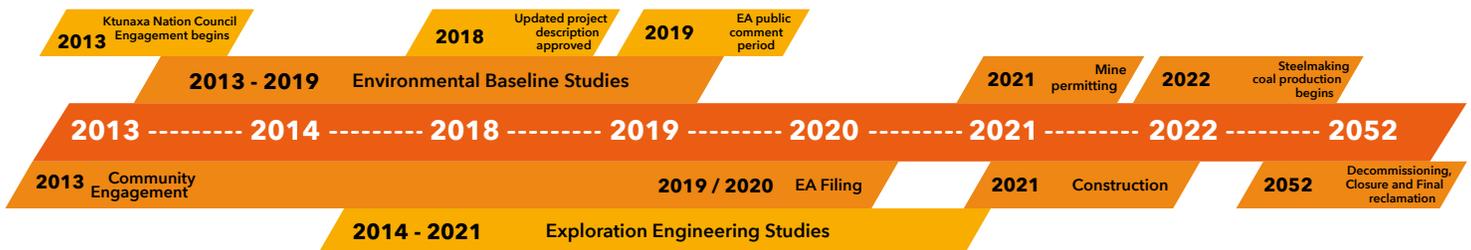
NORTH COAL

Michel Creek, B.C.

North Coal Limited is an emerging metallurgical coal, also known as steelmaking coal, producer based in Sparwood, B.C. We are focused on the development of the Michel Coal Project, comprised of three deposits located in the Crowsnest Coalfield in the Elk Valley. The Michel Coal Project has an estimated mine life of up to 30 years, and would be developed and reclaimed in stages over that time.



Project Timeline



MESSAGE FROM THE PRESIDENT

Integrating Environmental Expectations into Mine Design



Through our proposed Michel Coal Project, North Coal is applying international best standards and using a clearly defined discharge standard to inform our engineering decisions. We are integrating environmental goals into mine design and considering end-use from the beginning.

We made significant progress in 2018 in the assessment of our project through the collaborative involvement of local communities and the Ktunaxa Nation Council, on whose traditional territory the proposed project will be located.

A notable achievement was re-entering the combined federal and provincial Environmental Assessment process and receiving approval of our Project Description from the governments as well as the Ktunaxa Nation Council. By entering into an Engagement Agreement with the Ktunaxa Nation Council, we collectively set out a framework for their participation in the Environmental Assessment process.

Our engagement with local governments and key stakeholders over the past year produced meaningful dialogue on topics ranging from water quality to economic development, including our commitment to hiring locally and buying local goods and services.

All of this would not be possible without the hard work and dedication of our employees and contractors who are prepared and equipped to perform their work safely every day.

North Coal takes an innovative approach to mining and we hold ourselves to the highest level of transparency and accountability in developing our project.

We welcome your engagement in the Michel Coal Project and are committed to working together to develop a sustainable project, build a strong economy for the Elk Valley and lead a new era in mining.

A handwritten signature in black ink, appearing to read 'John Pumphrey'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John Pumphrey
President





GUIDED BY OUR DEVELOPMENT PRINCIPLES

Members of North Coal's geology team

Michel Coal Project: Leaving a Positive Legacy

Build and Maintain Trust

Trust has to be earned each and every day. We are committed to an open and transparent process that looks to incorporate community input, values and innovation into design.

Foster Responsible Land Stewardship

We work to reduce our environmental impact during exploration, construction, operation and mine closure. Restoration is reflected in each project phase to benefit current and future generations.

Involve Indigenous Peoples and Communities

We build strong, respectful relationships with Indigenous Peoples, governments, local residents, community leaders and organizations. We share information about our project design and listen to issues and concerns. By working together, we develop innovative solutions.

Commit to Safety Excellence

Safety is at the core of all that we do. We approach our work with the mindset that all incidents are preventable. Our safety policies and procedures are supported and upheld by our staff and contractors.

Protect Sensitive Habitats and Species

We operate responsibly by avoiding or mitigating the disturbance of sensitive habitats, conserving biodiversity and protecting wildlife.

Safeguard Water Resources

Our mining operation aligns with the goals and objectives of the Elk Valley Water Quality Plan.

Embrace Innovation

We incorporate new ideas and innovative solutions into our mine design to ensure that important social, environmental and economic issues in the Elk Valley are addressed and managed.

A NEW ERA OF MINING

Michel Coal Project, B.C.

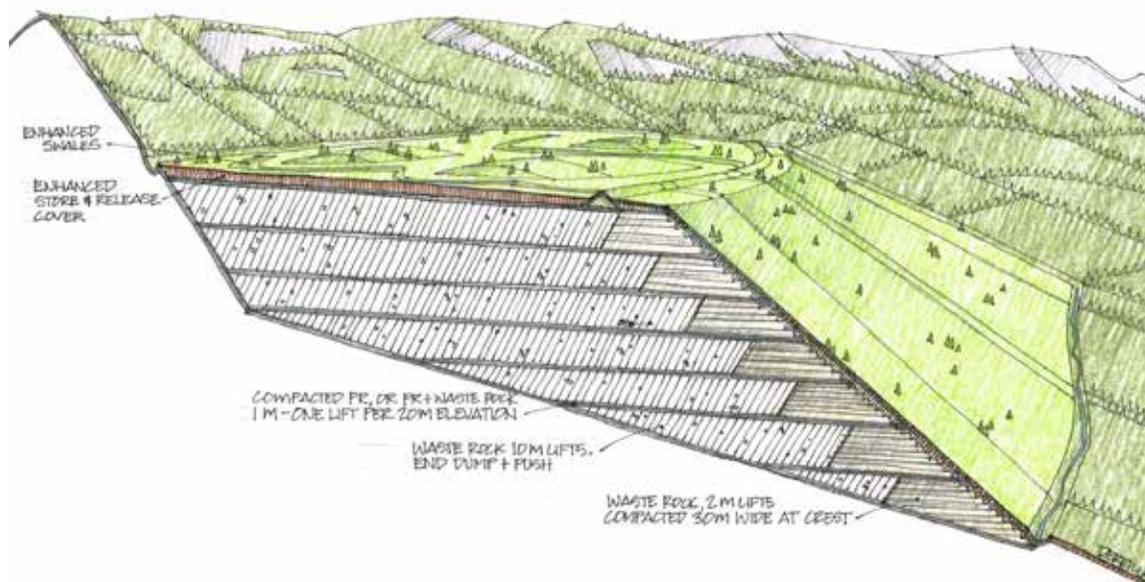
By uniquely combining proven technologies for water quality management, dust control and reclamation, the Michel Coal Project is setting a new standard in mine design—from operation to closure.

Scientific testing confirms that the mine rock management design significantly reduces concentrations of elements like selenium and nitrates.

Our approach reflects the time and energy we have put into addressing the complex issues faced by the natural resource sector, and is a testament to our commitment to build reclamation into each phase of our project, marking a new era in mining for the Elk Valley.

Water Quality by Design

One of the key goals of the Michel Coal Project is to design and build a mine that protects the region's water resources. This is achieved by incorporating environmental objectives into mine design at early planning stages. The Michel Coal Project is managing rock and water in a manner that minimizes the release of harmful elements into the environment throughout mine life and beyond.



CREATING VALUE

Fernie, B.C., a historic mining community and world-class recreation destination

We buy, hire and give locally as part of our commitment to create growth and a sustainable future for the Elk Valley.

In 2018 we moved to a larger office in Sparwood to accommodate our growing workforce. We contract local expertise for our environmental and technical studies that inform our mine design. Our role as a regional employer will continue to increase as we move through the construction and operations phases of our project, creating hundreds of temporary and permanent well-paying, full-time jobs for skilled trades and professionals.

Our employees help build our community by giving their time and talent to local organizations and North Coal invests in local, community-based not-for-profits.

Economic Benefits

PRODUCE 2 TO 3 MILLION TONNES OF STEELMAKING COAL/YEAR (ESTIMATED)



CREATE UP TO 400 FULL-TIME CONSTRUCTION JOBS



CREATE UP TO 300 FULL-TIME OPERATIONS JOBS



\$40 MILLION INVESTED IN THE LOCAL, REGIONAL AND NATIONAL ECONOMY TO DATE



Local Services Purchased

LAND AND AIR TRANSPORTATION



BUILDING CONSTRUCTION AND LEASES



CATERING AND FOOD



TECHNICAL





WORKING TOGETHER WITH THE KTUNAXA NATION

Ktunaxa Nation citizens working on the fur-bearing animals' study

Our approach to engagement is to build a transparent, respect-based relationship with the Ktunaxa Government and the individual communities that comprise the Ktunaxa Nation. We support the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) in how we conduct our work.

In 2018, we entered into an agreement with the Ktunaxa Nation Council for their participation in the Michel Coal Project Environmental Assessment process. We are drawing on traditional knowledge and our project application will reflect Ktunaxa beliefs and values on water, wildlife, biodiversity and reclamation.

Together we will build a future—one based on transparency, collaboration and respect.

North Coal and the Ktunaxa Nation Council are working on an ongoing basis on wildlife studies, focusing on fur-bearing animals and wildlife movement corridors that should be maintained and restored. We will be including this information in our Environmental Assessment application to help inform monitoring, reclamation and closure activities.



"North Coal acknowledges that the proposed Michel Coal Project is within the traditional territory of the Ktunaxa Nation. Recognizing their rights and title and the important role they play as stewards of the land, we began early consultation during the initial exploration stage of the project, more than five years ago."

John Pumphrey, President, North Coal

ENVIRONMENTAL APPROVALS PROCESS

Scenic Mt. Hosmer, located near Fernie, B.C.

Over the past year, we re-entered the combined federal and provincial Environmental Assessment process. The updated Project Description includes the Michel Head and Tent Mountain deposits, in addition to the Loop Ridge deposit. This broader, comprehensive project will incorporate innovative and sustainable design approaches, ensuring the project is compliant with the Elk Valley Water Quality Plan.

In December 2018, the provincial government issued a new Section 11 order, outlining the project scope and review of the Environmental Assessment.

Engagement with Communities



A Regulated Public Process

In B.C., when a project such as the Michel Coal Project is proposed, it must undergo a rigorous Environmental Assessment under both federal and provincial legislation, managed by the B.C. Environmental Assessment Office and Canadian Environmental Assessment Agency which coordinate input from the public as well as all federal and provincial agencies and Indigenous Peoples.

This process ensures that any potential environmental, economic, social, heritage and health effects of the Michel Coal Project are reviewed and assessed, including the involvement of a Working Group.

The Working Group undertakes a technical review of the project and has representation from the Ktunaxa Nation and the federal, provincial and local governments. There are 50+ individuals covering 15 technical disciplines.



Elk wintering in the Elk Valley

North Coal understands we are stewards of the land and all actions will impact its future use. We take a comprehensive approach to all aspects of our operation and how plans for post-mining land use must guide our project from the beginning. It is this awareness of the future that shapes our sustainability efforts during planning.





Members of North Coal's Environment and Geology team

COMMITTED TO LOCAL COMMUNITIES

North Coal's employees live, work and play in the Elk Valley. They coach local teams, volunteer for events and recreate in the back country.

Our headquarters are in Sparwood, and the well-being of the region is important to North Coal. We believe in early, continuous engagement and are now in our fifth year of meaningful dialogue to ensure the proposed Michel Coal Project reflects the values, expectations and needs of area communities.

By sharing the communities' values of clean air, water and land, North Coal actively works to ensure sustainable development that protects the natural environment and local recreational use.

We sponsor local community organizations and clubs that work to improve the quality of life for residents. From supporting chambers of commerce to assisting local children's sports—giving back is an important part of our sustainability approach.



Sparwood Figure Skating Club

INVESTING IN COMMUNITIES

Examples of support provided to local organizations include:

- Fernie Minor Hockey
- Fernie Griz Days
- Fernie Rod and Gun Club
- Sparwood and District Fish and Wildlife Association
- Sparwood Curling Club
- Sparwood Figure Skating Club
- Ktunaxa Nation AGM
- Ktunaxa Elders Gathering
- Ktunaxa Youth Hunting Camp
- Member of Elkford, Sparwood and Fernie Chambers of Commerce



North Coal's Chief Geologist David Thompson and President John Pumphrey conducting a site assessment

MOVING FORWARD

We Would Like your Input:

As we move forward, we encourage input through all phases of the Environmental Assessment process.



Community information sessions throughout 2019



northcoal.ca



info@northcoal.ca

By engaging early and building relationships with the Ktunaxa Nation and area communities, North Coal understands local concerns around historic coal mining in the Elk Valley. As a result, we are moving forward with an innovative approach which integrates environmental expectations into mine design.

By using uniquely combined, proven technologies, we are minimizing environmental impact by incorporating reclamation in every stage of the mining process. The result is a new era for sustainable development in coal mining not only in the Elk Valley, but nationally and internationally as well.



Steelmaking coal is used in wind turbines

COAL FACTS

- Metallurgical coal is also referred to as steelmaking coal as it is a key material used in steel production
- Mining steelmaking coal employs thousands of people in B.C.
- Steel is a key component of everyday items and green technologies like wind turbines
- Canadian mining has high ethical and regulatory standards



**TOGETHER WE WILL
BUILD A FUTURE –
ONE BASED ON TRANSPARENCY,
COLLABORATION AND RESPECT.**



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