



**CONUMA RESOURCES**

AT THE HEART OF STEEL

# Sustainability Report 2022

[www.conumaresources.com](http://www.conumaresources.com)

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## Contents

<b>About Conuma</b>	<b>4</b>	<b>Water Management</b>	<b>50</b>
<b>Message from the CEO and Chief Sustainability Officer</b>	<b>6</b>	<b>Air Quality Management</b>	<b>54</b>
<b>Our Sustainability Mission</b>	<b>8</b>	<b>Waste Management</b>	<b>56</b>
Our 2022 Highlights	10	<b>Biodiversity</b>	<b>58</b>
Our Sustainability Journey Timeline	12	Metal Leaching and Acid Rock Drainage	59
Our Conuma Values	13	Reclamation	59
Materiality Assessment	14	<b>Social</b>	<b>62</b>
<b>Workforce Health &amp; Safety</b>	<b>16</b>	Labour Relations & Human Rights	62
Safety	17	Relations With Indigenous Nations	62
Occupational Health	22	Community Relationships	64
<b>Climate Change</b>	<b>24</b>	Employee Relationships	65
Company Strategy	26	<b>Business Ethics &amp; Code of Conduct</b>	<b>72</b>
Risks & Opportunities	30	Our Sustainability Roadmap 2022-2023	74
Energy & GHG	38	Our Senior Leadership	76
<b>Tailings Management</b>	<b>46</b>		

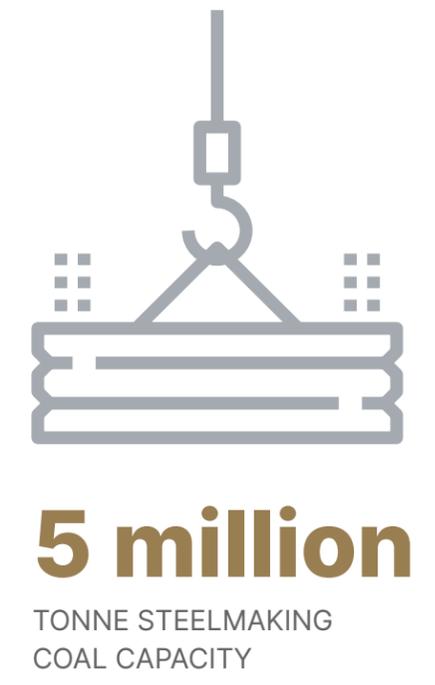
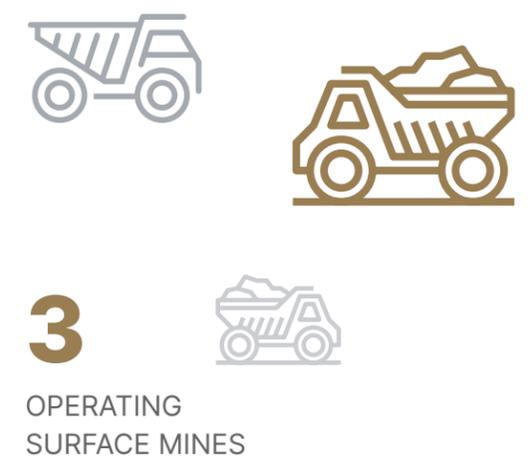
# About Conuma Resources

Founded in mid-2016, Conuma Resources ("Conuma") is a premier steelmaking coal producer based in Northeast British Columbia ("NEBC"), Canada. We are an integral part of the global steel supply chain, producing high-quality steelmaking coal for leading global steelmakers. Our mission is to operate safely and grow our steelmaking coal business to achieve leading shareholder returns while creating sustainable value for our employees, customers, business partners, and communities in which we operate.

We currently operate three surface mine operations at Brule, Wolverine and Willow Creek, with a rated capacity to produce more than 5 million tonnes of high-quality steelmaking coal products annually and provide more than 1,000 direct and 3,000 indirect jobs

for families in the Peace River Regional District. On February 16, 2023, we completed the acquisition of the Quintette Mine from Teck. We are focusing on the restart of this mine and its processing plant. Our intention is to commence mining operations in Q4 2023.

The hard coking coal ("HCC") and pulverized coal injection ("PCI") that we produce are sought by steel producers and coke makers in Asia, South America, and Europe. Our expanding operations and tenures in Northeast British Columbia ("NEBC") contain some of the highest quality steelmaking coal resources available anywhere in the world. Combining this with our robust logistics chain ensures a reliable and competitive delivery to our steelmaking customers.



# Message from the CEO and Chief Sustainability Officer

In March 2022, we published our first Conuma Resources Sustainability Report. One year later, we are delighted to be publishing our second and expanded Sustainability Report. This report builds on the foundation laid down with our 2021 report, includes additional topics, and highlights our progress on so many fronts over the last 12 months.

It is also noteworthy that we are publishing our 2022 Sustainability Report according to the Sustainability Accounting Standards Board's ("SASB") Coal Operations Sustainability Accounting Standard. Over the last year, we have strengthened, refined, and expanded our ESG processes and systems where necessary to ensure we can report in alignment with the SASB standard. These changes will ensure that the structure and standard of our sustainability reporting going forward meets the needs of our investors, stakeholders and readers of the report.

Concurrent with our alignment with the SASB Coal Operations Standard, we also completed alignment with of the Taskforce on Climate-Related Financial Disclosures ("TCFD") framework for our climate change reporting. Our 2022 Climate Change Report, published with this report, fully conforms to the TCFD framework, including reporting our Scope 3 emissions.

By mid-2023, Conuma will have been in business for seven years, and we can look back with pride at what we have collectively achieved over this time. We have produced and exported more than 22 million tonnes of steelmaking coal and generated nearly five billion dollars of foreign currency inflows into BC, while employing more than 1,000 people and supporting more than 3,000 indirect

personnel. We contribute significantly to the NEBC economy, Indigenous Nations, local communities, contractors, and suppliers.

The safety and health of those that work in and with our business remain our most important value. We want Conuma employees and contractors to be better off because of working with our business. Healthy, engaged and fulfilled people working collaboratively together makes us safer, stronger, and more resilient, supporting and strengthening the communities in which we operate.

In 2022 we unfortunately experienced a slight increase, to five, in incidents that resulted in a lost time injury. All five of these incidents occurred between January and July, and we finished the year strong with no lost time incidents. The lessons and resultant improvements from each of these incidents have been implemented across our operations. The experiences have also strengthened our resolve to increase the focus on proactive safety risk management. The last five months of the year, during which we experienced zero lost time incidents, is what we expect as normal operations.

In 2022, we took several steps to strengthen our robust project pipeline. The most significant step was the Quintette acquisition from Teck. Quintette adds more than 40 million tonnes of permitted steelmaking coal and a total resource of over 285 million tonnes. This transaction, which we completed in February, gives us the capacity to support the construction of the global low-carbon economy for many decades to come. We continue to be excited about the future, knowing the strength and depth of leadership and employees we have in our business and the quality of assets that we operate.

Our reputation has grown as a premier supplier of steelmaking coal, contributing to the global low-carbon economy, and our products continue to be sought worldwide.

We established Conuma in 2016 with the vision of becoming Canada's premier low-cost sustainable exporter of steelmaking coal. The word "premier" has a much broader meaning than scale. For us, "premier" means safely and profitably operating and growing our steelmaking coal business, while creating real and lasting value for our employees, customers, business partners, and local communities. Premier operator also means mine, water management, closure, and reclamation plans that minimize environmental impacts and restore the environs in which we operate to meet the needs of current and future generations.

As much as quality sustainability reporting is important, we know that our sustainability work on-the-ground and its meaningful progression are what really matters. As a balanced business with a continuing purpose in society, our decision-making considers the full range of value delivered.

We demonstrated this in numerous ways over the last year, including deepening our engagement with local Indigenous Nations and municipalities, launching new scholarship and apprenticeship programs, expanding our internal and external communications, and increasing reclamation.

Conuma's current and future role in the Peace Region is more prominent than ever. We understand this responsibility and welcome scrutiny, as well as collaboration, as we take proactive measures to build accountability and trust. We will ensure that profitably running our mining business goes hand-in-hand with opportunities for employees, Indigenous Nations and communities and delivering demonstrable benefits that last well beyond the lives of our mines.



**Brian Sullivan**  
Chief Executive Officer



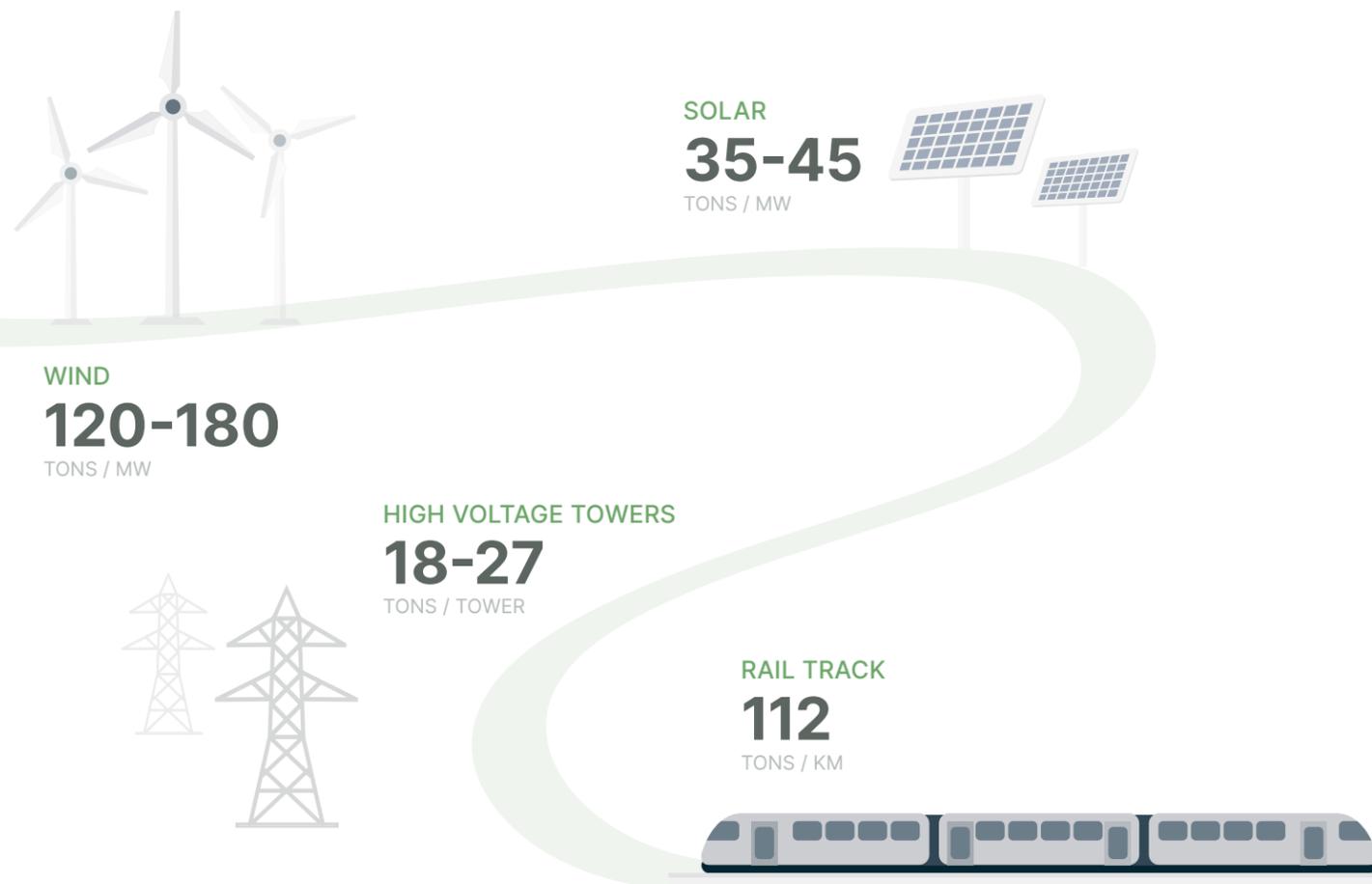
**Hugh Kendrick**  
Chief Sustainability Officer

# Our Sustainability Mission

## Sustainability Statement

Sustainability guides our business strategy as a premier supplier of steelmaking coal that contributes to the low-carbon economy. The steel, which is made using our products, is essential for global development, including the construction and distribution of renewable power. In operating and growing our business, we focus on responsible production and consumption of scarce resources while creating sustainable value for our employees, customers, business partners, communities and the environs in which we operate.

Steel is essential to construct renewable energy infrastructure and transportation



In operating and growing our business, we focus on responsible production. We seek to generate lasting value for the communities in which we operate, providing opportunities to employees, Indigenous Nations and communities. Equally important is our commitment to responsible environmental stewardship.

Our employees, customers and suppliers are all partners, which means that our success as a business results from teamwork. Our aim is to have a diverse but closely-knit workforce, founded upon respect and belonging, and we will work hard to ensure everyone understands their role in our continued success.

Our mines operate within a jurisdiction that has strict compliance standards. Our reclamation standards focus on achieving the end land use goals of:

A healthy and safe workplace is key to our vision of sustainability. We are focused on avoiding injuries, violations, delays, and rework while mining and processing steelmaking coal in the most efficient manner possible.

1. Re-establishing the average land capability to pre-disturbance conditions; and
2. Fostering the return of appropriate self-sustaining forested ecosystems, common in the pre-disturbance local landscape, that provide habitat capable of supporting local wildlife.

## Sustainability Leadership in Conuma



## Our 2022 Highlights

As a premier supplier of steelmaking coal and the second-largest producer in Canada, we continually evaluate and advance our knowledge of the mineral properties within our portfolio of assets. To be a sustainable mining business, we must secure and permit high-quality and commercially attractive mining reserves well into the future.

During 2022 a team consisting of representatives from our Willow Creek Mine, technical engineering, and external consultants worked to strengthen and improve the Willow Creek mine plan. This process was very successful, with the Willow Creek life-of-mine plan proposed to extend to 2029. The draft revision to the mine plan includes more than 14 million tonnes of ROM coal and has a reduction of 21 million cubic metres of overburden mined compared with the previous life-of-mine plan.

Our Project Development Team is also focused on expanding our other operating sites, most notably the pushback of the Blind Pit at the Brule Mine and re-starting the Quintette mine. The Quintette property adds more than 40 million tonnes of permitted reserves to our business. The work on the Willow Creek Extension is continuing, including limited exploration work and baseline studies planned for 2023.

Our project pipeline is more exciting than ever, and we look forward to sharing more project development news as it becomes available.



## Conuma in 2022 at a Glance

<b>CLEAN COAL PRODUCTION</b>		<b>ENVIRONMENT</b>	
Total	<b>3,640 kt</b>	Area Reclaimed	Funds Invested
Brule	<b>1,651 kt</b>	<b>37 hectares</b>	<b>\$4.5 million</b>
Wolverine	<b>1,013 kt</b>	Volume of Mine Water Treated	
Willow Creek	<b>976 kt</b>	<b>1.2 million</b> liters of contact water / day	
		Scope 1	Scope 2
		<b>354.52</b> (ktCO <sub>2</sub> e)	<b>0.585</b> (ktCO <sub>2</sub> e)
		Scope 3	<b>Low Carbon Intensity</b>
		<b>10,264.4</b> (ktCO <sub>2</sub> e)	

Employment	Safety & Health	Provincial Taxes & Royalties
<b>&gt;1,000 employees</b>	<b>New Employee Engagement Program Launched</b>	<b>&gt;\$63 million</b>
<b>25% female</b>	Total Recordable Injury Frequency Rate	Indigenous Nation Spend
<b>80% local</b>	<b>1.09</b>	<b>&gt;\$30 million</b>
Leadership	Employee Development	Community Investment
<b>29% female</b>	<b>&gt;4,000 hours</b> of leadership training	<b>&gt;\$190,000</b>

**SUSTAINABILITY REPORTING**

This report covers the calendar and financial year for Conuma Resources from Jan-Dec 2022

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

ESG Reporting with SASB FRAMEWORK



Reference: 2022 Sustainability Report Index spreadsheet

## Our Sustainability Reporting Milestones (2021 to date)



## Our Conuma Values

OUR BUSINESS, INCLUDING OUR MISSION AND OUR STRATEGY, ARE ALL BUILT AROUND OUR CORE VALUES OF:



### Safety

We are accountable and disciplined to eliminate safety risk.



### Growth

We invest in quality, efficiency and innovation to create a profitable and predictable future.



### One Conuma Strong

We are productive, resilient and enthusiastic problem solvers, working as a team to deliver outstanding results.



### Heart

We choose to be professional, respectful, and inclusive.



### Sustainability

We operate today and plan tomorrow in a way that sustains the health of our employees, business partners, community, and environment.

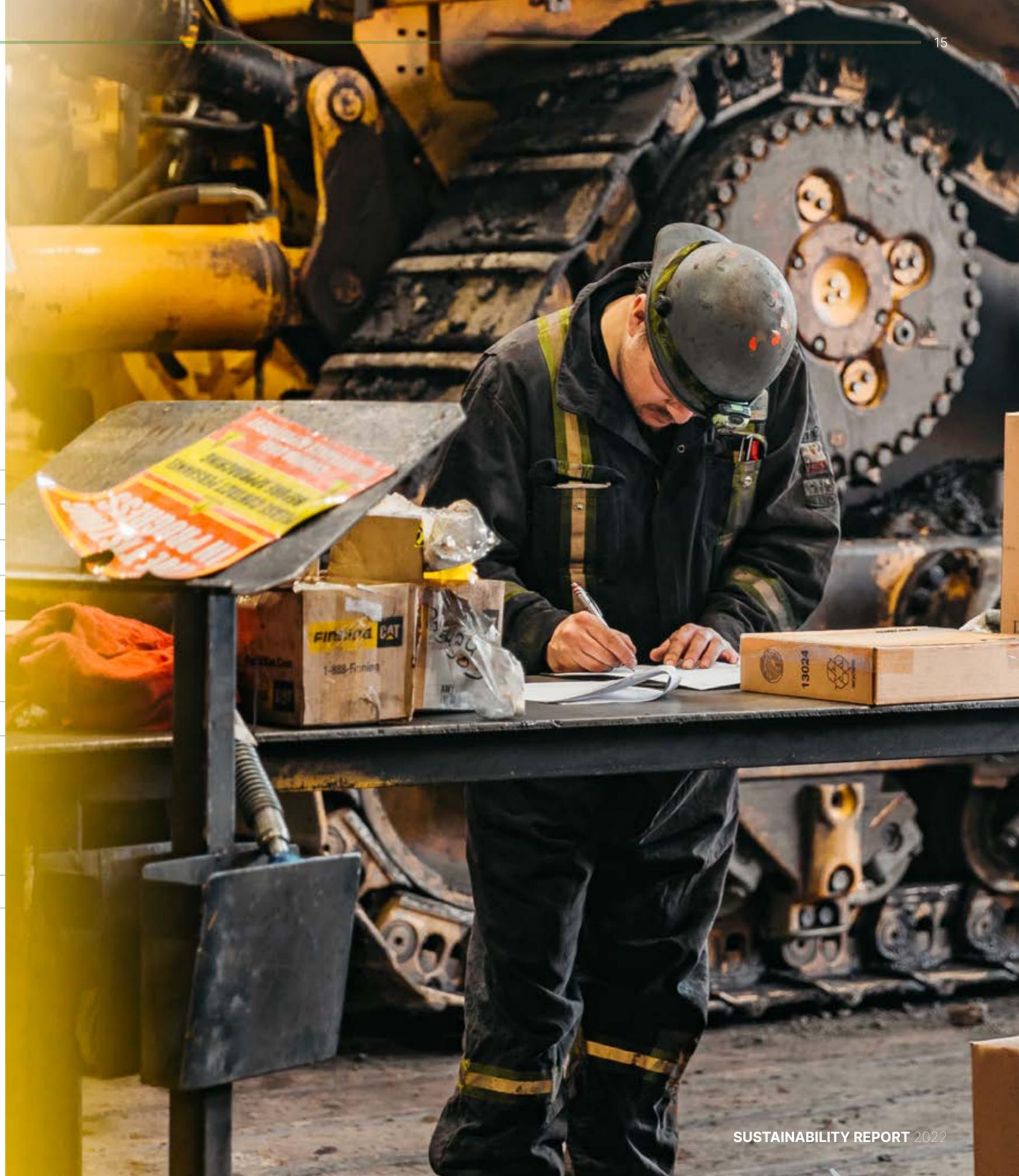
## Materiality Assessment

This Sustainability Report was prepared after completing a materiality assessment update, which identified and evaluated the most material sustainability topics our business deals with. The materiality assessment process we utilized in 2022 included analysis and review of subjects and timing for reporting by our senior management team. We also conducted engagement sessions with institutional investors and our financial advisors to confirm the topics we had identified were relevant to investors and lenders and to ascertain if there were additional topics on which we needed to report.

Utilizing feedback from the materiality process and aligning with the SASB Coal Standard, the 2022 reporting topics selected were:

1. Workforce Health & Safety
  - a. Safety
  - b. Occupational Health
2. Climate Change
3. Tailings Management
4. Water Management
5. Air Quality Management
6. Waste Management
  - a. Biodiversity
  - b. Metal Leaching and Acid Rock Drainage
7. Reclamation
8. Social Relations
  - a. Labour Relations and Human Rights
  - b. Relationships with Indigenous Nations
  - c. Community Relationships
  - d. Employee Development
9. Business Ethics and Code of Conduct

For future materiality assessment updates, we plan to include additional internal and external consultation.



## Workforce Health & Safety

Safety is a core value at Conuma, and we will always put the health and safety of our employees and contractors first. Our foremost responsibility is to provide a safe and healthy working environment. We also firmly believe that health and safety are everyone's responsibility, and we are committed to identifying and mitigating health and safety hazards and risks before incidents happen.

We have implemented operating and safety standards that reflect these principles and support our efforts to achieve zero harm. We also seek to ensure that our procedures, risk assessments, employee and contractor training, hazard assessments, incident investigations and response plans are actioned to the highest standards possible.

To help maintain the health and safety of our employees and contractors, we maintain a Mine Emergency Response Plan ("MERP") specific to each site we operate. The plan conforms to the BC Health, Safety and Reclamation Code requirements and the MERP guidelines for the mining industry. These plans focus on the general response requirements and steps to follow for all employees in any general emergency and additional details for more specific events (i.e., fires, spills, gas plant leaks, etc.), including the details related to an emergency involving the TSF at Wolverine. The MERP also identifies the chain of command for an incident and the training requirements for the individuals that will take the lead response roles to ensure a coordinated and effective response to an emergency.



Each site has a group of trained employees that make up their Mine Rescue teams that complete training throughout the year to ensure that certifications are maintained. Each Mine Rescue team member trains for a minimum of 32 hours annually.

At the end of 2022, we established a new mine rescue manager position to help organize the teams' efforts across all three operations. This role includes developing a standardized training system to ensure a common and consistent understanding between all sites, tracking the total number of hours spent training each year, and implementing additional training and drills for general employees to help the response teams in managing the situation.

Our reporting and escalation standards ensure that the necessary incident details and associ-

ated risks are quickly communicated to senior management and other operating sites. Following each incident, we conduct a structured and systematic root cause analysis process led by professional safety leaders. This process helps us establish root causes and eliminate or mitigate the identified risks and hazards. We do this using the hierarchy of safety controls: elimination, substitution, engineering controls, administrative controls, and personal protective equipment.

Our eight Life Saving Rules are a cornerstone of our safety architecture at Conuma. We developed these rules with the most common hazards in our particular workplaces in mind in order to prevent serious injury or death from workplace accidents. All employees and contractors must know the eight rules and comply. We have a zero-tolerance policy for any who breach these rules.

THE RULES PROVIDE SIMPLE ACTIONS AND PROVIDE A FINAL BARRIER THAT WORKERS CONTROL. THEY ARE AS FOLLOWS:



### Confined Space Entry

Entering enclosed or partially enclosed spaces, not intended or designed for continuous human occupancy



### Working From Heights

Any work performed at a level from which it is possible to sustain an injury from a fall requires fall protection



### Line of Fire

Personal awareness of struck-by and caught in-between hazards



### Mechanical Lifting

Lifting operations need to be planned and performed by competent workers using certified equipment



### Energy Isolation

Energy isolation separates people from hazards such as electricity, pressure and energized equipment



### Bypassing Safety Controls

Safety-critical equipment must work correctly to keep workers and those around them safe



### Safe Driving

The driver and passengers should take responsibility for each other's safety, including ensuring all occupants are wearing a seatbelt



### Fit for Duty

Workers must be physically and mentally in a state to perform the assigned duties and cannot be under the influence of alcohol or drugs

We are also active with other mining operations in BC and Canada on the safety front. We do this mainly through the Mining Association of British Columbia ("MABC"), where we participate on its Board of Directors. This forum allows mining businesses like ourselves to benefit from the cooperation and dissemination of safety lessons from more than twenty other mining operations in BC.

We train every new employee on our expectations and what they must do in keeping with our policies and procedures. All new employees must undertake a thorough orientation before working at our operations. All employees and contractors must remain current on our safety standards and policies, including completing yearly refresher training.

In February 2022, we implemented a new online and interactive Learning Management System (“LMS”) through which all employees can undertake safety training and certification. The LMS provides an accurate real-time database by which our operations can ensure that all employees and site contractors are certified and current on the necessary safety standards that apply to their disciplines and tasks. In 2022, site contractors began to participate in the LMS, with the remainder to be added in 2023.

In addition to formal safety training, our employees participate in daily safety briefings, toolbox talks and quarterly partnership meetings with executive leaders where new and existing safety matters are raised and discussed. Employees and contractors must complete Field Level Hazard Assessments (“FLHAs”) throughout each workday and before each new task commences. Supervisors and

managers routinely inspect these to ensure completeness and that all the hazards have been identified and effectively mitigated.

Our “right to stop work if you feel unsafe” policy is indisputable and fundamental to the way we operate. No employee or contractor should undertake any task at work where they do not feel safe. We continually emphasize the importance of safely stopping work in all such incidences, knowing that supervisors and managers support and respect such actions.

In 2022 we experienced an increase in lost time injury or medical treatment cases. We used these incidents as opportunities to identify and implement additional controls. Furthermore, the increased injury rate has only strengthened our resolve to heighten the focus of our safety program to be proactive and centered around principles of risk identification and management.



SAFETY	EMPLOYEES			CONTRACTORS			TOTAL		
	MEDICAL TREATMENT	LTI <sup>1</sup>	TRIFR <sup>2</sup>	MEDICAL TREATMENT	LTI	TRIFR	MEDICAL TREATMENT	LTI	TRIFR
2020 (Actual)	7	4	1.02	1	0	0.65	8	4	1.12
2021 (Actual)	5	4	0.93	4	0	2.27	9	4	1.13
2022 (Actual)	7	5	1.12	3	0	1.00	10	5	1.09

In 2022, 40 dangerous occurrence incidents were reported across the three operations, with no fatalities.

<sup>1</sup> LTI = lost time injuries

<sup>2</sup> TRIFR = total recordable injury frequency rate

[(MT + LTI) / manhours worked per year] normalized against 200,000 manhours as per MABC practice

Our Joint Occupational Health and Safety Committees (“JOHSCs”) are active across our business, representing members from all worker groups and site and corporate management. The JOHSCs have taken the initiative on several safety fronts, most notably our medical surveillance and ergonomics programs. The JOHSCs also partake in the above-mentioned incident investigations.

One of the most critical principles in progressively making our operations safer places to work is the prompt identification and effective mitigation of safety hazards. Our sites record all such hazards, planned corrective actions, those responsible for the corrective actions and the time frames required for the corrective actions to be implemented.

In 2023, we will focus on completing a Company-Wide Enterprise Risk Management system to ensure all operational risks (including safety, financial, and ESG-related) are identified and appropriately mitigated. This process will include an update to our risk register and rating process.

We also launched the “Protecting Our House” employee engagement for safety program in 2022. This program encourages and rewards employees for sharing their observations and ideas on safety and operational improvements. We want all employees to have strong and impactful voices, so we establish a culture of open communication. To date, we have received hundreds of safety improvement ideas, which have resulted in necessary actions, thereby improving safety from the ground up.

## Occupational Health

Throughout 2022, we continued to advance and expand our occupational health program. Our silica exposure control plan, hearing conservation plan, and ergonomics program were all key development areas in 2022, focusing on controlling health risks to our workforce. These plans establish rigorous internal company standards for assessing, controlling and managing these priority risks. The program expansions included medical surveillance for existing employees for hearing loss and silica-related lung disease. We also implemented pre-employment medical screening for all job roles to ensure we hire employees fit to conduct the job, thereby reducing the risk of injury.

We expanded our hazard assessment initiatives, using qualitative risk assessments as an essential first step in the occupational health risk management cycle. Qualitative assessment outcomes are then used to guide focused quantitative assessments and provide valuable insight into the root causes of risks. We have renewed our commitment to implementing permanent controls wherever possible, and through using a hierarchy of controls model, we have identified and confirmed risks.

Continuous engagement with our workforce begins with occupational health, forming an integral part of our safety committees. These committees receive monthly updates on occupational health program activities, summary reports and findings of all assessments and health-risk hazard awareness training. We enlisted Committee members to participate in and lead program initiatives such as ergonomic field assessments, making them valued contributors and partners in reducing and controlling health hazards. As part of direct and open communication and a critical component of their right to know, individual workers who participate in monitoring surveys receive personal letters with their assessment results.

Beyond our commitment to our workers' physical health and safety, we recognize that total health also means mental well-being. To ensure that all our employees have 24-hour access to trained, professional mental health and wellness support, we have engaged Lifeworks Inc. to assist anyone who needs support. Lifeworks is a global leader in comprehensive employee wellness support services. Additionally, we have recently initiated

site-level mental health promotion to engage and start conversations with employees at all our sites.

Telus Health conducts pre-employment screening as part of our robust occupational health program. These job-specific screenings include physical demands analysis ("PDAs"), subsequent assessments tailored to the job, and additional baseline assessments for vision, hearing, and lung health. Drug and alcohol testing is mandatory for all new hires.

## Communicable Disease Prevention

When the global COVID-19 pandemic began, we implemented and maintained strict protocols and procedures to safeguard the health of our workforce, contractors and visitors. These measures remained enforced and unchanged throughout the first provincial reopening phase in 2021, when other businesses relaxed their restrictions. Once all BC provincial restrictions were lifted in April 2022, Conuma transitioned

to a Communicable Disease Prevention Plan. This plan is an entirely voluntary program which respects the recommendation of the Provincial Officer of Health.

Our communicable disease prevention plan includes health screening of all employees and visitors to our sites, support for staff members to work remotely to reduce contact, awareness and communication, a clean work environment, building ventilation, and vaccination support. To remain vigilant to the ongoing presence of COVID-19, we maintain our rapid antigen testing program for workers who are symptomatic for the disease. Our communicable disease prevention plan continues to evolve as new local and worldwide challenges arise.

We maintain our close cooperation and partnership with regional and provincial health authorities. By receiving regular updates on local communicable disease trends and risks, we can adapt and respond quickly to mitigate the impact on our operations.





# Climate Change

The information presented in this section consists of excerpts from our 2022 Climate Change Report which was prepared in alignment with the TCFD framework. Please refer to the full separate report for complete details.

## Framework

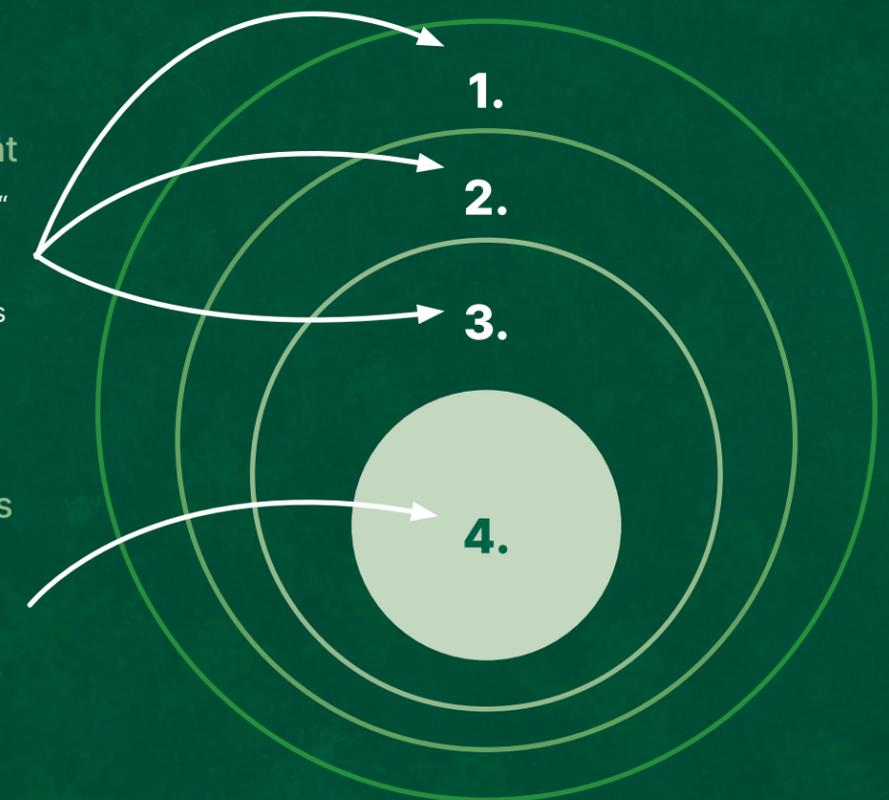
We have built our approach to managing climate change around the four-pillar principle outlined by the TCFD. These pillars are governance, strategy, risk management and metrics and targets.

- 1. Governance
- 2. Strategy
- 3. Risk Management

They are the “outer layers” of the TCFD framework. Their effectiveness is determined by the metrics and targets.

### 4. Metrics & Targets

SASB metrics are among the most frequently referenced tools cited by TCFD for implementing its recommendations.



## Company Strategy

### Target and Action Plans

In alignment with the transition opportunities identified in the climate scenario analysis, we are focused on demonstrating that we are a low-carbon supplier of steelmaking coal to the global steel industry. This encompasses our location, the quality of the steelmaking coal we mine and our actions to further reduce our carbon intensity.

As a business, we are targeting to reduce our carbon intensity progressively. We have committed to a 15% reduction in our carbon intensity per tonne of coal produced by 2030 (compared with the base year of 2019). Our key focus is reducing fossil fuel usage, but we continue to explore several energy supply and demand fronts to inform the best path forward.

### Carbon Intensity Reduction Assessment

To meet our carbon intensity target, an options analysis was completed in 2022, focusing on the net cost per tonne of CO<sub>2</sub> emissions reduction, total CO<sub>2</sub> emissions, and implementing low net cost measures initially. We contracted the services of an experienced engineering firm, SysEne Consulting Inc (“SysEne”), to help evaluate previously identified opportunities and identify additional options for GHG reduction.

The assessment included the review of current operations and engagement with internal departments (i.e., operations, maintenance, and engineering) to evaluate potential options and ensure practical solutions relevant to our operations were developed.

The assessment output was a roadmap (see Roadmap Chart) of short- and medium-term options for implementation supported by marginal abatement cost (“MAC”) curves based on carbon reduction potential, capital cost, operational savings, technical feasibility, and risk.

#### DID YOU KNOW?

**Carbon Intensity refers to the total GHG emissions of our operations (Scope 1 and 2) per tonne of product (clean coal) produced. This can also be called our GHG Emission Intensity.**



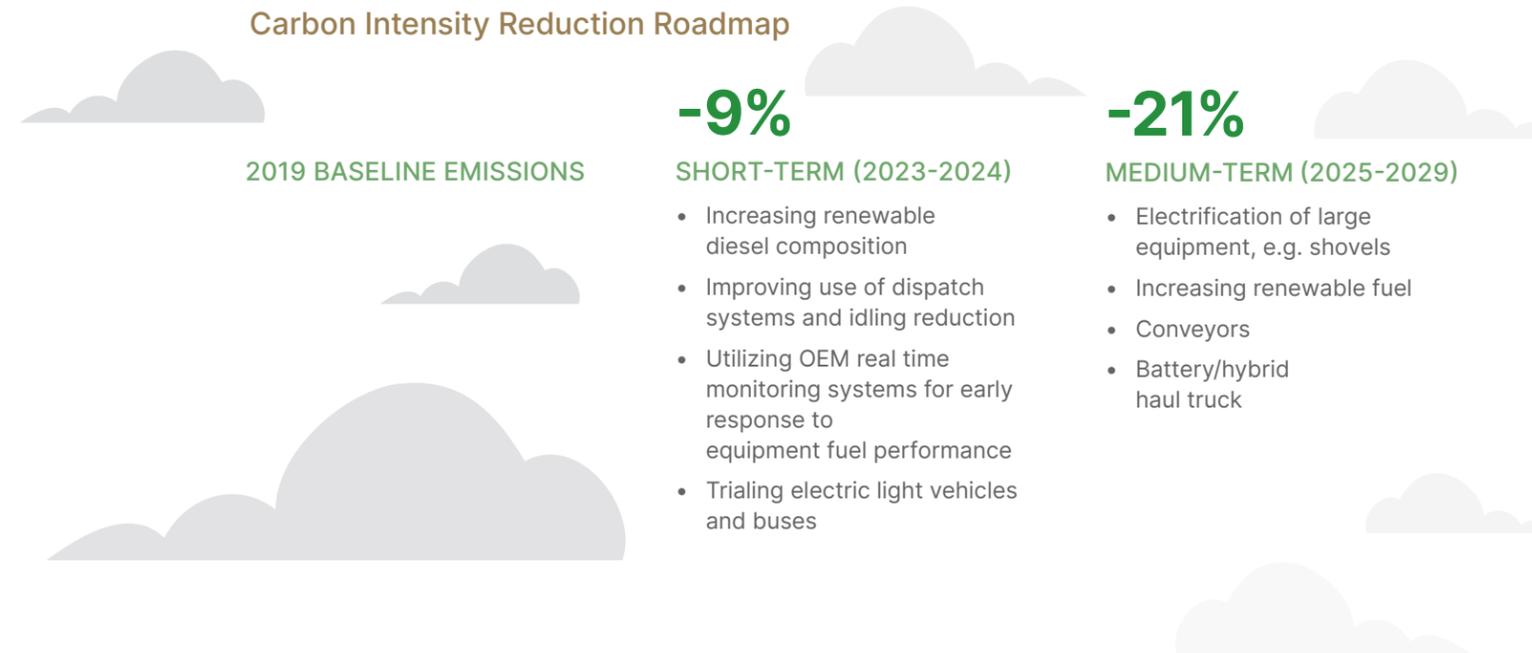
#### INFLUENCING OPERATIONAL FACTORS

- Coal to overburden stripping ratio
- Renewable fuels percentage
- Equipment and fuel efficiency
- Electrification



Pine River

### Carbon Intensity Reduction Roadmap



We continue assessing this information to integrate progressive steps into our budget and five-year planning processes.

## Internal Opportunity Workshops

As part of our internal stakeholder engagement on climate-related impacts on our operations, we conducted multiple workshops with our operations and maintenance teams to identify action plans for reducing fuel usage at our mine sites. These workshops allowed us to gain from the employees' operational experience and their understanding of potential equipment fuel inefficiencies.

Through these workshops, we identified over 20 actions to explore or implement to reduce unnecessary fuel consumption.

### SOME OF THE ACTIONS IDENTIFIED WERE:

Release and enforce an Idling Reduction Policy for all operations;

An effective communication plan for employees and contractors on unnecessary fuel consumption, GHG emissions, and climate change;

Discussions with original equipment manufacturers ("OEM") on equipment specifications, auto-reduction idling capabilities, data availability; and

Fleet management system optimization and idling data tracking

These actions have already started to be implemented and will continue to be a major focus area through 2023.



## Risk Identification and Management

### Regulatory Risks

To support our management with regulatory risks, we proactively monitor and assess the Canadian and British Columbia (“BC”) regulatory environments. Canada has already ratified the Paris Agreement, an international treaty that established a framework for countries to reduce GHG emissions (thereby helping limit global temperature increases) and report on GHG inventories.

Under the Paris Agreement, Canada has committed to reducing its GHG emissions by 30% below 2005 levels by 2030 and achieving a net-zero future by 2050. To support this, the Government of Canada announced a climate plan in 2020 that includes a minimum carbon price of \$170 per tonne of carbon dioxide equivalent (“CO<sub>2</sub>e”) by 2030 based on an Output-Based Pricing System (“OBPS”). We know this program is currently under review at the federal level, and new requirements may be announced in 2023.

To align with long-term legislated emissions reductions, the province of BC has committed to reducing its GHG emissions by 40% below its 2007 levels by 2030. As part of its commitment, BC implemented a carbon tax in 2008, with the most recent increase in April 2022 from \$45 to \$50 per tonne of CO<sub>2</sub>e emitted. The province of BC also implemented the BC Low-Carbon Fuel Standard (“LCFS”) in 2013 with a target of reducing the carbon intensity of fuels each year.

We continue to monitor these trends and events through our regular risk assessments and business planning activities as we recognize the impact that new regulations may have on our operations.

### Climate-Related Risks and Opportunities Identification Process

The overall responsibility for identifying, monitoring, and mitigating climate-related risks for the Company resides with the Climate Change Committee (est. 2021). The Chief Sustainability Officer chairs this committee, which includes executive and senior management members from operations, finance, projects and environment.

In 2022, we focused on updating the internally identified risks through a review by subject matter experts. We engaged WSP to undertake a climate scenario analysis and complete a desktop screening study to assess the risks and opportunities associated with climate change on our assets. The objectives for undertaking this study include managing physical risks and opportunities, planning for a low-carbon transition as part of our climate strategy, integrating climate change into our existing risk management processes, and improving disclosure alignment with the recommendations of the TCFD.

For this assessment, the WSP team conducted multiple workshops with our internal stakeholders to identify a list of potential physical and transition climate-related impacts. Physical impacts were assessed at the asset level, and included mining sites, transport corridors, and ports. Transition risks were assessed at the Company level.

THE OUTCOMES OF THE WORKSHOPS IDENTIFIED:

# 12

hazard categories and their relevance to the assets of interest

# 70

climate-related physical impacts (risks and opportunities) that could result from the selected hazards at the assets

# 15

climate-related transition impacts (risks and opportunities) that could impact business operations

## Scenario Analysis

### Physical risks arising from climate change:

Physical risks can be acute, resulting from the increased severity and frequency of extreme weather events, or chronic, resulting from longer-term shifts in climate patterns. Physical risks can have financial implications for organizations, such as direct damage to assets or indirect impacts from supply chain disruptions.

### Transition to a lower-carbon economy:

Transitioning to a lower-carbon economy can entail policy, regulatory, legal, technological, and market changes in response to climate change and to support the transition. Transition risks can have varying levels of financial and reputational risk to organizations.

Two climate scenarios were used as the basis of the screening level scenario analysis. These scenarios represent a range of plausible future trajectories focusing on physical (high- and middle-emissions scenario) and transition (early versus late adoption of transition policies) risks and opportunities. For the physical assessment, two scenarios from the Shared Socioeconomic

Pathways (“SSP”) framework were selected, a high-emissions scenario (“SSP5-8.5”) and a medium-emission scenario (“SSP2-4.5”).

The Network for Greening the Financial System’s (“NGFS”) Current Policies and Net Zero by 2050 scenarios were selected for the transition assessment. Current policies assume that only existing implemented policies related to climate transition are preserved. In contrast, Net Zero by 2050 is an ambitious scenario to limit the temperature increase to 1.5 degrees Celsius through stringent climate policies.

When considering climate-related risks and opportunities, we have categorized short, medium and long-term to mean the following timescales.

Short-term: 2021-2050 (“2030s”)

Medium-term: 2041-2070 (“2050s”)

Long-term: 2071-2100 (“2080s”)

The expected life of mine and closure obligations were used to inform the selection of these time horizons.

	SCENARIO	HISTORICAL BASELINE	NEAR-FUTURE (SHORT TERM)	MID-CENTURY (MEDIUM TERM)	END-OF-CENTURY (LONG TERM)
Physical	SSP5-8.5 SSP2-4.5	1981-2010	2030s (2021-2050)	2050s (2041-2070)	2080s (2071-2100)
Transition	Net Zero 2050 Current Policies	2020/2021	2030	2040	2050

In December 2022, Conuma executed an agreement with Teck to acquire the Quintette steelmaking coal mine near Tumbler Ridge. The acquisition of Quintette strengthens Conuma’s position as a global supplier of steelmaking coal, provides long-term opportunities for our

employees and continues to provide benefits in NEBC. In February, Conuma completed the purchase. Quintette will be included in the 2023 scenario analysis update and climate-related risk and opportunity assessments.

## Top Risks and Opportunities Identified

Our assessment of physical risks and opportunities highlighted the potential impact of climate change on three asset types integral to our current operations. The assets include the three coal mines we operate and the transportation infrastructure used to ship

our steelmaking coal to customers, including the ports and railway corridors. The two tables below provide an overview of the key risks identified from the physical and climate transition scenario analyses.

CATEGORY	PHYSICAL RISK	MITIGANTS	LIKELIHOOD SCORE	CONSEQUENCE SCORE	TIME HORIZON
Financial	Train movements may need to slow down to avoid daytime travel due to high temperatures.	Engagement with CN requesting a better understanding of plans to limit rail disruptions.	Very High	High	Short to medium-term
Health & Safety	Health and safety issues for mine employees and exploration crews (ex.: smoke inhalation)	Continually updating health & safety measures related to wildfire events. Temporary changes in mining activities during the occurrence wildfires in vicinity of the mine.	Very High	High	Short to medium-term
	Health and safety implications such as heat stroke may occur, which may require medical intervention	Continuous revision and update of the health & safety measures; A short-term change in the calendar of activities could apply on days with extreme heat conditions that may cause impacts on worker health & safety.	Very High	High	Short to medium-term
Social and Cultural	The biogeoclimatic zone may shift, and reclamation vegetation no longer thrives	New plant species could be introduced into the habitat following a detailed ecological study to decide the most suitable ones with engagement with external experts and Indigenous Nations.	Very High	Moderate	Medium to long-term
Environmental	The transition of area-specific end land use objectives impacting reclamation planning	New plant species could be introduced into the habitat following a detailed ecological study to decide the most suitable ones with engagement with external experts and Indigenous Nations.	Very High	Moderate	Medium to long-term
	Unauthorized discharges due to increased volumes of stormwater	Verification of design of water management infrastructure to consider future values of extreme precipitation and modifications if necessary.	Very High	Moderate	Short to medium-term

CATEGORY	TRANSITIONAL RISK	MITIGANTS	LIKELIHOOD SCORE	CONSEQUENCE SCORE	TIME HORIZON
Regulatory	Changes to methane emissions regulations (e.g., fugitive methane emissions) leading to increased operational or capital costs to manage emissions.	Currently being mitigated by innovative project to measure fugitive methane emissions at our mines via satellite imagery and sampling programs. Project puts us ahead of regulatory changes and mitigates risk from carbon pricing as it will result in lower regulated emissions under a carbon pricing scheme.	Moderate	Very High	Short-term
Financial	Changes to carbon pricing leading to increased operational costs		Very High	Moderate	Short-term
Regulatory	Changes in permitting regulations leading to no new permitting	Preventative action on mitigating environmental impacts of operations may mitigate risk as environmental impacts of mining activities are a driver of permitting regulatory changes.	Moderate	Very High	Short-term
Technology	Changes in coal demand due to technological changes in the steel manufacturing sector	Short-term mitigation should be possible through customer engagement, highlighting our product as lower-emitting than competitors. This risk may also be mitigated through reductions in the carbon footprint of our product delivery, which may be possible through technological advancements.	Moderate to High (under Net Zero by 2050)	Moderate	Medium to long-term

The following table summarizes the top opportunities identified in the analyses

CATEGORY	OPPORTUNITY	DESCRIPTION	TIME HORIZON
Market - Financial	Changes in steelmaking coal demand	Increased regulations and costs from Australia (a significant steelmaking coal producer) may cause a shortage in the global supply of steelmaking coal, leading to an opportunity to enter new markets.	Medium to long-term
Market - Reputational	Decarbonization in the transportation sector	Downstream decarbonization in freight shipping (primarily due to decreased emissions in marine transportation) will reduce the overall emissions of coal for our customers. <b>This may provide an opportunity for an improved reputation with customers seeking low GHG intensity products.</b>	Short to medium-term
Environmental	Reclamation research for alternative reclamation prescriptions	With climate changes (increased drought or storm events), there may be a need to alter the reclamation prescriptions for the area. <b>Continuing engagement with Indigenous Nations on reclamation plans including prescriptions, will support this process. Indigenous Nations will also be involved in the execution of these reclamation programs.</b>	Short to medium-term



Trigon Terminal

## Integration into Risk Management Systems

In general, the top 15 physical risks identified for the mines, ports, and railways are associated with possible infrastructure damage, health and safety of workers, and delay or disruption in the supply chain. The most significant impacts identified relate to the financial, and health and safety categories. The highest transition risk ratings are associated with carbon pricing, strict changes to permitting regulations (e.g., leading to potential permit blocks), and changes to methane emissions regulations (e.g., fugitive methane emissions).

This assessment provides further steps to integrate climate risks into our strategic planning and as part of our enterprise-wide risk management process. We will use the list of high risks to prioritize addressing climate change risks within our operations and supply chain. However, we will review all the risks and opportunities as part of a site-level risk assessment. In alignment with other operational risks, this site-level assessment will give us a more thorough understanding of the infrastructure's current adaptive capacity and resilience and where adaptation measures may be required.

We planted 40,000 trees in 2022 as part of our progressive reclamation efforts at the Willow Creek and Wolverine mines.



## Energy and GHG

### Scope 1 and Scope 2 GHG Emissions

To ensure we meet regulatory compliance and stakeholder expectations, we have processes at our operating sites to track and report our GHG emissions. We report Scope 1 and Scope 2 GHG emissions as per the BC Greenhouse Gas Industrial Reporting and Control Act ("GGIRCA") and Environment and Climate Change Canada ("ECCC") requirements.

Scope 1 emissions are direct GHG emissions from operations we own and manage. These emissions are primarily from diesel consumed by operating mining equipment at our mine sites. Scope 2 emissions are indirect emissions from the generation of purchased energy consumed by the Company (e.g., emissions from electricity the Company purchases from the grid for use at our mine sites). We utilize a third party to verify our Scope 1 and 2 GHG emission reports.



Consumption of diesel makes up 63% of our CO<sub>2</sub> emissions, while government-defined fugitive methane emission estimates from mining operations make up 36%. Diesel is consumed principally in removing overburden material and coal extraction and transportation to the processing plants. Most of our electricity is consumed in our processing plants and maintenance workshops. As reported by BC Hydro, over 98% of the electricity supplied to our operations is generated from renewable sources.

Our total volume of material mined (coal and overburden combined) in 2022 increased by 30% over 2021 as our three mines ramped up operations. This was the principal reason for the increase in absolute Scope 1 and 2 emissions in 2022.

We used the following standards and guidelines to develop our 2022 GHG emissions inventory:

- IPCC Guidelines for National Greenhouse Gas Inventories, 2006;
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition); and
- BC Greenhouse Gas Emissions Reporting Regulations.

Scope 1 & 2 GHG Emissions quantified per BC and Canadian Regulations

METRIC	WOLVERINE MINE			WILLOW CREEK			BRULE MINE			TOTAL		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022 <sup>5</sup>
Diesel Consumed (MI)	24.29	28.53	34.95	12.35	13.23	21.68	25.17	27.57	36.75 <sup>4</sup>	61.81	69.33	93.38
CH4 from mined coal (ktCO <sub>2</sub> e/year) <sup>1,2</sup>	41.32	25.71	51.67	14.64	14.88	40.55	38.12	39.22	56.75	94.08	79.81	148.97
Biogenic CO <sub>2</sub> from Biodiesel (tCO <sub>2</sub> e) <sup>3</sup>	-	-	2.21	-	-	1.32	-	-	2.23	-	-	5.76
<b>Total Scope 1 CO<sub>2</sub>e (kt)</b>	<b>109.23</b>	<b>105.34</b>	<b>148.70</b>	<b>49.53</b>	<b>52.02</b>	<b>100.82</b>	<b>110.30</b>	<b>118.11</b>	<b>159.83</b>	<b>269.06</b>	<b>275.47</b>	<b>409.35</b>
Electrical Consumption (GJ)	65,880	73,440	76,882	68,400	63,608	86,828	14,040	20,344	19,447	148,320	157,392	183,161
<b>Scopes 2 CO<sub>2</sub>e (kt)</b>	<b>0.195</b>	<b>0.198</b>	<b>0.246</b>	<b>0.203</b>	<b>0.171</b>	<b>0.277</b>	<b>0.042</b>	<b>0.055</b>	<b>0.062</b>	<b>0.440</b>	<b>0.424</b>	<b>0.585</b>

Note 1: In Canada's National Inventory Report (NIR), the assigned emission factor for open-pit bituminous coal operations in NEBC as 0.93kg of CH<sub>4</sub> per tonne of coal mined. Our research suggests this standard may be inaccurate by a factor of several times what our operations actually emit in fugitive methane. We are undertaking a thorough science-based assessment to calculate actual fugitive methane emissions on a site-by-site basis, and we expect to be able to report our internally-calculated methane emissions in our 2024 Climate Change Report.

Note 2: The 2021 values presented are fractionally different than those reported in the 2021 Climate Change Report. This was due to a change in Government reporting standards that required fugitive methane to be reported at 0.93kg of methane emitted per tonne of coal mined compared with the previous year's direction of 0.87kg/tonne of coal mined. The Government reporting standards provided no explanation for the change nationally, nor was any effort undertaken to determine whether this change applied at any particular mine site.

Note 3: Emissions from biodiesel contribution first calculated, utilizing the quantification methodology in Schedule A of the BC GHG reporting regulations

Note 4: In 2022, Conuma purchased the fuel that was used to haul coal between the Brule and Willow Creek mines. This accounts for 5.7Ml of fuel. In previous years, this fuel was purchased by contractors and as such emissions from the use of this fuel was included in Conuma's Scope 3 emissions.

Note 5: In 2023, BC's GHG Emissions Reporting Regulation updated the global warming potential (GWP) values to the IPCC's Fifth Assessment Report (AR5).

## Methane Emissions

Fugitive methane is a by-product of steelmaking coal mining. Methane emissions have become a focus of global climate change focus groups and regulators. Canada and more than 80 other countries have signed the Global Methane Pledge targeting a 30% reduction in methane emissions by 2030.

The US has recently passed the Inflation Reduction Act, by which methane emissions will be taxed beginning in 2024. In February 2023 the Donkin coal mine in Nova Scotia was classified as a significant emitter and must participate in Nova Scotia's emissions output-based price system.

Canada may move towards taxation of fugitive methane emissions from coal mining and processing (per the transition risk identified in the scenario analysis). We are working to better understand and quantify the actual fugitive emissions from our operations both for reporting purposes and for identifying opportunities to further reduce and potentially mitigate any emissions.

Federal and provincial governments currently assign mines in different regions a standard fugitive methane emission factor per tonne of coal mined reported in Canada's NIR (currently 0.93 kg/t for bituminous coal in Northeast BC). Notably, though Conuma has the only operating mines in NEBC, we were not consulted about the increase in the assigned methane factor. Based on operational experience in the coal deposits and literature review (King 1994), we believe that the emission levels for our three operations are significantly lower than the emission factor reported in the NIR and required by both levels of government for reporting.

We have partnered with Professor Marc Bustin from the University of British Columbia to conduct detailed testing and modelling of the coal to determine a scientifically based site-specific methane emission factor(s). The approach consists of satellite and aerial imagery, ground sampling programs and detailed geology and mine sequence modelling to develop the measurement and calculations. This approach to determining a site-specific factor has been discussed and supported by both federal and provincial agencies.

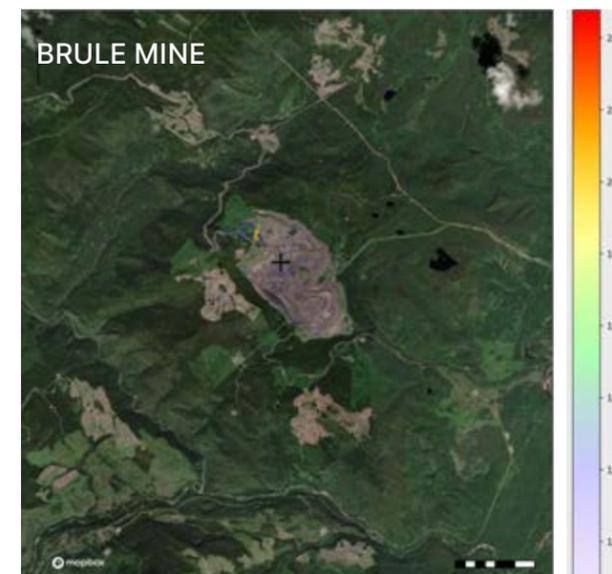
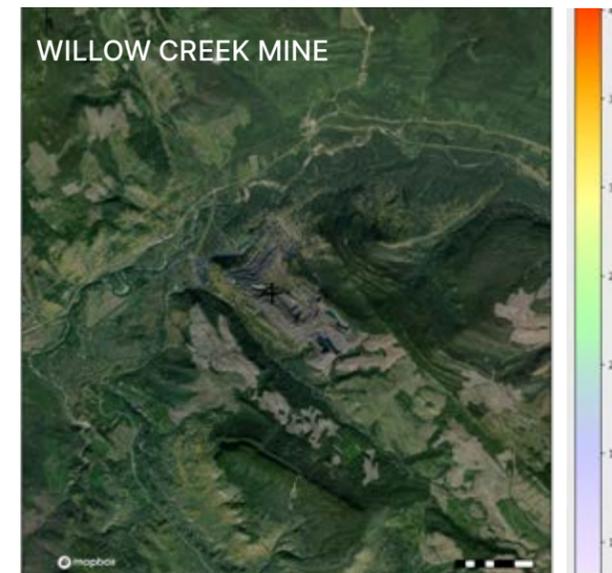
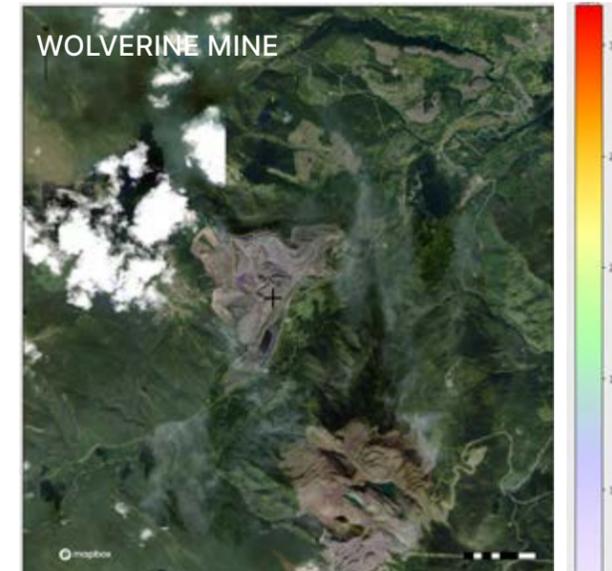
The program commenced in October 2022, with initial coal samples taken from every single seam mined at our three operating mine sites. These samples are being tested for residual gas levels, ash content, and isotherm analysis to inform the adsorption capacity and to predict the residual gas content.

In addition to the coal seam testing, we contracted GHGSat to conduct a single round of high-resolution satellite measurements over five sites for our current and planned operations. Any fugitive methane emissions identified were at concentrations below the detection limit and are thus very low. This effort supports the notion that the assigned methane factor does not align with real world conditions at Conuma's operations.

We plan to conduct the study program over several years to ensure we can verify the values. Once the refined values of fugitive methane levels are calculated and verified, we can assess any potential emission mitigations.



The GHGSat images of our three mining operations reflect low-level fugitive methane emissions.



Coal seam sampling as part of the methane emission study



## Energy Efficiency

Our operating sites utilize energy for multiple activities: fuel (for both mobile and stationary equipment), electricity (for processing, beneficiation and maintenance) and explosives (for blasting).

Our operating sites source nearly all their electricity from BC Hydro. As a result, our current electricity usage is almost all from renewable sources, ensuring our Scope 2 GHG emissions are minimal. BC Hydro, a Government owned corporation responsible for generating, purchasing, distributing, and selling electricity in BC, generates over 98% of its electricity from renewable sources. BC Hydro has announced plans to increase the renewable sourcing of its electricity generation over the next few years, which will support even lower Scope 2 emissions in the future. By increasing our use of renewable power, we will be able to reduce our carbon footprint further and mitigate our exposure to high and volatile fossil fuel prices.

Even when using renewable power, improving our energy efficiency is essential, and our operations continue to explore avenues to reduce energy consumption. Our processing plants are the most electricity-intensive operations, consuming more than 80% of our electricity. The employees that operate our processing plants are responsible for

identifying opportunities to reduce power usage. Energy savings can come in many forms, such as process optimization, installing light-emitting diode (“LED”) lights, replacing older equipment like pumps with more modern energy-efficient models, and more.

Currently, our mining operations do not maintain automated fuel-metering systems to track the volumes of fuel loaded onto equipment. Most of our equipment does, however, have OEM monitoring systems. These, coupled with our fleet management system, enable us to track and report on fuel efficiency and unnecessary idling on an equipment-by-equipment basis. This information has been used to assist our operations in improving fuel efficiency through such activities as shutting down equipment when conditions permit.

In 2023, we plan to develop an effective energy management system that includes the installation of energy meters in critical locations throughout the processing plants. This, together with an improved tracking system and targeted energy performance indicators for the operational teams, will drive the improvement process.



Conuma utilizes CN Rail for all product transportation to the Trigon and Westshore terminals

## Scope 3 GHG Emissions

In conjunction with the risk and opportunity assessment by WSP, we completed data collection and analysis through 2022 to quantify our Scope 3 emissions, those which occur as a result of our activities but are from sources not within our operational control. Below is a summary table of the Scope 3 emissions for 2021/22.

As noted for our Scope 1 & 2 emissions, there was a 30% increase in material mined in 2022 over 2021. The volume of coal sold in 2022 was 29% higher than in 2021 which is the principal reason for increase in Scope 3 emissions.

CATEGORY NAME	2021 EMISSIONS (ktCO2e)	2022 EMISSIONS (ktCO2e)
1 Purchased Goods & Services	119.9	83.9
2 Capital Goods	15.1	23.5
3 Upstream Fuel & Energy Related Activities	29.1	42.1
4 Upstream transportation & distribution	-	-
5 Waste	0.9	1.3
6 Business Travel	-	-
7 Employee Commuting	5.4	4.0
8 Upstream Leased Assets	-	-
9 Downstream Transportation & Distribution	126.3	1,914
10 Processing of Sold Products	-	-
11 Use of Sold Products	7,742.4	9,916.2
12 End-of-life treatment of Sold Products	-	-
13 Downstream Leased Assets	-	-
14 Franchises	-	-
15 Investments	-	-
<b>TOTAL</b>	<b>8,039.1</b>	<b>10,264.4</b>

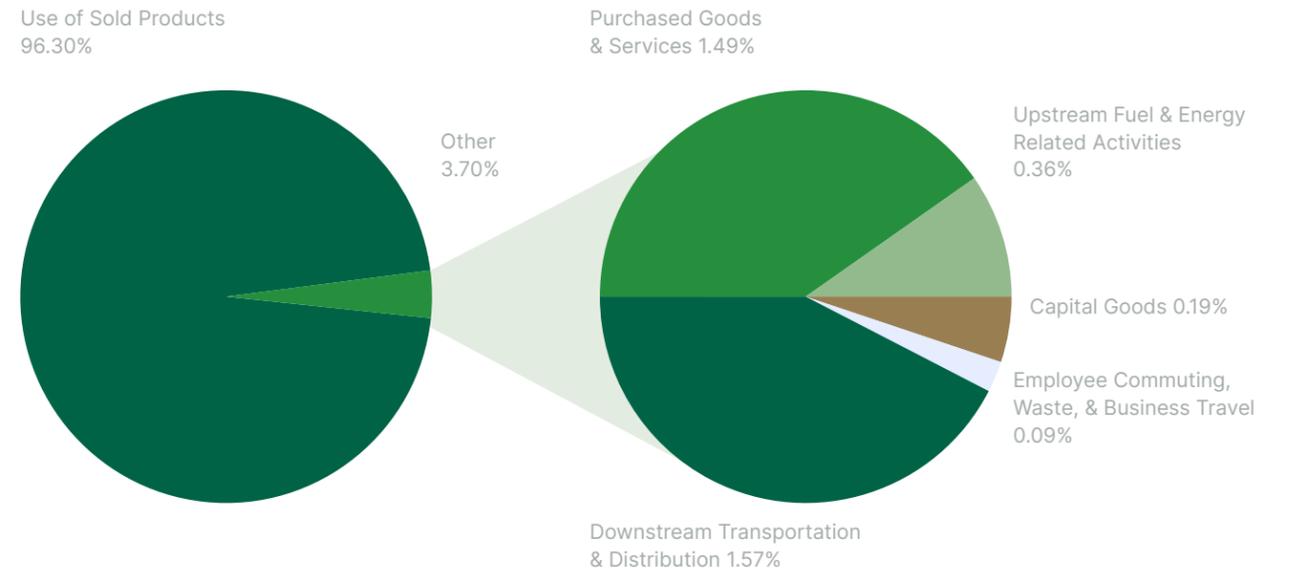
It is evident that the two most significant contributors to Scope 3 emissions are the downstream transportation and distribution of our products and the use of our sold products. Conuma's operations are located relatively close to our primary consumers in northern Asia.

In addition, many of Conuma's customers are more modern integrated steel producers that operate newer processing plants with fewer emissions. Therefore, this contributes to comparatively low Scope 3 values.

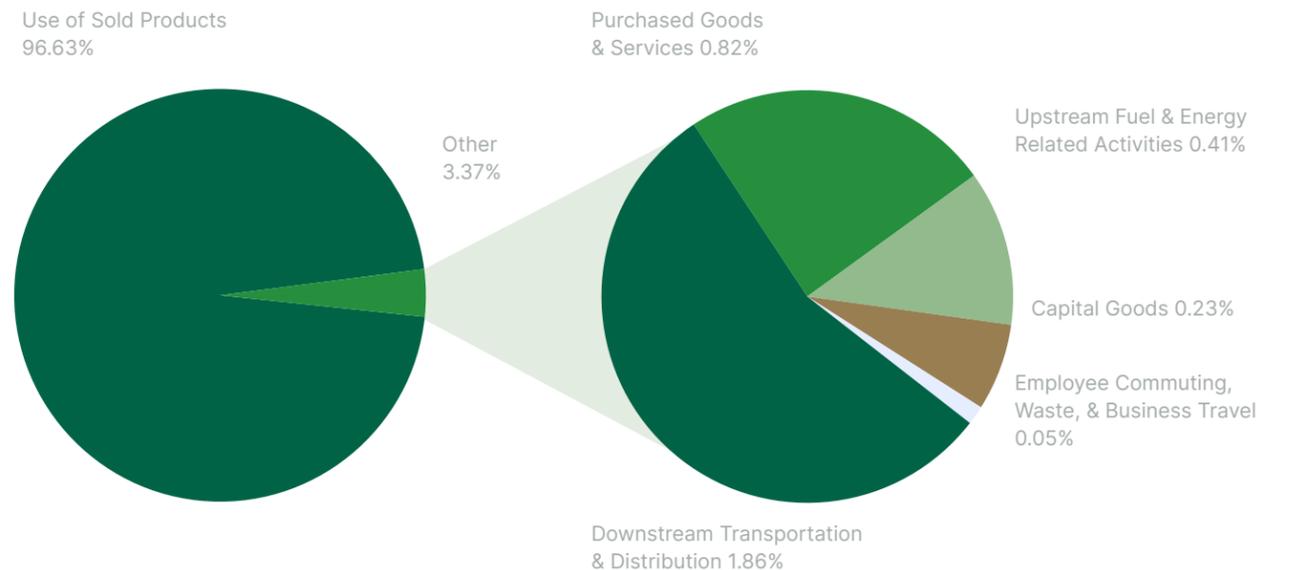
Through 2023 we will continue to explore the differences in emissions between the pulverized coal injection ("PCI") and hard-coking coal ("HCC") products sold to

end-users, as well as track the progress of marine vessel operators to reduce emissions by use of different fuel sources.

### 2021 SCOPE 3 GHG EMISSIONS BY CATEGORY



### 2022 SCOPE 3 GHG EMISSIONS BY CATEGORY



# Tailings Management

Safely managing processed coal residue, known as ‘tailings’, is critical for our Company. Our strategic priority will always be to ensure that our tailings facilities meet, at a minimum, legislative safety and environmental standards.

We currently operate one tailings storage facility (“TSF”) at our Wolverine Mine Processing Plant. Our Willow Creek Mine Processing Plant has a dry tailings disposal process, where the tailings are hauled back into the mining pits and deposited together with the waste rock. Our Brule Mine does not operate a processing plant, as all its coal is treated at the Willow Creek Processing Plant.

The Wolverine Mine TSF, initially constructed in 2005, captures tailings piped from the adjacent Wolverine Processing Plant and pumps clarified water back for recycling through the Processing Plant. The table below lists the primary information for the Wolverine TSF.

In late 2019, we commissioned Knight Piesold, a firm with more than 100 years of experience in mining geotechnical services and acting as the independent third party, to conduct a five-year TSF Dam Safety Review (“DSR”). This work was reviewed by the Independent Tailings Review Board (“ITRB”), which the BC Provincial Government established in 2014 to oversee all mining tailings impoundments. Tetra Tech had conducted the last five-year review of the Wolverine TSF in 2015.

TOPIC	WOLVERINE TSF INFORMATION
a) Facility name	Wolverine Tailing Dam, Effluent Permit PE-17756
b) Location	The Wolverine Mine is located approximately 17 kilometres (km) southwest of Tumbler Ridge, British Columbia (BC), Canada.
c) Ownership status	Conuma Resources Ltd.
d) Operational status	Operational
e) Construction method	Downstream
f) Maximum permitted storage capacity	To permanently store 0.8 million dry tonnes of coarse coal reject (used to construct the main dyke) and 1.4 million dry tonnes of fine coal Reference: Wolverine Tailing and CCR Geotechnical Design report, January 27, 2005
g) Current tailings stored material amount	The interim and ultimate remaining capacities are 749,000 m <sup>3</sup> , and 1,164,000 m <sup>3</sup> (~130,000 m <sup>3</sup> deposited in 2022) Reference: VA22-02265 - Wolverine Mine TSF - Remaining Tailings Capacity (2022)
h) Consequence classification	High – 2021 Dam Safety Review report
i) Date of most recent independent technical review	March 2021, next will be March 2023
j) Material findings	There are currently no ongoing investigations in place
k) Mitigation measures	Through a routine monitoring plan
l) Site-specific EPRP	In place

This process included the completion of the DSR and a Potential Failure Modes Analysis (“PFMA”) conducted for the Wolverine Mine Tailings Storage Facility (“TSF”). The PFMA was accomplished through working sessions between March and June 2020. Potential risk management options for each failure mode include additional surveillance measures, potential mitigation strategies and supplementary information to reduce, remove, or improve understanding of each possible failure mode. The PFMA and DSR reports were published in November 2020 and January 2021, respectively. These actions were all completed by November 2021, and the next risk assessment is planned to be completed in 2023.

We also updated the Wolverine TSF Operations, Maintenance, and Surveillance (“OMS”) manual in January 2021 to integrate the learnings and actions from the reviews completed in 2020. We will remain focused on maintaining our management practices and standards to ensure the lasting integrity of the Wolverine TSF.



The Wolverine TSF is operated and maintained by Conuma employees with assistance from the Engineer of Record (“EoR”), Knight-Piesold. Per the OMS manual, site engineering and operational staff complete weekly inspections. A designated Qualified Person performs monthly inspections, and the EoR prepares an annual inspection and safety report. We also conduct yearly governance reviews to confirm that we have the right personnel and procedures to meet our committed management and safety standards.

An extensive instrumentation monitoring and surveillance program is in place to confirm performance and integrity per the geotechnical design parameters. The Tailings Facility is monitored with piezometers, inclinometers, and settlement gauges during construction. Visual monitoring, periodic inspections, and compaction monitoring instruments helped confirm design assumptions. Regular instrumentation monitoring and ongoing visual inspections through operation is maintained per the OMS direction since construction was completed. Monitoring results are included in the 2020 EOR Annual Dam Safety Inspection Report and tracked through a quarterly performance monitoring program prepared by the EoR.

Ongoing instrumentation readings, data reviews and any required maintenance and engineering studies are coordinated and implemented by Conuma employees and the EoR, using additional resources as and when needed.

Emergency Response planning has been conducted specifically for the TSF and included in the Wolverine MERP. This plan focuses on the potential impacts of a dam failure, initial response steps, coordinated efforts for response and recovery, and employee education on general response steps. Implementing training for a TSF emergency has been completed through desktop studies. A new mine rescue coordinator position created in late 2022 will be responsible for reviewing

all documentation and running live exercises for the entire site as part of the regular training program.

We expect the existing TSF at our Wolverine operation to hold sufficient capacity for the Wolverine Processing Plant until at least the end of 2028. This TSF has adequate capacity for the current projected life of Wolverine’s Perry Creek pits, which are expected to operate until 2024. When mining of the Wolverine Hermann pits commences, or if the Wolverine Processing Plant is required to process ROM coal from other adjacent mining pits, we will construct a new Wolverine TSF and have it operable ahead of the existing TSF reaching capacity.

A closure and reclamation plan for the TSF is required, including long-term monitoring and maintenance of the facility to ensure stability and prevent any impacts on the regional communities or environment. A current conceptual plan is in place for closure and bonded with the BC regulators, but detailed designs will be finalized with the EoR before the end of the operation.

With the acquisition of Quintette, we acquired two additional TSFs currently in active closure. As part of efforts to innovate safe and sustainable mining practices, we have pledged to implement the [Global Industry Standard on Tailings Management \(GISTM\)](#). This standard was published in 2020 by the International Council on Mining and Metals (“ICMM”). GISTM sets out a framework for prioritizing safety throughout the life of a tailings facility, including design, operation, closure, and post-closure. We have begun working on this framework with the storage facilities at Quintette. This framework will include reviewing all associated management systems and documents related to our TSFs, as outlined earlier in this report.

PERIOD	WOLVERINE MINE	BRULE MINE	WILLOW CREEK MINE	QUINETTE MINE
2016-2023	1	0	0	2*
Planned	2	0	0	0

\*Conuma's acquisition of Quintette concluded in February 2023



Quintette Mine processing plant

# Water Management

Water is of fundamental importance to our business, Indigenous Nations, communities, and regulators. Our strategy is to “Keep Clean Water Clean” by reducing water’s interaction with mined overburden. Diversion of water around our mine sites is an essential part of our approach to water management.

As per our *Environmental Management Act* permits, surface and groundwater are primarily used for coal processing, site dust control, and cooling of equipment. Some water does remain in our steelmaking coal products that ship, primarily for dust control, temperature management, and ease of handling. The water bodies used to source our fresh water are not

identified as high risk in the World Resource Institutes (“WRI”) Water Risk Atlas tool. All operations are conducted in areas considered low-risk.

We are committed to responsible mining by achieving water quality standards in the areas of our steelmaking coal operations in NEBC. We monitor water data at our mining and processing operations so we can understand our Company-wide water balances and the efficiency of our recycling activities. Water balances consider weather, such as seasonal precipitation and the spring melt, as well as geological conditions at our different sites.

The water bodies used for sourcing our fresh water are not identified as high risk in the World Resource Institutes Water Risk Atlas tool



At our operations we are increasing our focus on recycling water and utilizing mine water where possible. At our Wolverine operation, we utilize large volumes of recycled tailings discharge water for coal processing and mine water for dust control within the mine boundary. At our Willow Creek operation, we use mine contact water collected in the main sedimentation pond for coal processing and dust control within the mine boundary. To help accurately report on these values in future years, the operational facilities have begun installing new metering systems at strategic locations in the processing facilities. In 2022, hydrometric network assessments of all three operations were completed to identify areas for improvement in accurately quantifying water volumes moving around the sites, thus improving the accuracy of the site water balances and models. This includes upgrades to staff gauges, wiers, and measurement processes that began implementation in late 2022 and will continue into 2023.

All three mine sites operate under the authorization Permits issued by the provincial regulators and are updated through regular engagement on mine plan changes. These permits include compliance sampling frequencies and water quality levels beyond the BC Water Quality Guidelines. Minor non-compliances occur through regular operation during low flow periods when the Total Suspended Solid level or water quality parameter concentrations can be slightly elevated (see discussion below on water treatment). It is also considered a non-compliance when sampling areas are unsafe for employees to access to collect the required samples. All of these incidences are tracked and reported as part of the annual reports submitted to the regulators.

We also manage and discharge material volumes of water without use, and we seek to discharge this water as close as practicable to the source location and at near source qualities. The water we discharge is monitored

and treated where necessary through our sedimentation ponds, and our bio-chemical reactors (“BCR”), the latter of which are at our Brule operation. The main parameters of potential concern (“POPC”) identified in the mine contact water that require treatment include selenium (“Se”) and nitrate (“NO<sub>3</sub>-”). Selenium originates naturally from weathering of exposed rock material while nitrate is released via leaching of blasting residues associated with ammonium nitrate-based explosives. The principal purpose of the BCRs is to remove selenium and nitrates naturally and energy-efficiently from the water that gets collected at our sites.

In collaboration with independent scientific experts, we have continued to advance the BCR technology to improve treatment efficiency and protect water quality in the receiving environment.

In the winter of 2021 and fall of 2022, we optimized our BCRs by changing flow system design. In the original design, the BCRs utilized the “horizontal flow” system, where water entered through an influent manifold pipe situated in the upper interval of the BCR and nested in mixed media. Water then flowed horizontally through a treatment media layer across the reactor and then downward into an underlying limestone drain layer and discharged through a manifold situated within the limestone layer. Although this system was functional, uniformity of influent flow (and thus effectiveness of treatment) posed operational challenges and there was increased evidence of water forming preferred flow paths, and thus not receiving full treatment. As a result, we optimized the BCRs by installing a vertical down flow system that addressed the observed issues in the horizontal flow system.

The design improvements included were implemented: the gravel bed on the bottom of the BCR was extended the full length of the BCR; an extensive underdrain system was installed in the gravel bed; a system of

standpipes was installed to introduce water into the BCR at the top of the treatment media in order to conserve heat and provide uniform flow across the BCR; the underdrains were plumbed into manholes to collect treated water; new treatment media with substantially more wood fibre was carefully prepared and installed; new insulating hay was installed on top of the treatment media; and pumps were installed in the manholes to remove treated water from the system. These changes converted the BCRs from horizontal flow to vertical downflow. This new configuration promotes more uniform flow and uniform treatment, limiting channeling of contact water and promoting uniform residence time.

Following completion of the optimization programs, the results show evidence of effective denitrification (up to 100 %) with concentrations of  $\text{NO}_3^-$  decreasing from 49 mg/L to <10  $\mu\text{g/L}$  in the outflow of the BCRs. Selenium shows pronounced removal (up to 94%) with concentrations decreasing from ~200  $\mu\text{g/L}$  to 20  $\mu\text{g/L}$  in some cases. The reduction in Se concentration was accompanied by a shift in Se speciation from dominantly selenate ( $\text{SeVI}$ ) to selenite ( $\text{SeIV}$ ) and/or to elemental selenium via dissimilatory microbial reduction under anaerobic conditions. Collectively, the water chemistry results indicate that the biochemical reactors are an effective technology for the bioremediation of Se and  $\text{NO}_3^-$  in mine-affected waters under suboxic conditions. As more data is collected and lessons are obtained from operating the BCRs, we are committed to continue optimizing the operational design to improve Se and  $\text{NO}_3^-$  removal performance and achieve greater outcomes of water treatment. We are currently conducting various stress-testing trials to evaluate how the BCRs react to various extreme conditions. These stress-testing trials will continue in 2023. Overall, during 2022, 1.2 million litres of contact water per day was treated by the BCRs.

In addition, we upgraded our BCR treatment facilities by implementing automation.

#### AUTOMATION WILL PROVIDE US WITH THE FOLLOWING ADVANTAGES:

Opportunity to collect real time data on water quality and equipment functions

Constant and consistent data access that allows for improved performance of the system

Offsite access that will allow operators to remotely access the system and make changes if required

System notification will be set at key indicators of water quality and system performance to improve efficiency

Advanced notifications will be set to indicate imminent system failure potentially saving the company costly repairs or lengthy downtime periods.

#### THE KEY COMPONENTS OF THE AUTOMATION SYSTEM INCLUDE:

Installation of VFDs on all pumps to improve influent and effluent flow through the system

Installation of valve actuators to improve flow control through the system

Connection to system flowmeters to monitor and log flow through the system

Installation of water quality probes to continuously monitor influent, effluent, and discharge water.

BCR treatment of water for Selenium shows pronounced removal (up to 94%) with concentrations decreasing from ~200  $\mu\text{g/L}$  to 20  $\mu\text{g/L}$  in some cases.

Our goal, through the BCRs, is to maintain the selenium and nitrate concentrations at a level at which aquatic life in the receiving environment is not impacted, either during mining operations or in post closure. We undertake this, as part of our objecting of maintaining sustainable steelmaking coal operations in NEBC. We continue to work with the BC Government, Indigenous Peoples, and relevant experts in the field to resolve these complex and unfolding issues to the satisfaction of all parties involved.

In our continued commitment to protect water quality in the areas we operate, we are installing a pilot Near-Term Water Treatment System (“NTWTS”). The pilot NTWTS will utilize a moving bed biofilm reactor (“MBBR”) technology to treat mine contact water for nitrate and selenium. The pilot NTWTS project is targeted to be operational by March 31, 2023.

We are committed to continue implementing innovative water management and water treatment solutions to protect water quality in the receiving environment downstream of all our operations. We are currently evaluating the potential to implement new source controls or mine design strategies and water treatment systems to further advance efforts to manage water quality at our operations. Some of the improvements we are advancing include better blasting practices and pit seepage mitigation strategies. We also monitor and model local groundwater resources to ensure long-term protection of these water sources.



BCR1, BCR2 and Aeration Pond

# Air Quality Management

Air quality in the working and surrounding environment is essential to monitor for the respiratory health of our employees and the ecological health of the ecosystems in the area. With our operations' remote locations, the potential impacts from dust are not as material as other environmental aspects. Nevertheless, dust management practices defined in site-specific Air Quality and Fugitive Dust Management Plans are still implemented to help control the total volumes of dust created by the operations.

## THESE PRACTICES INCLUDE:

Dust suppression efforts throughout all the sites through water trucks continuously operating, suppressant application to the roads, and rain birds at the processing plant stockpiles;

Mechanical dust suppression is utilized in the form of baghouses at the plants and semi-covered conveyors or transfer points;

Maintenance of speed limits throughout the operations to minimize dust mobilization;

Application of a suppressant to the train cars once loaded with coal to reduce dust during transportation; and

Progressive reclamation of areas no longer required for mining to reduce exposure to wind events.

Particulate matter ("PM") sizes of 2.5 and 10 are monitored at Willow Creek. This is due to the proximity of the mine and processing plant to the highway and some residential properties. In 2022 a new continuous air monitoring system was installed at Willow Creek to provide real-time monitoring of these parameters (24-hour averages) compared to the limits of  $25\mu\text{g}/\text{m}^3$  for PM<sub>2.5</sub> and  $50\mu\text{g}/\text{m}^3$  for PM<sub>10</sub> to trigger adaptive management and real-time dust suppression actions.

Dustfall canisters that provide high-level information on dust volumes have been utilized at all three sites. Willow Creek removed the dustfall canisters from operation once the new continuous monitoring system was activated (October 1, 2022), as they were removed from the permit requirements and are not recognized in the province of BC as an [air quality monitoring mechanism](#).



# Waste Management

Ensuring the control of all waste materials is fundamental to the efficiency and effectiveness of the operations. This includes all waste categories and types like tailings, rock, hydrocarbons, steel, and more.

Conuma maintains procedures across the operations to manage and track the volumes of waste being handled or taken off-site. These procedures include the steps required to utilize the waste practically, such as tailings water being recycled for processing or waste rock being used for land forming the dumps to help reclamation.

Other waste management includes recycling waste products by licensed contractors, including general waste (e.g. wood, cardboard and steel) and hydrocarbons. Using these contractors ensures the appropriate waste handling to ensure lifecycle control.

Starting in 2023, we will assess further opportunities to reduce waste and increase recycling. This assessment will include working with suppliers to minimize packaging used for spare parts and consumables coming to our sites. We will also work with our waste management contractor and other site contractors to increase effective recycling where possible, with the target of reporting year-over-year improvements in waste reduction and recycling.

There were 32 spills of hazardous material (i.e., hydraulic oil or coolant) from equipment malfunctions across the three operations that were reported to the Provincial Environmental Emergency Program as per the Environmental Management Act. All spills were sufficiently cleaned, and the material removed from site in contaminated bins for removal from site.

OPERATIONAL WASTE (KT)		
	TAILINGS <sup>1</sup>	MINED OVERBURDEN <sup>2</sup>
2022	117.0 kt	63,944.5 kbcm

<sup>1</sup> Tailings only produced at Wolverine (Density of 0.9 ton/m3)  
<sup>2</sup> Note that mined overburden includes Coarse Coal Rejects

	GENERAL WASTE <sup>1</sup>		HAZARDOUS WASTE		SCRAP METAL
	TOTAL	RECYCLED	TOTAL	RECYCLED	RECYCLED
2021	686	602	1,140	1,051	1,387
2022	1,080	8,03	1,361	1,200	2,220

All values represent tonnes  
<sup>1</sup> Conversions from m3 to kg required for some waste shipments.  
 Not including Scrap Metal

HAZARDOUS WASTE RECYCLED (T)			
	ANTI-FREEZE	LUBE OIL	GLYCOL
2021	67	937	-
2022	53	1,117	4

# Biodiversity

We employ environmental managers at each site who, with their teams, are tasked with ensuring compliance with all permitting requirements, including those encompassing biodiversity aspects. We maintain overall and site-specific environmental procedures concerning wildlife management and biodiversity, such as standard operating procedures (“SOPs”) on wildlife, acid rock drainage, and waste management.

Our wildlife management plans contain information identifying species that inhabit areas in and around each mine site, including whether these may be endangered. We have SOPs for encountering caribou and other wildlife and an overarching SOP for Sensitive Wildlife Habitat Features. We also support the [Caribou penning program](#) undertaken by West Moberly and Sauleteau First Nations, which is globally recognized for its success.

All our sites report on their environmental performance through provincially regulated permitting reports, such as the Annual Reclamation Report, which are publicly available.

We were honoured to be recognized as the Top Employer by the Environmental Careers Organization (“ECO”) Canada as part of the annual ECO IMPACT awards. The award recognizes an organization that continuously shows dedication to environmental growth and a positive impact on the workforce involved. Our environmental professionals are instrumental to our responsible operation mandates and strong environmental performance. We are very proud of our environmental team for putting forward our Company for the award and that we were recognized as a top employer.

Conuma is actively following the development and implementation of the [Taskforce on Nature-related Financial Disclosures \(“TNFD”\) Framework](#). This new framework will inform future reporting requirements.



## Metal Leaching and Acid Rock Drainage

Our three operating mines all mine Gates and Gething coal formations. Low potential for Acid Rock Drainage (“ARD”) has been identified in some of the mines’ stratigraphy, and waste and selenium levels may present a Metal Leaching (“ML”) concern.

Our operations handle all materials to prevent ARD and actively manage all other materials to mitigate potential impacts of ML by using such mechanisms as water treatment.

All three sites actively monitor and manage material on-site, utilizing management plans and standard operating procedures for Metal Leaching and Acid Rock Drainage (“ML/ARD”). These are kept current by qualified professionals who review the site data. These monitoring requirements are carried out on the sites’ associated materials, including coarse coal rejects, tailings, waste rock and pit surfaces.

## Reclamation

We recognize that our mining activities are a temporary use of the land on which we operate. When we finally conclude production at our operations, we are responsible for restoring the entire site to meet end land use goals. Restoration and reclamation planning begins from the first day we design and plan our mining operations.

We maintain five-year mining plans and Reclamation and Closure Plans for each facility that the BC Ministry of Energy, Mines and Low Carbon Innovation (“EMLI”) approves. These contain our plans, commitments and completed activities to reclaim during these periods.

The pre-disturbance use of the land around our mining operations was principally wildlife

habitat with some forestry and oil and gas activity. Our reclamation programs target to return the land and watercourses to a standard suitable for wildlife habitat, including the stability of our TSFs, as referenced earlier in the report. We do this through sloping, layering topsoil, and revegetating to establish forest cover and forage areas that support wildlife and traditional Indigenous uses.

As we operate our mines, we practice progressive reclamation. We do this so that reclamation has been completed on relevant and accessible parts of the mining operation by the time mining operations finally cease. The final reclamation process can happen quickly after that.



Included with the Reclamation and Closure Plans is an estimate of the cost required to complete all activities outlined within the plans, including decommissioning infrastructure. BC Regulators must agree with these cost estimates, and security bonds are mandated in Permits for operations. In 2022, we reviewed all our reclamation estimates. We paid an additional \$101 million to the BC Government, ensuring that our reclamation bonds for all three mines were entirely paid by the end of 2022.

We contract local Indigenous-owned businesses to support and execute reclamation activities. These partnerships extend from re-sloping to the layering of topsoil and hydroseeding. Twin Sisters Native Plants Nursery, based in Moberly Lake, has collected area-specific seeds, plants, shrubs, and trees to ensure the appropriate native plants are used in reclamation.

In 2022 we reclaimed 37 hectares at the cost of \$4.5 million. We also planted 40,000 trees across the three sites.

	AREA RECLAIMED (HA)	TREES PLANTED (K)
Brule	21	0
Willow Creek	0	10
Wolverine	16	30

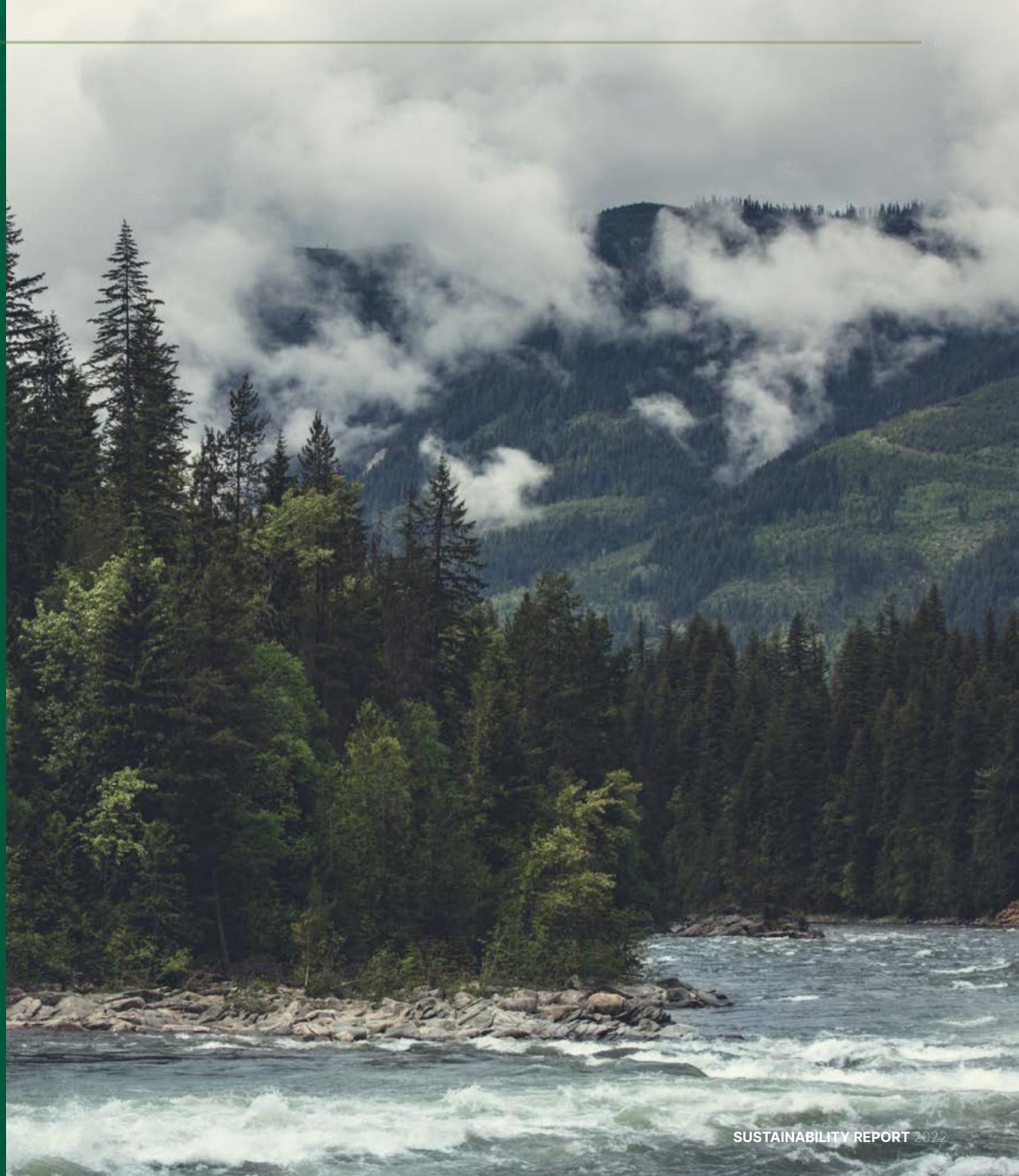
#### CO<sub>2</sub> ABSORBED BY FORESTS

# 6 tonnes

CO<sub>2</sub> is absorbed annually by each hectare of mature forest

# 10-40 kg

CO<sub>2</sub> is absorbed annually by an average tree



# Social

## Labour Relations and Human Rights

We operate all three mines with no unions. We also operate entirely within Canada, meaning we have no operations in conflict areas, nor are we producing in a country that ranks near the bottom of Transparency International's Corruption Perception Index.

We recognize the importance of human rights legislation in all employment-related decisions and prohibit any form of unlawful discrimination while providing equal employment opportunities.



## Relationships with Indigenous Nations

We operate in Treaty 8. We understand and respect that our operations and proposed projects impact the traditional territories of Indigenous Nations. We are committed to maintaining and enhancing our relationships with Indigenous Nations, including through increased participation and collaboration. We aspire to achieve meaningful engagement at the earliest stages of our projects, and this continues throughout the mine life cycle. We are also committed to increasing economic opportunities for Indigenous Nations in new projects and at our operations. We are proud of our roots in NEBC and strive, through community investment and donations, to support community events, and not-for-profit associations that contribute to thriving communities.

In 2022, we focused on expanding our engagement with Indigenous Nations. These efforts are consistent with and work towards achieving the standards that are part of the Declaration of the Rights of Indigenous Peoples Act ("DRIPA"). In 2022, there was early, regular and ongoing engagement about proposed projects, environmental monitoring, water management and treatment. These efforts will continue in 2023.

Our activities continue to provide economic development opportunities. Since 2016, we have steadily grown economic development with local Indigenous Nations and their partners. In 2022, Indigenous Nations' companies and their partners completed \$33 million of work for our Company. In comparison work completed in 2021 totalled \$23 million. One noteworthy partnership is with Aski Reclamation, which in 2022, was contracted to conduct environmental monitoring and sampling.

In September, we acknowledged the National Day of Truth and Reconciliation through education about our shared history, including sharing Truth and Reconciliation: Calls to Action booklets and encouraging our workforce to wear orange shirts and buttons. We were honoured to have members from Saulteau First Nations share their personal experiences, drumming and traditional dance at the Willow Creek mine. With Indigenous Nations, we will continue to look for opportunities to hear and understand our shared history, Indigenous culture and traditions.

Net worth of work completed by Indigenous-owned businesses for Conuma Resources projects

2021

**\$23 million**

2022

**\$33 million**



Conuma senior leadership with members from Saulteau First Nations on the National Day of Truth and Reconciliation

## Community Relationships

Our operations are in NEBC, an area rich in resource development. In the late 1970s and early 1980s, the community of Tumbler Ridge was created to host and support the development of the area's coal mines. Several natural resources industries support the community of Chetwynd, including our mines. The region includes the cities of Dawson Creek and Fort St. John, which also support and benefit from resource development and our activities. Our commitment to local employment and procurement contributes to the economic health of NEBC and the province as a whole, with the company contributing more than \$63 million in provincial taxes and royalties in 2022.

Our procurement teams work closely with local businesses and contractors to obtain a large quantity of the supplies, equipment, and services required for the operations. These efforts help contribute to the economies of the communities we work in.

Engaging with communities, including the residents who make communities great places to live and work, to understand their aspirations and concerns, is critical to our long-term success in the region. We also recognize and value the important contributions of not-for-profit associations and local governments in community development. We are honoured to be able to support local organizations and

initiatives and the work of volunteers. In 2022, following the lifting of COVID-19 restrictions, we supported and attended over 25 community events in the South Peace. We will continue to look for opportunities to partner and support local organizations and initiatives.

We supported and volunteered at the Emperor's Challenge. The Emperor's Challenge is a half marathon with total elevation gain of 2050 feet (600 meters) on Babcock Mountain. The event is hosted by the Wolverine Nordic & Mountain Society and run with the Tumbler Ridge Geopark.

We provide multiple scholarships for young adults from NEBC communities that want to explore post-secondary opportunities in disciplines that align with mining, such as engineering, environmental sciences, trades, and more. In 2022, we also supported scholarships in professions that are in high demand in NEBC and important for community wellness such as nursing and early childhood educators. We know the importance of local communities capability to provide social services. We awarded scholarships to nine graduating students and provided support for early childhood educators. In 2022, our total community investment was over \$190,000.



### LOCAL VENDOR SPEND (\$M)

Tumbler Ridge	6.8
Chetwynd	99.8
Dawson Creek	8.3
Fort St. John	4.7

Hugh Kendrick, our Chief Sustainability Officer, annually facilitates a multi-week course for grade 10 to 12 Tumbler Ridge Secondary School students. The Making Money Work course includes essential personal finance topics such as budgeting, debt, investing, taxation and insurance.



## Employee Relations

### Employee Engagement

We recognize the importance of maintaining effective communication between our operations and at various levels of the business. To support this ongoing dialogue and information sharing, our senior management team completed quarterly partnership meetings with all employees through 2022. These meetings were held over four days, in person, at each mine site and corporate office, with all of our employees attending. The meetings provide an opportunity for senior management to provide important updates on all aspects of the business and also allow for questions to be asked of management.

Our Conuma newsletter, which goes out to all employees, has been well received across the business. It has been an excellent forum to share additional information regarding the Company, provide operational updates, success stories of departments or individual employees, and Conuma and community events.

An employee engagement survey was also completed in September 2022 to follow our employee survey conducted a year ago. The results of this survey can be found later in the report.



CEO presenting to employees at Partnership Meeting

## New employees attending orientation



## Employee Training & Development

Developing the skills of our employees ensures not only safe operations of the mines but also supports employees in finding opportunities to grow within the Company. Through 2022 our training programs were reviewed and updated to ensure content and resourcing were relevant and practical. This included:

Rolling out a Heavy Equipment Operator training program that allows operators to choose the equipment that they wish to be trained on in the following year;

Revising and rolling out a comprehensive Heavy Duty Mechanic (“HDM”) apprenticeship program;

Revamping and rolling out our new “One Conuma” orientation program where all new hires attend orientation together in the town office; and

Launching the LMS in March, which enables digital completion of the annual training certification reviews.

We hired 178 truck trainees in 2022 across all three sites, with each truck trainee completing 500 hours of equipment operation, including time training with qualified and experienced trainers, before being deemed competent. We also cross-trained 143 people on different equipment across the three sites, with the employees spending 300 to 500 hours training each. Thirteen employees transitioned into heavy-duty mechanic apprenticeship positions, and 174 new hires went through the new orientation program with excellent feedback on the new format.

## Leadership Development

Through 2022 and into 2023, we are investing heavily in developing our current and future leaders at Conuma. We trained more than 150 leaders in 2022 and have seen tangible and sustainable benefits, including employee retention and a more engaging and proactive culture across our operations. Having leaders from different operations attend training and collaborate provides excellent networking opportunities and increases the sense of belonging. The training is also helping individuals improve their performance, increase their skill sets and grow their confidence levels. All of this supports our goal of promoting from within when we can.

The training delivered was multilevel, catering for supervisors up to those at the vice-president level. The training material for supervisors and managers focused on developing essential leadership competencies aligning with our core values and vision. During the 2022 program, we covered the following topics:

Showing Up as a Leader

Listening, Before Feedback

Planning Your Development

Managing Composure, Mind and Time

Constructive Conversations

Decision-Making & Managing Bias

We also conducted one-day Pit to Port: Our Systems Our Accountability workshops where individuals experience the full breadth and depth of Conuma. They leave the workshop with a much greater appreciation for their role and the role others play in building and operating a successful mining company.

Participants also underwent professional assessments to ascertain alignment and leadership competencies. These assessments served a dual purpose of helping individuals understand their strengths and development areas and informing the process of developing and delivering the most relevant training material possible.

Leaders at different levels were trained on the four essential leadership competencies for supervisors and managers in solving problems, delivering results, influencing people and adapting approaches.

To ensure the training takes root when back on the job between workshops, participants check in with their supervisor/manager regarding how they apply their learnings from the program. A quick reference booklet, covering essential tools and concepts, was developed to help this process.





**SUPERVISOR TRAINING**

DELIVERY METHOD	Average # of Participants per Session	Participant Training Hours
Virtual	50	504
In-Person	43	2335
<b>TOTAL HOURS</b>		<b>2839</b>

**MANAGER TRAINING**

DELIVERY METHOD	Average # of Participants per Session	Participant Training Hours
Virtual	38	608
In-Person	30	672
<b>TOTAL HOURS</b>		<b>1280</b>

Feedback from participants speaks to the program's positive impact on our leadership team. We observed an improvement in how our employees perceive our supervisors and managers in the field. This was evidenced by data collected during our employee engagement survey conducted in October 2022. Within the "Direct Supervisor" dimension, we achieved an 8-point increase compared to survey results collected in September 2021.

**SOME OF OUR PARTICIPANT COMMENTS:**

"Loved how we all worked together as teams to solve the problems."

"I really appreciated the opportunity to work with other supervisors from other mine sites."

"Having to do things for myself to improve my leadership is helping improve other aspects of my life."

"Getting to know my peers better and understand more about the diverse group we have with unique backgrounds."

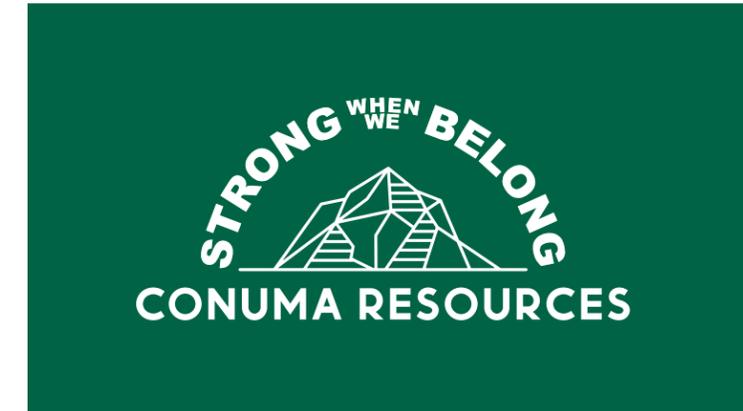
In addition to building leadership skills, a significant benefit of the program is relationship building among team members. Peer learning within a group setting has been invaluable and has fostered a sense of belonging within the greater Conuma team.

**Diversity, Equity and Inclusion**

As a business and individuals, we value diversity, equity, and inclusion ("DEI"). That is because we understand the strengths that diversity of characteristics, skills, thoughts, perspectives, experience, and talent bring to achieving our core purpose and goals. We recognize that our diversity, including our many unique contributions to our workplace, helps build a stronger Conuma. Thoughtful DEI practices increase employee engagement, enhance the recruitment and retention of top talent, and maximize productivity.

It is essential for employees, contractors, stakeholders and Indigenous Nations that our work environment is inclusive, equitable, and welcoming to all. This work environment aligns with our core Conuma values of "One Conuma-strong" and "Heart". These values speak to us operating as one diverse team and delivering outstanding results through being professional, respectful and inclusive.

Following the adoption of a new Diversity, Equity and Inclusion ("DEI") policy in December 2021, we began 2022 by developing a multi-year DEI roadmap, starting with employee and leader consultations.



Interviews and design sessions with a wide range of employee identities were conducted to explore what is working and what is challenging about DEI in Conuma. The information gathered helped to identify themes, opportunities and risks informing the development of the roadmap.

TOTAL EMPLOYEES <sup>1</sup>			FIRST NATIONS <sup>2</sup>			FEMALE <sup>3</sup>		
2020	2021	2022	2020	2021	2022	2020	2021	2022
802	862	1073	64	55	67	193	197	267

<sup>1</sup> As of December 31. Excludes employees on extended leave (medical, personal, etc.)

<sup>2</sup> Status is self-identified by the employee

<sup>3</sup> Gender is self-identified by the employee

Activities incorporated within the roadmap include workshops, infographic posters, online learning, and communication of DEI topics in Conuma's monthly employee newsletter. Of note was the development of our "Respectful Workplace" e-learning assigned to all Conuma employees via our learning management system COAL, which stands for Conuma online applied learning. This e-learning, integrated into our new employee orientation and onboarding process, is a companion to our "Respectful Workplace and Anti-Bullying Anti-Harassment" Policy. The e-learning course includes relevant scenarios that are highly relatable to our workforce, promoting awareness and behaviour change where needed.

In our 2022 follow-up employee engagement survey, we were pleased to see the positive impact our efforts related to DEI had, with a 21-point improvement in the survey dimension related to DEI.

We are committed to increasing female representation within our workforce. We celebrated "International Women's Day" in March 2022, with profiles of several female team members highlighted in our newsletter and through social media.

At the end of 2022, 267 and 67 employees self-reported as female and Indigenous, respectively. These comprised 25% and 6% of our workforce total of 1,073 employees. Although the percentage of female employees in 2022 was similar to 2021, our female employees increased by 70 over the prior year. The number of employees who self-reported

as Indigenous at the end of 2022 was flat compared with the preceding period. Because we added over 200 employees to our Business in 2022, the percentage dropped by 1% to 6%.

Females make up 29% of our management team, reflecting the conscious effort we have made to increase diversity across our workforce, especially in our leadership.

We continue to focus on employing locally where possible. Around 80% of our workforce resides in BC, with approximately 600 employees living near our operations in Tumbler Ridge and Chetwynd. Just over half our workforce is under 40 years of age.

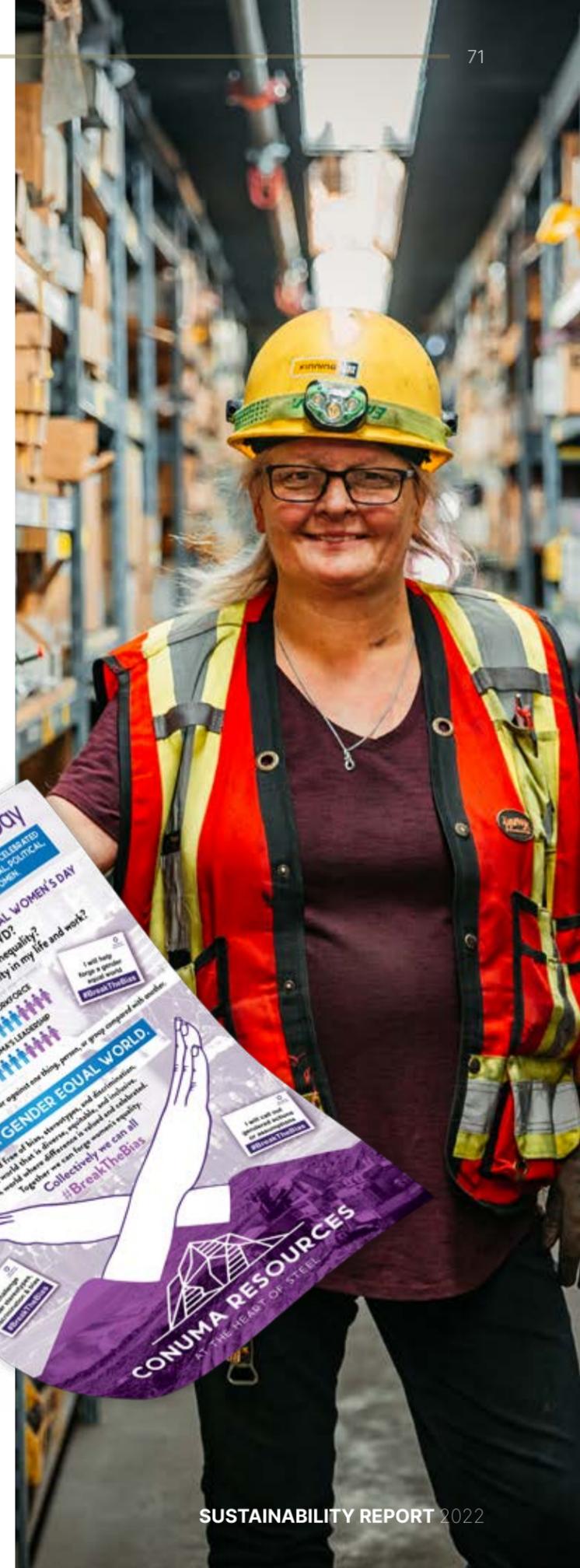
The mining industry in BC, and Canada in general, has been negatively impacted by high employee turnover, with Conuma also being affected. Any company's ability to operate safely and productively is dependent on the skills, experience and engagement of its employees. Hence, the need to retain and progressively develop a committed workforce. Recruiting and training new employees is also a significant investment.

In 2022 we implemented several employee attraction and retention strategies to reduce employee turnover. Several of these strategies are covered in this report. We were pleased with the results of our efforts, which among other things, resulted in our voluntary employee turnover falling to 24% in 2022, a 27% improvement over 2021. We will continue to focus on making Conuma a great place to work and have existing employees as our best ambassadors in the job market.

WHAT OUR FEMALE COLLEAGUES ARE SAYING:

"I feel very proud to be a woman in this industry. I have always had a positive experience in any department I've worked in at Conuma. I feel as though everyone is treated the same, and that's how it should be!"

"Anyone can do anything if they put their heart, soul and mind into it. No matter your gender, race, size or personality."



# Business Ethics and Code of Conduct

To deliver on our mission, we need an engaged and competent workforce that behaves ethically and according to our Company Values and Code of Conduct. This is essential for us to maintain our social licence to operate. Our employees represent our organization and, through their actions, are expected to preserve and enhance our reputation through honesty, integrity and fair dealing standards. Our Business Ethics and Code of Conduct underscores our commitment to ethical, moral and legal business conduct and outlines the approach we must consistently take to meet and uphold our ethical and conduct standards, including anti-corruption compliance. It sets the tone for how we work, outlines acceptable workplace behaviour and business practices, and helps us recognize and address ethical and compliance issues before they arise.

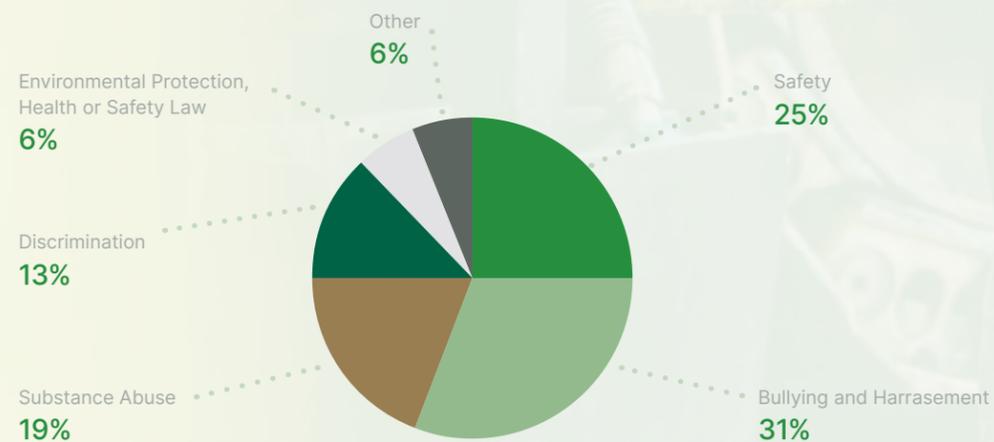
All employees in influential or commercial decision-making positions must undertake Code of Conduct and Ethics training and self-certify their agreement and compliance with our Business Ethics and Code of Conduct Policy. Likewise, all our contracts require third parties to agree and comply with our standard of ethics and anti-corruption.

We also have an external operator of a Whistle Blower service through NAVEX Global EthicsPoint. EthicsPoint offers easy reporting through phone, website, email or letter communication, and all anonymously.

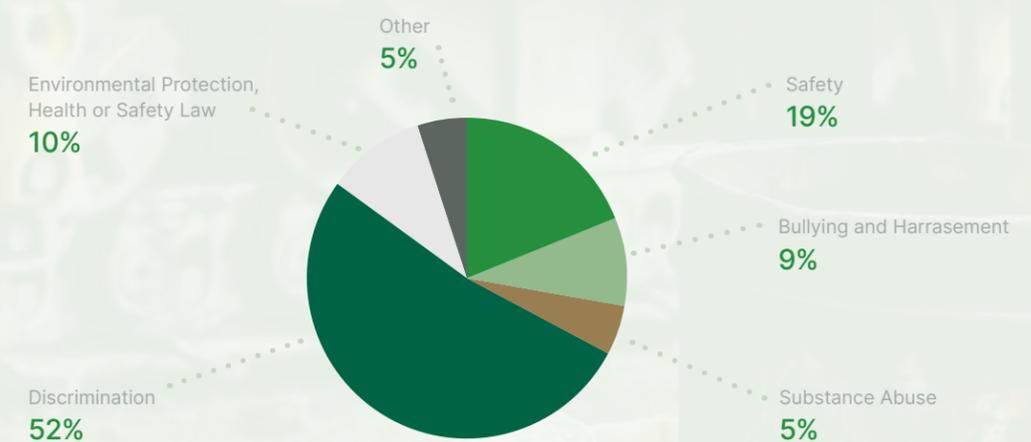
In 2022 we had 21 cases reported through the service (compared with 16 in 2021), all of which we investigated and managed appropriately. The breakdown of business conduct cases reported in EthicsPoint in 2021 and 2022 was as follows:



2021 REPORT TYPES



2022 REPORT TYPES



# Our Sustainability Roadmap 2022 – 2023

FOCUS AREA

COMPLETED 2022

IN PROGRESS AND PLANNED 2023

Q1 Q2 Q3 Q4

Q1 Q2 Q3 Q4

Environmental Management & Reporting

BCR flow design optimized, instrumentation added & performance demonstrated  
Integrated Environmental Management System (EMS) Project launched

Prove sustainable BCR performance & construct additional BCRs  
Rollout of standardized monitoring, processes & systems  
EMS Project implementation and go-live

Carbon Intensity Reduction

Reduction opportunities identified and fuel efficiency projects commenced  
BC Hydro electrification potential and timing  
Renewable fuel opportunity assessment  
Opportunity prioritization & 2023 planning

Assess new provincial regulation, LCFS and OBPS, updates and the impacts to fuel supply  
Develop and receive Board approval for a detailed plan to meet 2030 15% reduction commitment  
Implementation of the Idle Reduction Policy and additional decarbonization actions  
Develop an emissions projection and tracking system

Indigenous Nations and Community

Full engagement, relationship building and commercial opportunity development  
Sponsorships, apprenticeships, community events and education programs

Engagement on permit amendments including Quintette Re-start, Blind Pit pushback; water quality, treatment and mitigation; closure and reclamation plans  
Increase economic participation in Conuma's business and proposed projects  
Enhanced community relations and involvement including community investment, donations, support of community events and community development

People Development

Leadership development training & development program  
Diversity program developed and rolled out. Employment engagement survey

Leadership training and pit-to-port education, new talent & succession planning program  
"Strong When We Belong" diversity program, value-aligned high-performance culture

Fugitive Methane

Developed project scope targeting mine-specific emission factor evaluation, initial sampling completed

Coal seam sample analyses and interpretation  
Aerial & ground-based monitoring, and coal gas sampling for comprehensive site-specific fugitive methane model

Climate Change Reporting

Second Climate Change report published  
TCFD reporting review & refinement  
Physical & transitional risk and opportunity re-assessment (including Scope 3 emissions)

Finalize & publish Phase 2 Climate Change Report  
Design & commence implementing mitigation strategies for transitional and physical risks  
Evaluate opportunities to pursue and develop appropriate actions

Sustainability Reporting framework (SASB)

Selection of SASB Coal Operation Standard and implementation commencement  
Sustainability systems development: materiality review and data collection

Finalize & publish second Sustainability Report  
Exploration of Towards Sustainable Mining framework  
Review of GRI framework for additional reporting

## Our Senior Leadership team



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