



## GROUNDBREAKING PARTNERSHIP A FOUNDATION FOR A NEW ERA OF CANADIAN RESOURCE DEVELOPMENT

**Yaqit ʔa·knuqʔiʔit, Pacific Road Capital, and North Coal announce agreement to form ground-breaking partnership to develop Michel Project.**

**ʔakanuxunik Territory, Grasmere, BC, Canada – December 20, 2022** – Yaqit ʔa·knuqʔiʔit, also known as Tobacco Plains Indian Band or YQT, Pacific Road Capital and North Coal Limited (North Coal), are proud to announce they have entered into a Letter of Intent setting out the parties intention to form a partnership that will jointly progress and develop North Coal’s Michel Project, located in the Elk Valley near Sparwood, British Columbia (BC). The Michel Project is a development-stage metallurgical coal project that incorporates industry-leading mine design, strong water protection, low operational carbon emissions, and accelerated natural reclamation plans that have been designed collaboratively with input from YQT.

The proposed partnership announced today is centred around the principles of co-ownership, co-management, and co-governance, and is the culmination of many years of respectful engagement between the parties. Under the proposed partnership, YQT will take up direct ownership interests in North Coal and the Michel Project, and solidify a direct and meaningful role in the activities and ultimate development within the ʔakanuxunik ʔamakiʔ territory and in generating potential opportunities for its people. North Coal and YQT together will continue their hands-on role around managing significant impacts and forwarding a best-in-class project.

*“This is a tremendous opportunity for YQT on our path to self-determination,”* stated **Nasu kin Heidi Gravelle of YQT**. *“This partnership has been built on mutual respect, collaboration, and integrity, while working with our community members, elders, and leadership to create a sustainable future built on our strong traditions and culture. By working together with Pacific Road Capital, we will have set a precedence for other companies looking to partner in economic ventures on unceded territory. We look forward to working together to create new opportunities for YQT and other First Nations on this important project.”*

*“We are proud to further strengthen our alignment with YQT as they join us as direct co-owners and co-managers of North Coal’s Michel Project,”* said **Matt Fifield, Chairman of North Coal and Managing Director of Pacific Road Capital**. *“Further, YQT will bring important knowledge and skills to North Coal’s development path, and the very nature of our partnership reflects Pacific Road’s fundamental beliefs around responsible resource ownership and investment.”*

*“Our development pathway has established a number of firsts,”* said **Ian Maxwell, CEO of North Coal**. *“We have designed our project with the highest standards of water quality at its heart, constantly putting environmental standards and decisions first. Now, our project and the development team will benefit greatly from YQT’s direct input. Our plans will be strengthened by YQT’s substantial knowledge of and connection to the land, traditional cultural heritage, and land management practices. Our development path will benefit from YQT’s extensive connections with and knowledge of other First Nations in the region of Tobacco Plains. We expect this to be beneficial to all parties, upholding our overall commitment to sustainable progress of the partnership and the Michel Project, and aligned with the Province of British Columbia’s Declaration of the Rights of Indigenous Peoples Act”.*

The Michel Project is expected to produce premium, mid-volatile, high CSR (Coke Strength after Reaction) hard coking coal, known generally as metallurgical or steelmaking coal. This commodity is a critical ingredient in the steelmaking process and is not used for legacy coal-fired energy generation.

Leveraging British Columbia’s world-leading resource quality, robust regulatory systems, abundant emissions-free energy, and mature transportation infrastructure, North Coal plans to offer global markets a product that is essential in helping decarbonize steel-making blast furnaces on their path to lower emissions and net zero. This will include a market-leading ESG profile that North Coal expects markets, investors, and supply chains will be demanding as part of the clean economy transition.

*“Global decarbonization is one of the biggest issues of our time,” said **Maxwell**. “Representing 8 per cent of global emissions, decarbonizing steel in the most effective way is critical to lowering current global emissions. The Michel Project will provide a differentiated, low scope 1 and 2 emissions input that steel companies will urgently need as they decarbonize over coming decades, and to do so with new standards of environmental and social performance that society demands.”*

YQT, Pacific Road Capital and North Coal expect to formalize the terms of the partnership through definitive agreements in the near future and have agreed to advance the Michel Project through the Government of British Columbia’s Environmental Assessment Process and to further project feasibility and implementation plans.

#### FOR FURTHER INFORMATION

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## **ABOUT Yaqit ʔa·knuq̓iʔit**

The Yaqit ʔa·knuq̓iʔit is a self-governing community, dedicated to improving the health, safety, education, and financial security of our people while exercising the right to practice our cultural and traditional ways. YQT is seeking self-determination through economic empowerment and believes in responsible resource development within its traditional territory.

The members of Yaqit ʔa·knuq̓iʔit First Nation (in English, “Tobacco Plains Indian Band”) are the descendants of the distinct group of indigenous people who have occupied, controlled, and been the exclusive stewards over their unceded ancestral lands that surround ʔakinkumʔasnuq̓iʔit (“Tobacco Plains”) since time immemorial.

YQT people are members of the Ktunaxa (Kootenay) speaking peoples of British Columbia, Idaho, and Montana and are part of the Ktunaxa Nation. The Ktunaxa people have lived on the lands adjacent to the Columbia and Kootenay Rivers and the Arrow Lakes of British Columbia for more than 10,000 years. Their traditional territory extends approximately 70,000 square kilometers within the Kootenay region of British Columbia (southeastern corner) and included areas in Alberta, Montana, Washington, and Idaho. Today, the Tobacco Plains Indian Reserve comprises 10,600 acres surrounding Grasmere, in southeastern British Columbia.

The Michel Project lies within ʔakanuxunikʔamakish in the East Kootenay region of British Columbia. These are the ancestral and unceded lands of YQT, over which YQT asserts, declares, and exercises section 35 Aboriginal Rights as set out in the Constitution Act (1982) of Canada.

## **ABOUT NORTH COAL**

North Coal holds a 100 per cent interest in the Michel Project, an advanced metallurgical coal mine development with approximately 140 million resource tonnes of high value-in-use metallurgical coal in the Province of British Columbia. North Coal expects to produce 1.8 million tonnes per year of premium, high CSR, hard coking coal over a 23-year mine life.

North Coal is developing an all-new, modern steelmaking coal mine in southeastern British Columbia, Canada, in an established mining region with world class infrastructure. The Project will provide the quality of metallurgical coal required by the steel industry as it decarbonizes over the coming decades.

The global hard coking coal market is tight and poised to structurally tighten into sustained market deficit by the end of the decade driven by steel industry decarbonization, demand growth and constrained supply. In a market of 190Mt in 2021, industry forecasters project a market deficit of 17Mt by 2030, rising to more than 150Mt by 2050, creating a 2 to 2.5 billion tonnes cumulative supply gap from 2027 to 2050 that needs to be filled by new projects that are becoming more challenging to find and build.

The Michel Project is being progressed by a strong leadership team with a track record of delivery and value creation to world class standards. Project development has focused on planning with environmental, social and governance (ESG) performance and Indigenous knowledge and participation at the core.

North Coal is expected to be in the lowest quartile of Scope 1 and 2 CO<sub>2</sub>e emissions for seaborne traded metallurgical coal and is working with its carbon partners to create a clear path to net zero Scope 1 and 2 emissions production.

Through over a decade of continued investment in the Michel Project's development, North Coal has completed a pre-feasibility study and has developed substantial project information including baseline geological and environmental data, water quality and quantity, environmental mine design engineering that has been the baseline for a pre-submission for an Environmental Assessment as managed by the Environmental Assessment Office ("EAO") of British Columbia.

North Coal is committed to best in class water quality protection measures, especially with respect to selenium control. The proposed mine has been designed to achieve water quality consistent with the targets set out in the Elk Valley Water Quality Plan (Area Based Management Plan). North Coal is committed to open and honest communication with First Nations, Government, Communities, and other interested parties throughout all phases of the Michel Project and will continue to integrate feedback into its design.

An independent review of the Michel Project by a panel of six experts in 2022 noted that the work conducted by North Coal in its Environment Assessment is of a high standard, and in some critical areas such as water protection, is best in class.

## **ABOUT PACIFIC ROAD CAPITAL**

Pacific Road Capital is a specialist investor in the natural resource sector, and a leading voice in responsible resource investing. Pacific Road Capital believes that superior financial returns are generated by creating strong environmental and human ecosystems that benefit shareholders and stakeholders alike. Pacific Road Capital invests in public and private resource companies. Pacific Road Capital manages the Pacific Road Resources Fund II which is the 100 per cent owner of North Coal Limited.

## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION**

Certain information in this news release constitutes forward-looking statements under applicable securities law. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "intend" and similar expressions. Forward-looking statements in this news release include, but are not limited to, statements relating to outcome of discussions between Pacific Road Capital and Yaqit ?a·knuqfi'it as well as any other future plans, objectives, or expectations of Pacific Road Capital and Yaqit ?a·knuqfi'it. Forward-looking statements necessarily involve known and unknown risks, including, without limitation, Pacific Road Capital and Yaqit ?a·knuqfi'it's ability to implement its business strategies; risks associated with mineral exploration and production; risks associated with general economic conditions; adverse industry events; stakeholder engagement; marketing and transportation costs; loss of markets; volatility of commodity prices; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; industry and government regulation; changes in legislation, income tax and regulatory matters; competition; currency and interest rate fluctuations; and other risks. Readers are cautioned that the foregoing list is not exhaustive.

Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions, or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those

anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

The forward-looking statements contained in this news release represent the expectations of Pacific Road Capital and Yaqit ?a·knuqhi'it as of the date of this news release, and, accordingly, are subject to change after such date. Pacific Road Capital and Yaqit ?a·knuqhi'it does not undertake any obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as expressly required by applicable securities law.