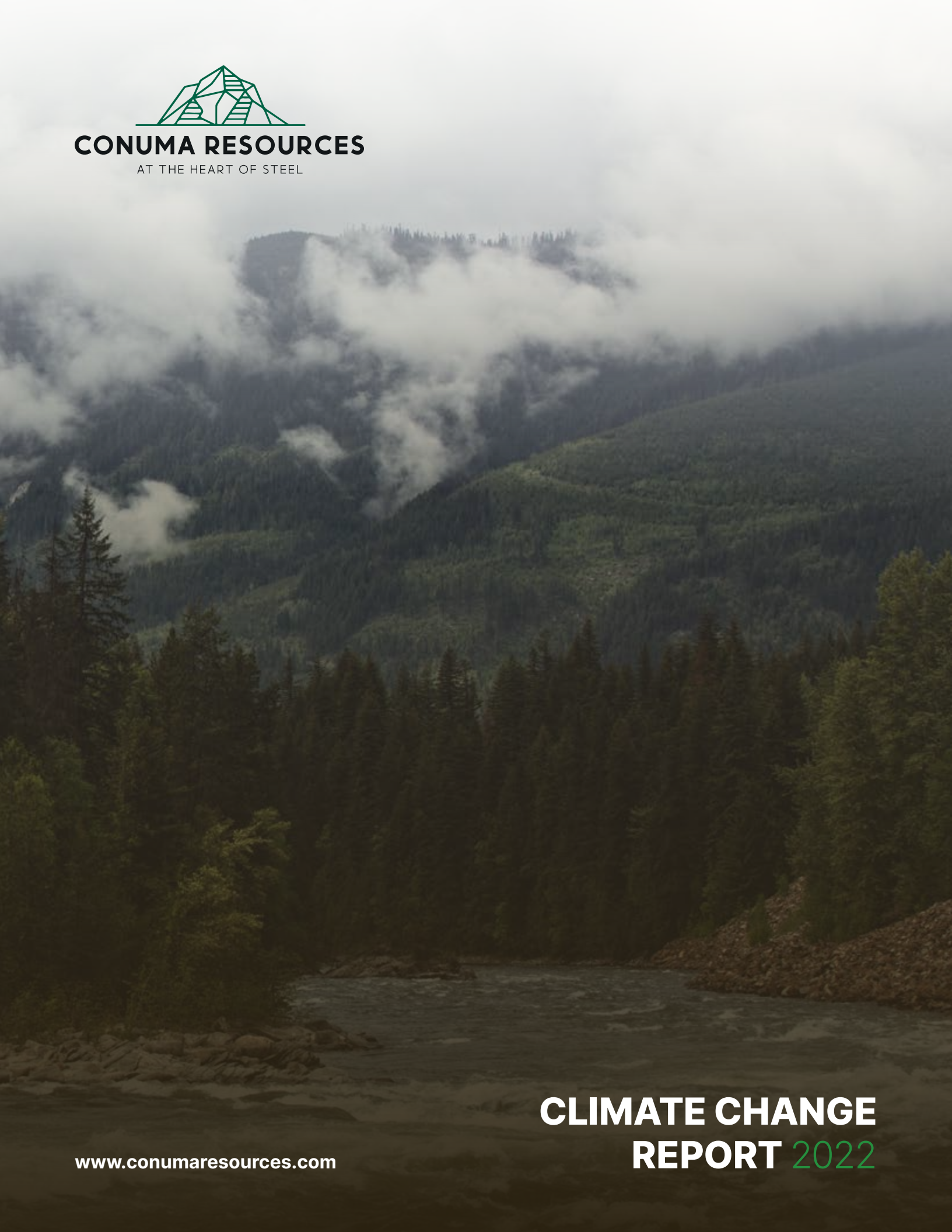




CONUMA RESOURCES
AT THE HEART OF STEEL



www.conumaresources.com

**CLIMATE CHANGE
REPORT 2022**

Conuma Resources Ltd.

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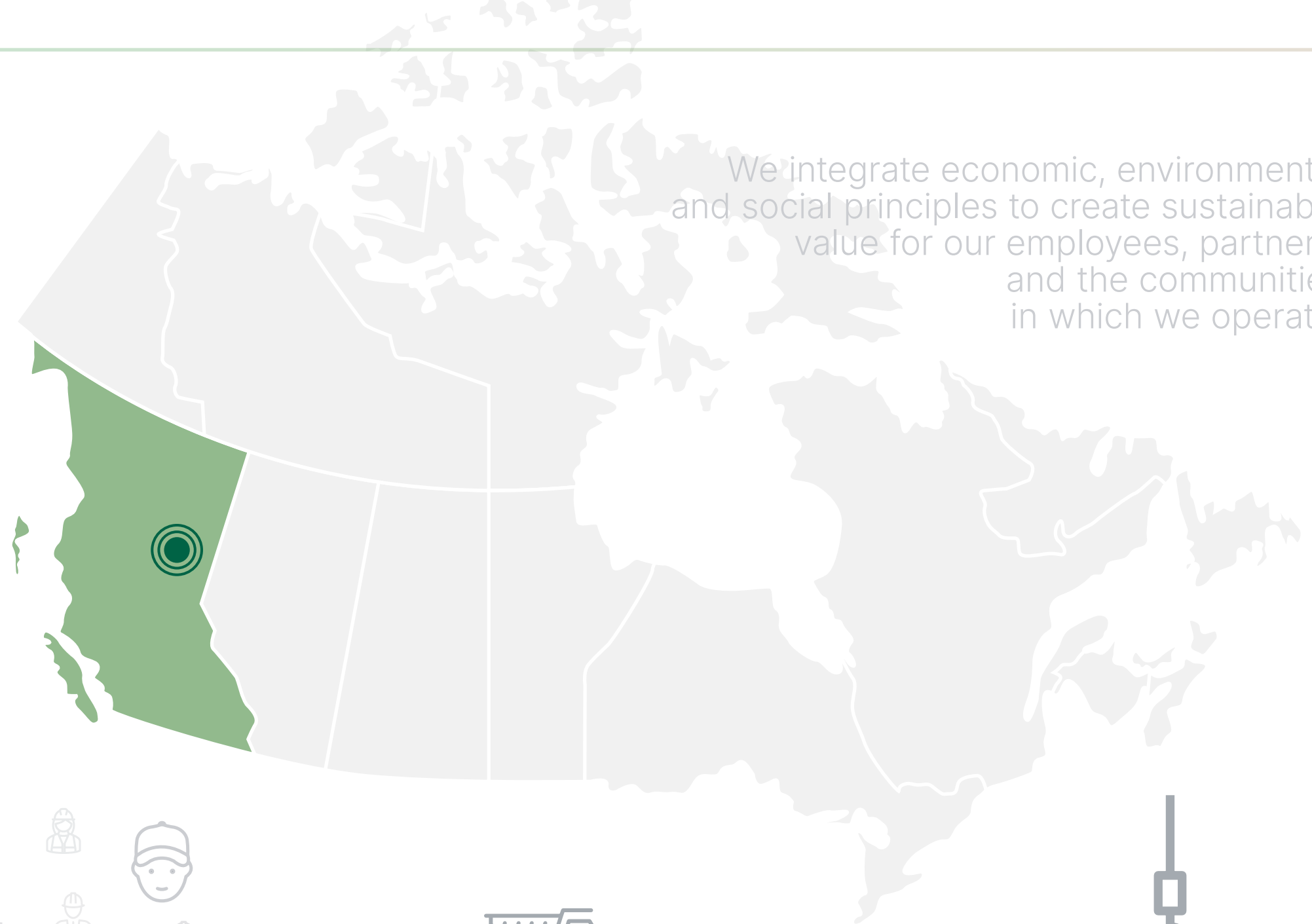
About Conuma Resources

Founded in mid-2016, Conuma Resources ("Conuma") is a premier steelmaking coal producer based in Northeastern 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 NEBC surface mines, namely Brule, Wolverine and Willow Creek. These mines have a rated production capacity of 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.

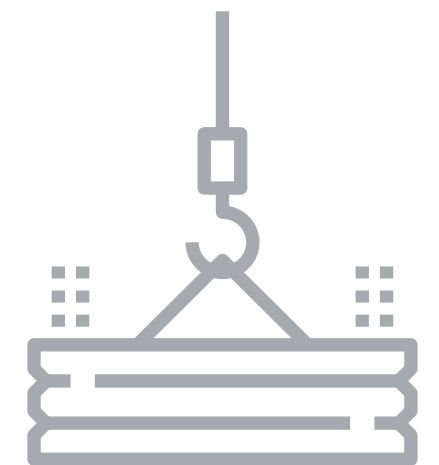
We integrate economic, environmental and social principles to create sustainable value for our employees, partners, and the communities in which we operate.



3



OPERATING SURFACE MINES



5 million

TONNE STEELMAKING COAL CAPACITY

Message from the CEO and Chief Sustainability Officer

We are delighted to present our 2022 Conuma Resources Climate Change Report, published with our second Sustainability Report. A lot has happened since we published our first Climate Change Report in June 2021. Our business has continued to grow and mature, significantly contributing to the NEBC economy, Indigenous Nations, local communities, and vendors. Our reputation has grown as a premier supplier of steelmaking coal to the global low-carbon economy, and our products continue to be sought worldwide.

The coal we produce at Conuma is an essential component for the global manufacturing of steel. Steel is the world's most important engineering and construction material. It is used in practically every aspect of life. Most notably, steel is an indispensable element for the construction and distribution of renewable power. While the quality of our steelmaking coal remains as critical as ever, the carbon intensity with which we produce and distribute it to our customers is of increasing importance. We remain focused on progressively reducing our carbon intensity to achieve at least a 15% reduction by 2030. By progressively growing our production while further reducing our already low carbon intensity, we become increasingly essential to the users of our products.

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

We are pleased to publish this 2022 report which conforms to the Taskforce on Climate-Related Financial Disclosures ("TCFD") framework, including reporting our Scope 3 emissions. We fully endorse the principles and standards embodied in TCFD and have worked hard to ensure we comply with this framework. Concurrent with this report, we have also published our 2022 Sustainability Report in alignment with the Sustainability Accounting Standards Board's ("SASB") Coal Operations Sustainability Accounting Standard. SASB and TCFD are the preferred environmental, social, governance ("ESG") and climate reporting standards for global investors, which supports our decision to publish on this basis.

At Conuma, our Board of Directors, Senior Management and our employees understand our joint responsibility to reduce the carbon intensity of our mines and supply chain and distribution channels. We are individually and corporately responsible for supporting global and Canadian initiatives to reduce greenhouse gas ("GHG") emissions. Over the past two years, we have assessed and reassessed our climate-related risks and opportunities to ensure we build resilience and maximize its opportunities.

Our Company-wide focus on climate change increased in November 2020, when we engaged Ernst & Young to complete a "TCFD Readiness Assessment". In 2021 we established climate-related Board and Senior Management governance principles, commenced developing our climate-related strategy and risk management, and appointed one of our senior executives as Chief Sustainability Officer to head, amongst other matters, our TCFD implementation. During 2022 we worked with WSP to implement our TCFD reporting, and we engaged SysEne to help us assess all options and develop a robust roadmap to reduce our Scope 1 and 2 carbon intensity by a minimum of 15 % by 2030, when compared with our 2019 emissions.

While we welcome the progress manufacturers are making in electrifying large-scale mining equipment, the broad roll-out across the mining industry is still several years away. It is, therefore, incumbent on us to explore all avenues to reduce fossil-fuel use, not just through electrification. One example is our collaboration with OEM equipment providers to reduce fuel consumption in our mining fleets by improving processes, systems, and employee communication to reduce unnecessary idling.

Steel is essential for a low-carbon economy, and the world will require steelmaking coal for decades to come. We recognize that shipping our steelmaking coal and the downstream steel production is a significant one-time source of GHGs. With this in mind, we have committed ourselves to work with our upstream and downstream supply chain partners to lower emissions.

In 2023, we look forward to continuing our strong progress in reducing our carbon-intensity, and reporting on this progress as the changes take effect.



Brian Sullivan
Chief Executive Officer



Hugh Kendrick
Chief Sustainability Officer



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

Governance

Framework

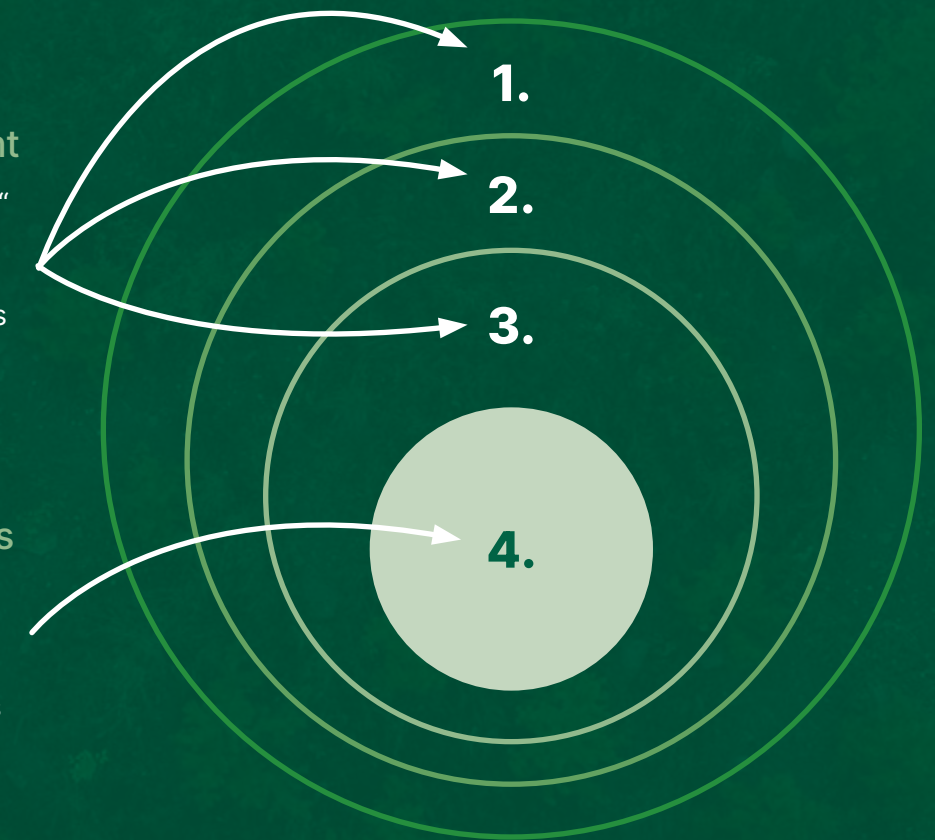
We have built our approach to managing climate change around the four-pillar principle outlined by the TCFD. These pillars are governance, strategy, risk management and metrics and targets.

- 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.



As part of our governance, one of our Board of Directors' critical roles is to manage climate-related risks and opportunities effectively. Climate change is having and will have significant financial impacts on our business in the short, medium and long-term. Our Directors are aware of their accountability in identifying potential risks and opportunities related to climate change. They have also committed to using the best available climate-related information to make informed decisions that will make the Company more resilient in the face of various policy and economic outcomes.

BOARD OF DIRECTOR RESPONSIBILITIES

- Ensure Senior Management focuses on climate-related risk management
- Ensure short, medium and long-term focus
- Ensure all critical planning and strategic processes integrate climate-related risk management

- Meet bi-annually specifically to review climate-related risk
- Appoint one Director to take the lead on climate-related risk management matters

- Ensure Senior Management transparently and consistently reports climate-related risks and opportunities to investors and key stakeholders

- Commit to education and staying current on climate-related risks

Our Senior Management team recognizes the impacts of climate change on our business and their responsibility to identify and effectively manage the effects and risks. We are committed to using the best available climate-related information to make informed decisions that will strengthen the Company on this front as we move into the future.

The summarized responsibilities of our Directors and Senior Management regarding climate change are in the table below. A detailed breakdown of their respective responsibilities can be found in Appendix 2.

SENIOR MANAGEMENT RESPONSIBILITIES

- Ensure climate-related risk informs strategic and decision-making processes
- Integrate climate-related risk into the budget and operating cycle planning – short, medium and long-term
- Develop procedures to consider climate-related risk in all business processes and systems

- Meet bi-annually with the Board to specifically review climate-related risks and opportunities
- Meet bi-monthly to review climate-related risks and opportunities
- Establish a Climate Change Committee

- Ensure that climate-related risks, opportunities and strategic decisions are consistently and transparently disclosed to the Board and stakeholders
- Include relevant climate-related risk disclosures in the annual MD&A filings

- Commit to education and staying current on climate-related risk
- Use the best available information and expertise to manage climate-related risk
- Recruit and retain sufficiently skilled senior climate-related risk management team

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

We have established a framework for integrating climate change into the organizational structure of our Business, as shown in the chart below:

Sustainability Leadership in Conuma



Climate-Change Business Integration



Our Board of Directors had two formal presentations in 2022 to review and discuss the climate change matters for the Company. The highlights of these meetings are presented in Appendix 2, Notes for the Record.

The Board has previously met to discuss and commit to the following:

1. The Company contributing to achieving Canada's Climate Change Commitments;
2. The Board of Directors and Senior Management governance structures for managing climate change;
3. The appointment of a Director to take the lead role in managing climate change and the formation of the Climate Change Steering Committee, to be chaired by the Chief Sustainability Officer; and
4. The short-term transition risks and opportunities the Company has identified and recommended actions in response to these.

In 2022, our Climate Change Committee met on four separate occasions to review progress on climate change projects for the Company.

These meetings included detailed updates on:

1. All climate change-related projects for the Company
2. Governance responsibilities and integration with business decisions
3. Impacts of the BC Carbon Tax and Low Carbon Fuel Standard ("LCFS") on operational fuel costs
4. TCFD reporting framework, including the Physical and Transitional Risk & Opportunity Assessment
5. Employee transport electrification opportunities
6. Carbon intensity reduction option-analysis assessment
7. The increasing focus on fugitive methane emissions and our project to determine site-specific factors



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 (“CO₂e”) 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 CO₂e 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 Resources 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 wild-fires 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. This may provide an opportunity for an improved reputation with customers seeking low GHG intensity products. | 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. 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. | Short to medium-term |



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 delays), 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.



Strategy

Indigenous Nations and Stakeholder Engagement

Climate change is a global challenge that requires engagement between stakeholders (internal and external), industry (operators, OEMs, and consultants), and governments to develop appropriate policies and practices. Our stakeholders were initially identified from the inception of our business in 2016 and as part of our Environmental Impact assessments. We continue to review these to ensure we remain current and relevant in our engagements.

Through ongoing engagement, we understand concerns, issues, and expectations about our mining activities. Our goal is to manage community-related feedback and potential risks before they become grievances and lead to operational disruptions. Indigenous Nations and stakeholders are informed and engaged about proposed developments, our operations, closure and reclamation.

We will engage with Indigenous Nations, communities and stakeholders to ensure the following:

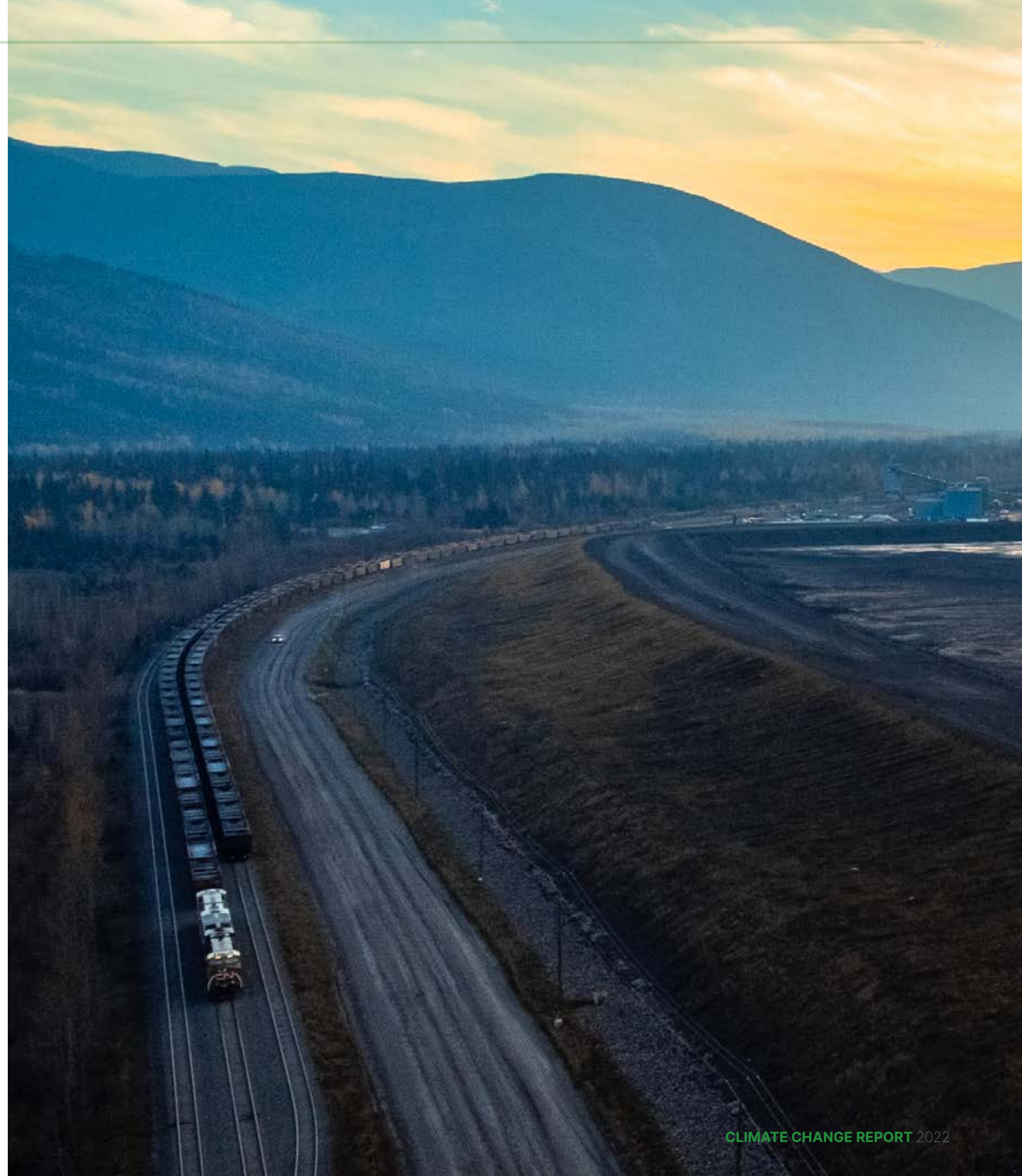
Issues are identified as early as possible to allow for proactive management;

Community investment activities support Indigenous Nations, local organizations and municipalities;

Meaningful input on material aspects related to our operations and projects;

Feedback on proposed and implemented activities is received within a practical timeframe and used to enhance and modify our actions to reduce our carbon footprint.

Completing the climate scenario analysis will allow us to further engage with Indigenous Nations, communities and stakeholders through 2023 and beyond on the mitigation strategies.

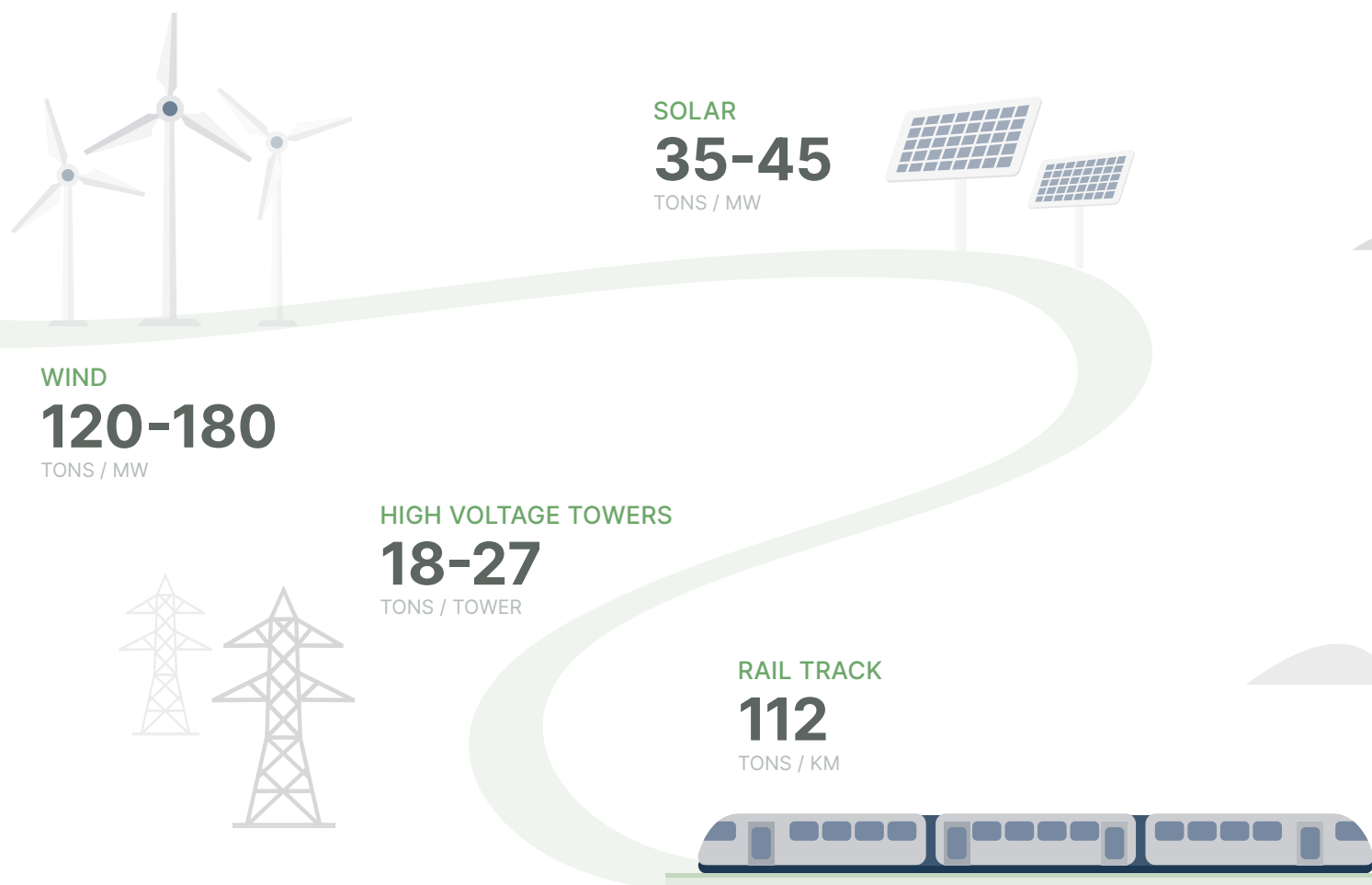


Target and Action Plans

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.

Steel is essential to construct renewable energy infrastructure and transportation



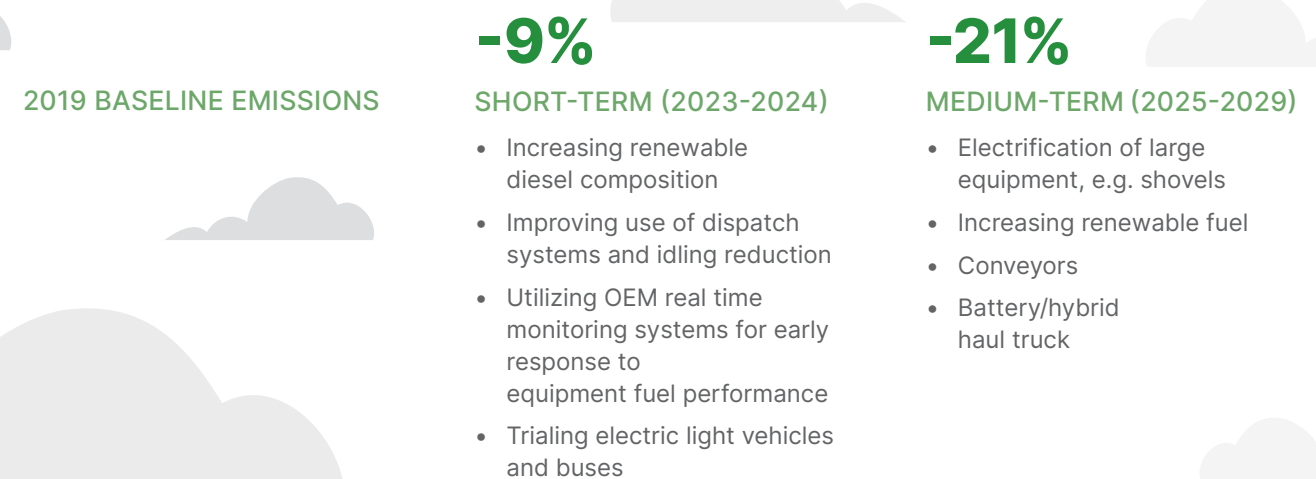
Carbon Intensity Reduction Assessment

To meet our carbon intensity target, an options analysis was completed in 2022, focusing on the net cost per tonne of CO₂ emissions reduction, total CO₂ 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 below) 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.

Carbon Intensity Reduction Roadmap



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

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

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.



Performance Management

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 CO₂ 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 ⁵ |
| Diesel Consumed (MI) | 24.29 | 28.53 | 34.95 | 12.35 | 13.23 | 21.68 | 25.17 | 27.57 | 36.75 ⁴ | 61.81 | 69.33 | 93.38 |
| CH4 from mined coal (ktCO ₂ e/year) ^{1,2} | 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 ₂ from Biodiesel (tCO ₂ e) ³ | - | - | 2.21 | - | - | 1.32 | - | - | 2.23 | - | - | 5.76 |
| Total Scope 1 CO₂e (kt) | 109.23 | 105.34 | 148.70 | 49.53 | 52.02 | 100.82 | 110.30 | 118.11 | 159.83 | 269.06 | 275.47 | 409.35 |
| 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 |
| Scopes 2 CO₂e (kt) | 0.195 | 0.198 | 0.246 | 0.203 | 0.171 | 0.277 | 0.042 | 0.055 | 0.062 | 0.440 | 0.424 | 0.585 |

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 CH₄ 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.

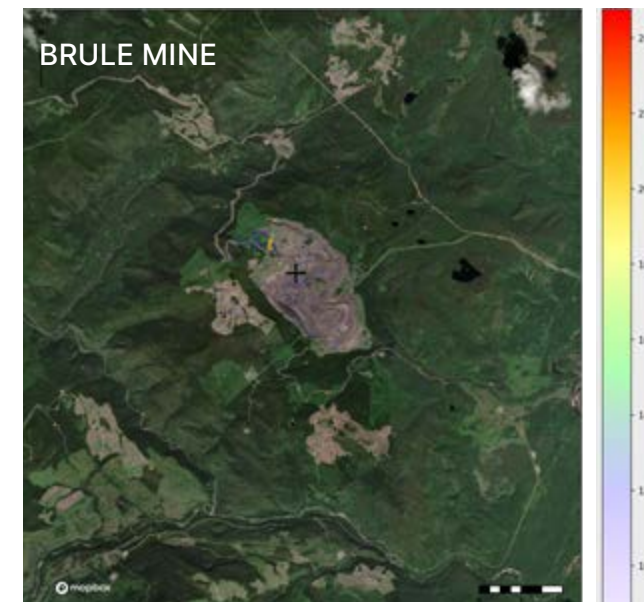
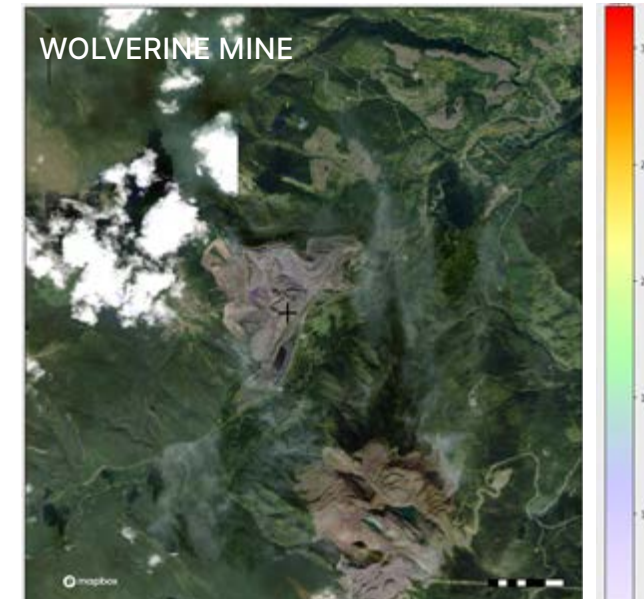
The program commenced in October 2022, with initial coal samples taken from every single seam mined at our three operating mine sites. These samples are being tested for residual gas levels, ash content, and isotherm analysis to inform the adsorption capacity and to predict the residual gas content.

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 diesel 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 | - | - |
| TOTAL | 8,039.1 | 10,264.4 |

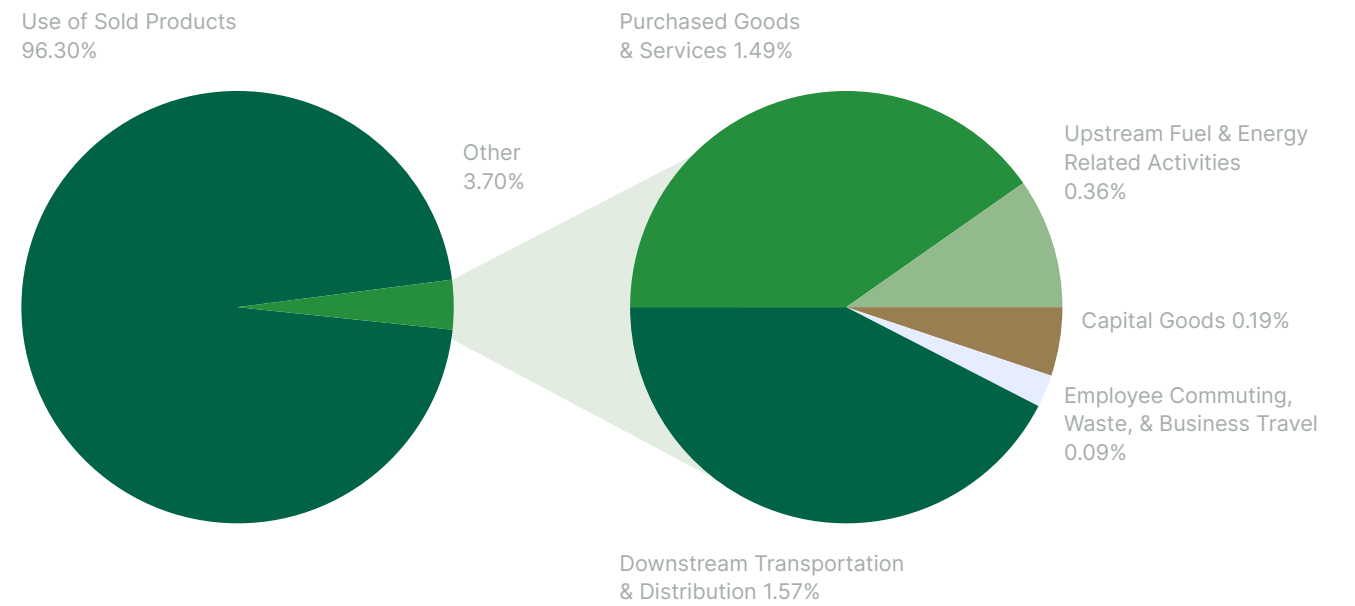
It is evident that the two most significant contributors to Scope 3 emissions are the downstream transportation and distribution of our products and the use of our sold products. Conuma's operations are located relatively close to our primary consumers in northern Asia.

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.

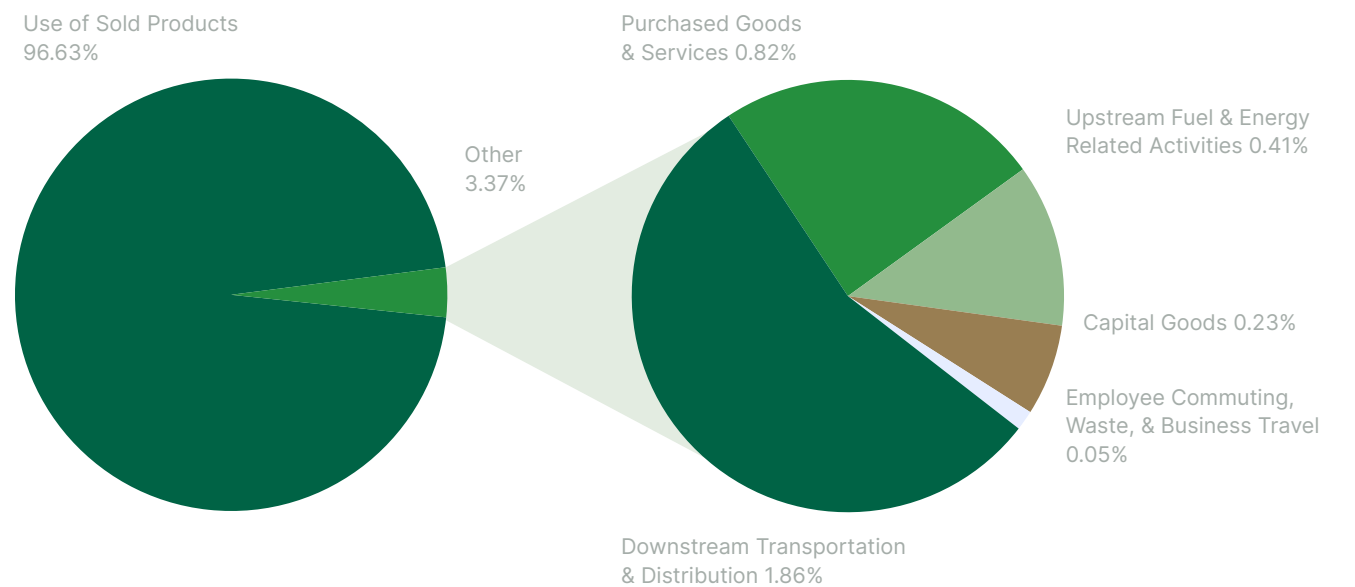
Through 2023 we will continue to explore the differences in emissions between the pulverized coal injection ("PCI") and hard-coking coal ("HCC") products sold to

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



LEEFF Climate Change Reporting Requirements

As a beneficiary of the Large Employer Emergency Financing Facility (“LEEFF”) program, Conuma Resources Limited (“Conuma” or the “Company”) publishes annual climate change-related disclosure reports. These reports follow the [recommendations](#) of the Task Force on Climate-related Financial Disclosures (“TCFD”) as well as the [Final Report](#) of the Expert Panel on Sustainable Finance.

Conuma was required to publish its first four climate disclosure reports as a Phase 1 report. This form was specified in the Expert Panel’s recommendations, with clear disclosures on Governance, Strategy, Risk Management, Metrics & Targets, and achieving Canada’s commitments to the Paris Agreement (see below).

| | | |
|----------|---|--|
| 1 | GOVERNANCE | Describe the board’s oversight of climate-related risks and opportunities. Describe management’s role in assessing and managing climate-related risks and opportunities. |
| 2 | STRATEGY | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. |
| 3 | RISK MANAGEMENT | Describe the organization’s processes for identifying and assessing climate-related risks. |
| 4 | METRICS & TARGETS | Disclose Scope 1 and 2 GHG emissions and related risks or an appropriate alternative metric. |
| 5 | ACHIEVING COMMITMENTS TO THE PARIS AGREEMENT | Report on how your corporate governance, strategies, policies, and practices contribute to achieving Canada’s commitments under the Paris Agreement |

Conuma was required to publish its fifth report as a Phase II report as specified in the Expert Panel’s recommendations, with reporting on underlying assumptions, calculations, estimates and scenarios.

With the implementation of full TCFD reporting for the Conuma 2022 Climate Change Report, Conuma has met the LEEFF requirement three years ahead of the required time frame.

Governance

Notes for the Record

The Board of Directors met on Tuesday, May 24, 2022, to review the updated information related to climate change initiatives for the Company. In the meeting, the Directors reviewed and discussed the following:

1. The impacts of the Carbon Tax on diesel prices and operational costs
2. The Company’s climate change target of a 15% carbon intensity reduction by 2030 and the early options identified to meet the target
3. Ongoing decarbonization efforts and focus areas within the mining industry
4. Fugitive methane emissions from open pit coal mining and the impacts on GHG emission totals
5. The scope of work to complete a Physical and Transitional Risk & Opportunity Assessment to meet TCFD standards
6. Information reviewed by the Climate Change Committee

The Board of Directors also met on Monday, November 14, 2022, to review progress on climate change matters for the Company. In the meeting, the Directors reviewed and discussed the following:

1. Climate change-related project roadmap and status update
2. Updated information related to BC Carbon Tax and Low Carbon Fuel Standard impacts on operational costs
3. The primary short-term opportunities identified by the carbon intensity reduction assessment
4. The proposal to refine fugitive methane emission factors and GHGSat imagery
5. A TCFD reporting framework update, including initial 2021 Scope 3 emission calculations

Board of Director Responsibilities Concerning Managing Climate Change

The Company's approach to managing climate change is built around the four-pillar principle outlined by the TCFD. These pillars are governance, strategy, risk management and metrics and targets. This section addresses governance, the first of these pillars.

One of the Board of directors' critical roles is to manage climate-related risks and opportunities effectively. Climate change could have significant financial impacts on the Company

within the mid- to long-term investment and planning horizons. Despite limited available climate-related information, Directors are aware that they remain accountable for identifying potential risks and opportunities related to climate change. They are also committed to using the best available climate-related information to make informed decisions that will leave the Company more resilient in the face of various policy and economic outcomes.

As part of this ongoing responsibility, Directors will:

1. Ensure that the Company's senior management utilizes the best available information on climate risks and opportunities to make the most informed recommendations and decisions. At any time, the Directors may request Senior Management to seek external expertise on any climate-related matter or have external experts audit the climate-risk capability within the organization.
2. Ensure that all Directors, individually and collectively, retain sufficient knowledge and current education to effectively discuss and take decisions informed by an awareness and understanding of climate-related threats and opportunities. Where necessary, Directors will also seek the advice of external experts.
3. Ensure that Senior Management assesses the short-, medium- and long-term materiality of climate-related risks and opportunities for the Company on an ongoing basis.
4. Ensure that the business's actions and responses to climate change are proportional to the assessment of materiality to the Company.
5. Ensure that Senior Management integrates climate-related materiality assessments into the budget and five-year operating plans.
6. Ensure that climate change systemically informs strategic investment planning, decision-making processes, risk management and opportunity assessment across the organization.

7. Ensure that senior management incentives are aligned to promote the Company's long-term prosperity and that climate-related targets and indicators form part of executive incentive schemes, where appropriate.
8. Ensure that material climate-related risks, opportunities and strategic decisions are consistently and transparently disclosed to all owners, critical stakeholders and regulators. Such disclosures will be made annually and will be subject to similar rigour as financial reporting.
9. Maintain regular exchanges and dialogues with peers, policymakers, and other stakeholders to encourage sharing methodologies and stay informed about the latest climate-relevant risks and regulatory requirements.

Board Framework for Managing Climate Change

1. The Board will meet on at least a bi-annual basis to review with Senior Management progress and compliance with the TCFD Framework.
2. The meetings will cover updates on climate risk assessment. They will review planned and completed action plans in the six to twenty-four-month horizon to mitigate identified climate risks and opportunities.
3. Per the Company's TCFD framework, the Board will require and receive climate-related impact analysis on submissions for Board review and approval. These include but are not limited to annual strategic and five-year plans, new mine development, yearly budgets and quarterly forecasts, major capital expenditure and material contracts.
4. The Board will nominate one Director to take the lead role in focusing on climate-related matters. This Director will engage with Senior Management quarterly. They will review risk mitigation and opportunity development in each of these meetings.
5. Senior Management will present at each bi-annual meeting, and the Board will consider the processes, resources and outside expertise by which Senior Management and the Board are staying informed on current and emerging climate-related issues.
6. The Sustainability Leadership chart illustrates how climate change has been integrated into the organizational structure of the business

Board Training and Development on Climate-related Risks and TCFD

1. To ensure they, individually and collectively, retain sufficient knowledge and current education on climate-related threats and opportunities, Directors will commit to proactively remaining current on TCFD developments and emerging climate-related science and reporting.

2. For initial framework learning purposes, Directors must register on the <https://learn.tcfddhub.org> website for TCFD and TCFD governance training. Directors must also complete the “Governance of climate-related risks and opportunities section” of the training (which takes approximately two hours) utilizing the following link <https://learn.tcfddhub.org/course/view.php?id=6>

3. There is additional TCFD training on the <https://learn.tcfddhub.org> website that directors are encouraged to take advantage of, such as the following:
 - Introduction to climate-related disclosures – starting the climate journey. <https://learn.tcfddhub.org/course/view.php?id=3>
 - Understanding the recommendations of the TCFD. <https://learn.tcfddhub.org/enrol/index.php?id=2>
 - An introduction to managing the financial risks from climate change. <https://learn.tcfddhub.org/enrol/index.php?id=7>

4. There is an ever-increasing number of books and articles published on climate impact, particularly TCFD reporting. Directors are encouraged to read these where possible to increase their knowledge and stay current on climate news and science as they evolve. Senior Management will advise of new and recommended reading material at each bi-annual meeting.

Management Responsibilities Concerning Managing Climate Change

Senior Management recognizes that climate change could have significant financial impacts on the Company, and that the effects and risks need to be defined as clearly as possible and managed effectively. Senior Management is committed to using the best available climate-related information to make informed decisions that will strengthen the Company in the face of various policy and economic outcomes.

As part of this ongoing responsibility, Senior Management will:

1. Utilize the best available information, relevant experts on climate risks, and opportunities to make the most informed recommendations and decisions.

2. Have external experts audit, from time to time, the organization’s climate-risk capability.

3. Ensure that they, individually and collectively, retain sufficient knowledge and current education to effectively debate and take decisions informed by an awareness and understanding of climate-related risks and opportunities.

4. Recruit and retain sufficiently skilled senior management to manage climate-related risks and impacts effectively.

5. On an ongoing basis, assess the short-, medium- and long-term materiality of climate-related risks and the Company’s opportunities.

6. Ensure that the business’s actions and responses to climate are proportional to the Company’s materiality.

7. Integrate climate-related materiality assessments into the budget and operating cycle planning.

8. Ensure that climate systemically informs strategic investment planning, decision-making processes, risk management, and opportunities across the organization.

9. Commit to performance incentives that align with the Company’s long-term prosperity as impacted by climate-related changes.

10. Ensure that material climate-related risks, opportunities and strategic decisions are consistently and transparently disclosed to the Board, all shareholders, key stakeholders and regulators. Such disclosures will be made bi-annually to Directors and annually to other stakeholders and be subject to similar rigour as financial reporting.

11. Maintain regular exchanges and dialogues with peers, policymakers, and other stakeholders to encourage sharing methodologies and stay informed about the latest climate-relevant risks and regulatory requirements.

12. Formally review with Directors on a bi-annual basis progress and compliance with this framework.

13. Develop processes and systems that look specifically at the financial impacts of climate risk and its impact on revenues, expenditures, assets, liabilities, and financial capital. Integrate climate risk into enterprise-level risk management frameworks and systems.

14. Establish a Climate Change Committee, which will include management representatives from sustainability, operations and finance.

15. Ensure they consider all material business and project assessments under at least two climate scenarios.

16. Use similar quality assurance and compliance approaches for climate-related financial information as for finance, management, and governance disclosures.

17. Include relevant climate-related risk disclosures in the annual Management and Discussion and Analysis (“MD&A”) report provided to our lenders and Bond investors and the yearly financial statements.

18. Publish the Climate Change Report on the Company’s website and as part of future sustainability reports to be published

Management Framework for Managing Climate Change

1. Senior Management, represented by the Chief Sustainability Officer, will consistently focus on the progress towards compliance with the TCFD Framework.

2. Climate Change Committee meetings, for which Senior Management will record minutes and actions, will cover climate risk assessment updates and review with the ESG team, planned and completed action plans in the six to 24-month horizon to mitigate identified climate risks.

3. Per the Company’s TCFD framework, the Board will require and receive climate-related impact analysis on submissions for Board review and approval. These include but are not limited to annual strategic and five-year plans, new mine development, yearly budgets and quarterly forecasts, major capital expenditure and material contracts.

4. The Chief Sustainability Officer, with the support of Senior Management, will be responsible for managing all matters relating to climate-related risk and the TCFD Framework, including:
 - Utilizing internal and external expertise to help Senior Management make the most informed assessments of climate-related risks, develop responses and make recommendations to the Board.
 - Retaining sufficiently skilled and knowledgeable employees concerning climate change within the business, thus ensuring the Company remains suitably resourced to address climate-related risk.
 - On an ongoing basis, assessing the short-, medium- and long-term materiality of climate-related risks and opportunities the business is facing.
 - Ensuring that climate systemically informs strategic investment planning, decision-making processes, risk management, and opportunities across the organization.
 - Integrating climate-related materiality assessments into the budget and five-year operating plans.

Management Training and Development on Climate-related Risks and TCFD

1. To ensure they, individually and collectively, retain sufficient knowledge and current education on climate-related threats and opportunities, the Senior Management of the business will commit to proactively remaining current on TCFD developments and emerging climate-related science and reporting.
2. For initial learning framework purposes, Senior Managers must register on the <https://learn.tcfddhub.org> website for online training relating to TCFD, in general, and TCFD governance.

Senior Managers are required to complete the following online training on the site:

- i. Governance of climate-related risks and opportunities section of the training (approximately one hour) with the following link <https://learn.tcfddhub.org/course/view.php?id=6>
 - ii. Understanding the recommendations of the TCFD utilizing the following link <https://learn.tcfddhub.org/enrol/index.php?id=2>
 - iii. An introduction to managing the financial risks from climate change <https://learn.tcfddhub.org/enrol/index.php?id=7>
3. There is an increasing number of books and articles published on climate impacts, particularly TCFD reporting. Senior managers must read these where possible to increase their knowledge and stay current on climate news and science as they evolve. The Chief Sustainability Officer will advise of new and recommended reading material from time to time.

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