

CONUMA RESOURCES

AT THE HEART OF STEEL

CLIMATE CHANGE REPORT 2021



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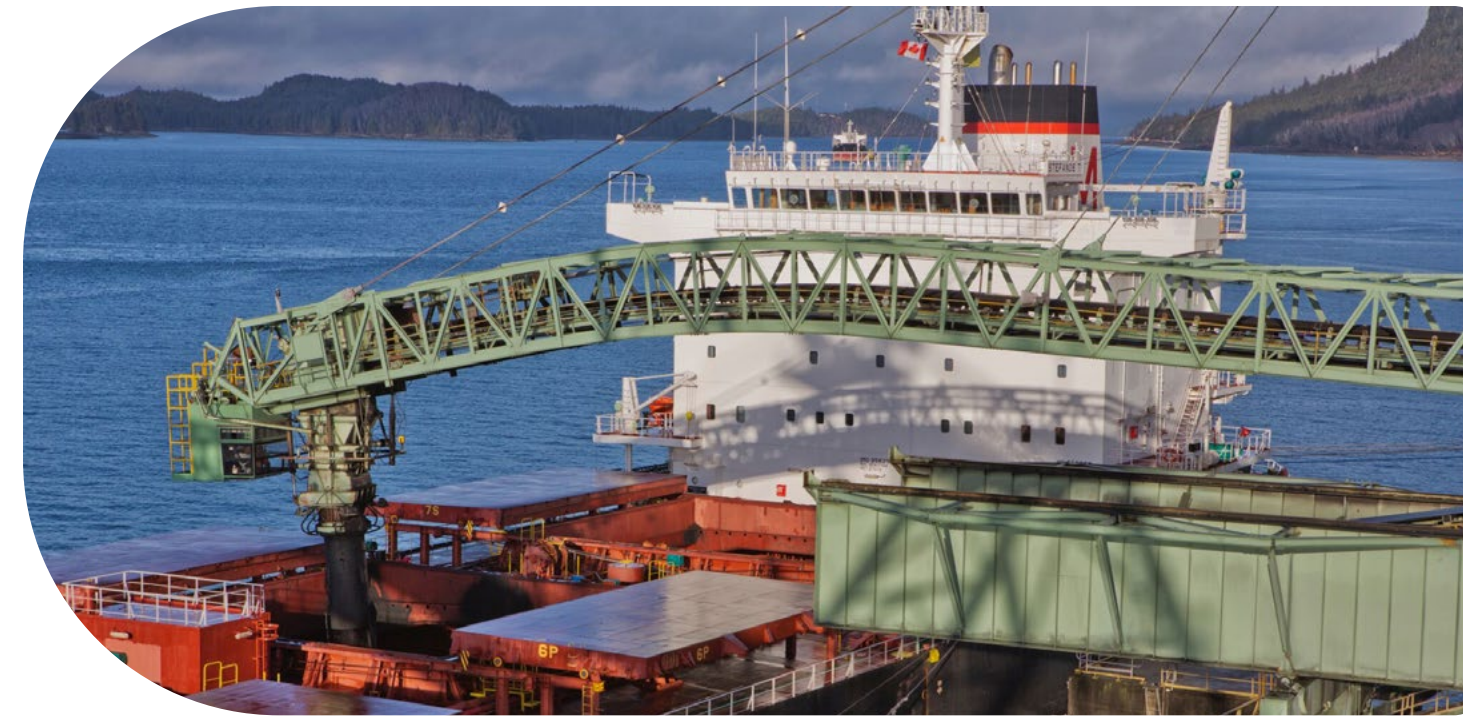
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ABOUT **CONUMA**

Founded in mid-2016, Conuma Resources is a steelmaking coal producer based in Northeast British Columbia, Canada. We are an integral part of the global steel supply chain, producing high-quality steelmaking coal for leading global steelmakers. We integrate economic, environmental and social principles to create sustainable value for our employees, business partners, and the communities in which we operate.

Our mission is to safely operate 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 North East British Columbia (“NEBC”) surface mine operations at Brule, Wolverine and Willow Creek. These mines have a rated 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.

MESSAGE FROM THE CEO



I am happy to be presenting our first full year Conuma Resources Climate-Change report, which is being published together with our first Sustainability Report. Since our business started in 2016, we have made a real and lasting contribution to the NEBC economy, Indigenous Peoples and local communities, contractors and suppliers. We are planning out our robust project pipeline in light of both supporting the construction of the global low carbon economy and, at the same time, progressively reducing our carbon intensity. We are excited for the future with our strong business team and culture.

The steelmaking coal that we produce at Conuma is vitally important to the manufacture of steel, which in turn is an essential element to the development of the low carbon global economy. Our quality of our steel-making coal, and the efficiency with which we produce and distribute it our customers, makes our products attractive as a source of supply for blast furnace operators, particularly in Asia. As we grow our production and continue our journey of reducing our carbon intensity, we become increasingly important to the users of our products,

particularly as we work collaboratively through the supply chain to reduce Scope 3 emissions.

As a business, we are also responsible for supporting global and Canadian initiatives by reducing greenhouse gas (“GHG”) emissions at our operations and sustainably producing our steelmaking coal products that are essential to the transition to a low-carbon economy. Our Board of Directors, Senior Management and our employees recognize their individual and collective responsibilities in relation to climate change. Collectively, we need to continually assess climate-related risks and opportunities and ensure that Conuma has the built-in resilience. This will help us manage and mitigate these risks, as well as develop and utilize opportunities as they arise. In alignment with our commitment to sustainability and transparency, we fully endorse the principles and standards embodied in the Taskforce on Climate-Related Financial Disclosures (“TCFD”) framework.

We began our climate-change journey in earnest in November 2020, when we set out to align our Business with the recommendations in the TCFD framework. We engaged Ernst



New vegetation taking root on recently reclaimed mine workings

& Young to complete a “TCFD Readiness Assessment”, we established climate-related Board and Senior Management governance principles, commenced development of our climate-related strategy and risk management, and we appointed one of our senior executives into the position of Chief Sustainability Officer to head, amongst other matters, our TCFD implementation.

In June 2021, we were very pleased to publish our first Climate Change Report, which we called Phase 1, in which we set out our first steps in relation to governance, strategy, risk management and metrics and targets. We also underscored our commitment to reduce our Scope 1 and 2 carbon intensity by a minimum of 15 % by 2030, when compared with our 2019 emissions. Setting out the plan to secure the minimum 15% reduction will be

one of our major priorities for 2022, working closely with our major equipment providers and relevant experts to develop and execute the most efficient and cost-effective transition.

We do recognize that the downstream production of steel, which uses our coal products, is a significant one-time source of GHGs. While steel is one of the most critical elements to a low carbon economy, we recognize and commit ourselves to working through the entire supply chain to lower emissions in cooperation with our customers and key suppliers

Brian Sullivan
Chief Executive Officer



GOVERNANCE

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.

With respect to governance, one of our Board of Directors’ critical roles is to oversee the effective management of climate-related risks and opportunities. 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 to identify 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.

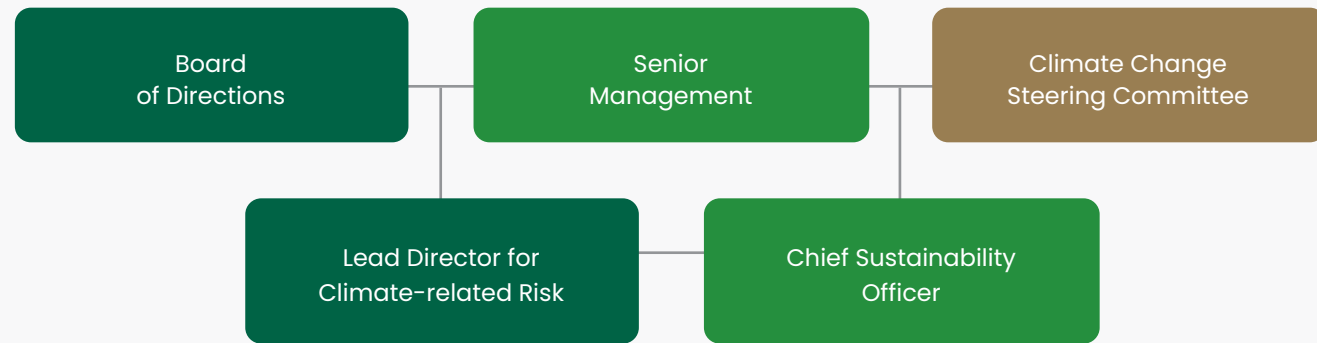
Our Senior Management team recognizes the impacts of climate change to our business, and that the effects and risks need to be identified, defined and managed effectively. We are committed to using the best available climate-related information to make informed decisions that will strengthen the Company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

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

BOARD OF DIRECTOR RESPONSIBILITIES	SENIOR MANAGEMENT RESPONSIBILITIES
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • Meet bi-annually specifically to review climate-related risk • Appoint one Director to take the lead on climate-related risk management matters 	<ul style="list-style-type: none"> • Meet bi-annually with the Board to specifically review climate-related risks and opportunities • Meet monthly to review climate-related risks and opportunities • Establish a Climate Change Committee
<ul style="list-style-type: none"> • Ensure Senior Management transparently and consistently reports climate-related risks and opportunities to investors and key stakeholders 	<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • Commit to education and staying current on climate-related risks 	<ul style="list-style-type: none"> • Commit to education and staying current on climate-related risk • Use best available information and expertise to manage climate-related risk • Recruit and retain sufficiently skilled senior climate-related risk management team

WE ESTABLISHED THE INITIAL FRAMEWORK FOR INTEGRATING CLIMATE CHANGE INTO THE ORGANIZATIONAL STRUCTURE OF OUR BUSINESS, AS SHOWN IN THE ILLUSTRATIONS BELOW:

Climate-Change Organizational Structure

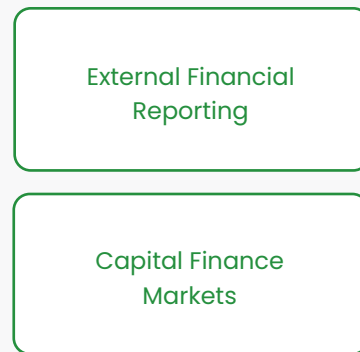


Climate-Change Business Interfaces for Decision Making

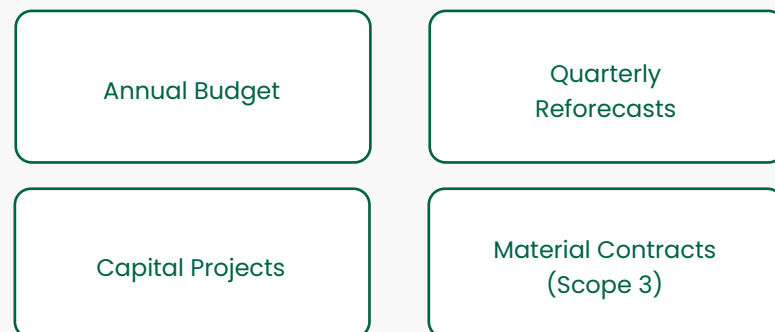
LT Planning & Business Development



Stakeholders



Annual Planning & Operational Management

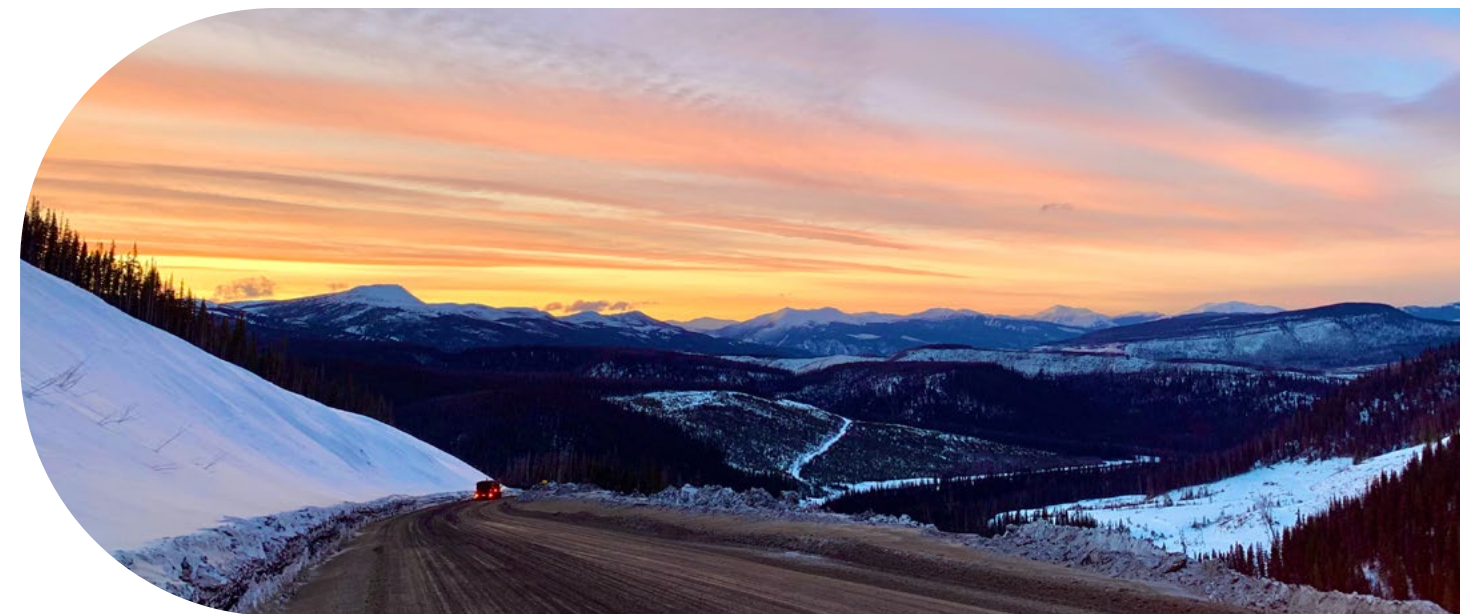


Other Stakeholders



OUR BOARD OF DIRECTORS HAS MET TWICE TO DISCUSS CLIMATE-RELATED IMPACTS, ON MAY 17, 2021, AND ON NOVEMBER 15, 2021. IN THESE MEETINGS DIRECTORS DISCUSSED AND COMMITTED TO:

- a. The Company contributing to achieving Canada’s Climate Change Commitments;
- b. The Board of Directors and Senior Management governance structures for managing climate change;
- c. 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;
- d. The Company’s Phase 1 climate-related impact report; and
- e. The short-term transition risks facing and opportunities presenting to the Company, and recommended actions in response to these.





STRATEGY

1. Climate-Related Risks and Opportunities

In 2021, we completed a preliminary study on climate-related risks and opportunities (“R&Os”) identified as relevant to our business. After identifying the initial R&Os, we reprioritized and sequenced our planning and stakeholder engagement.

In 2022, we will refine our risk reduction and mitigation measures identified, with a specific focus on reducing GHG emissions. We will also be building our adaptation processes to ensure resilience, and to realize opportunities we see from our favourable positioning in the global steelmaking coal supply chain.

We consider short-term to be under 12 months, medium-term to be between 12 months and

five years, and long-term to be over five years. These time frames are consistent with the generally accepted industry standards and align with our business’s internal functioning and planning. Current mining operations are forecast annually, using one- and five-year plans. Longer-term mine development is projected over the medium to long-term horizons.

Our current (short-term) horizon is 2022, our medium-term horizon is from 2023 to 2027, and our long-term horizon is 2028 and beyond. We will be developing our long term views in alignment with our mine project development, where we are planning out our mining operations to 2030 and beyond.

2. Transition Risks

The TCFD identifies climate-related transition risks as:

Policy and legal – increasing GHG taxes, emissions reporting, regulatory mandates or increased exposure to litigation due to increased regulatory non-compliance, shareholder activism or public interest litigation;

Technology – substitution of existing products and services with lower emission alternatives, costs and the likelihood of success in existing and new technologies;

Market – changing customer behaviour, uncertainty in markets and increased cost of raw materials; and

Reputation – shifts in customer preferences, sector stigmatization, shareholder and stakeholder negativity, increased market expectations on climate change action and investor/shareholder activism.

As with physical risks, we set out to identify broad, high-level transition risks, with the key objective that this would inform our future work on scenario analysis. The following table (Table 4) sets out our current view of major climate-related transition risks that could impact our business.

3. Physical Risks

The TCFD identifies climate-related physical risks as either:

- a. **Acute** – increased severity of extreme weather events such as cyclones and floods; or
- b. **Chronic** – changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures and rising sea levels.

We initially set out to identify broad, high-level physical risks, with the critical objective of informing our future work on scenario analysis. The following table (Table 5) sets out our initial set of major climate-related physical risks that could have a significant impact on our business:

CLIMATE-RELATED TRANSITION RISKS	CAUSATION FACTORS	POTENTIAL RESULTING FACTORS	TCFD CATEGORY	POTENTIAL IMPACTS ON THE BUSINESS	INCREASED RISK		
					CURRENT	2025	2030
Increasing Carbon Taxes and Fuel Composition Legislation	<ul style="list-style-type: none"> Increased diesel costs due to rising carbon taxes Increased diesel costs due to legislation requiring increased "green fuel" composition in diesel Inability to materially reduce diesel consumption 	<ul style="list-style-type: none"> Increase operating costs, either to mitigate or to pay additional taxes. 	Policy & Legal	<ul style="list-style-type: none"> Financial Reputational 	Yes	Yes	Yes
Inability to raise capital financing/refinancing due to inadequate climate change response measures	<ul style="list-style-type: none"> Lack of response to climate change. Reduction in credit rating Lower than expected return on investment and lower asset value 	<ul style="list-style-type: none"> Reduced investor and lender confidence Inability to raise new finance or to refinance existing debt 	Reputational	<ul style="list-style-type: none"> Financial Reputational Legal 	Yes	Yes	Yes
Policies and regulations changing to incorporate stricter legislation regarding climate change aimed at reducing GHGs	<ul style="list-style-type: none"> Changes in policy or regulations. Changes in relative prices from increased prices of CO2 	<ul style="list-style-type: none"> Reduced demand for our products Increased operating cost or financial security requirements Reduced investor confidence in coking coal Stricter regulatory conditions 	Policy & Legal	<ul style="list-style-type: none"> Financial Reputational Legal 	No	Yes	Yes
Increased scrutiny of regulatory applications, including 3rd party contesting applications	<ul style="list-style-type: none"> Inability to meet net-zero targets. Increased non-compliances 	<ul style="list-style-type: none"> Limit or delay future development of mining assets 	Policy & Legal	<ul style="list-style-type: none"> Financial Reputational Legal 	No	Yes	Yes
Key Customer Demands for Climate Action	<ul style="list-style-type: none"> Asset losing value. Inability to meet net-zero targets 	<ul style="list-style-type: none"> Potential loss of key customers Lower demand for steelmaking coal, driving down prices 	Reputational	<ul style="list-style-type: none"> Financial Reputational 	No	Yes	Yes
Legislation on carbon emissions to meet Paris targets	<ul style="list-style-type: none"> Using outdated technology Inability to achieve legislated emission targets due to finances or achievable technology. 	<ul style="list-style-type: none"> Shutdown Declaration of Bankruptcy Loss of license to operate 	Technology	<ul style="list-style-type: none"> Financial Reputational Legal 	No	Yes	Yes
Reduction in use of steelmaking coal for steel making, loss of major customers who transition away from our products	<ul style="list-style-type: none"> Inability to reduce GHG emissions in steelmaking process when utilizing steelmaking coal 	<ul style="list-style-type: none"> Potential loss of key customers Lower demand for steelmaking coal, driving down prices 	Reputational	<ul style="list-style-type: none"> Financial Reputational 	No	Yes	Yes

CLIMATE-RELATED TRANSITION RISKS	CAUSATION FACTORS	POTENTIAL RESULTING FACTORS	POTENTIAL IMPACTS ON THE BUSINESS	RISK CATEGORY	INCREASED RISK		
					CURRENT	2025	2030
Increased likelihood of storms and floods	<ul style="list-style-type: none"> Increased intensity of storms/ rain Increased frequency of severe precipitation events 	<ul style="list-style-type: none"> Increased frequency of Q10 and Q200 events Flash flooding Water storage issues Harm to personnel and damage to infrastructure and equipment Increased infiltration through waste dumps Increased geotechnical concerns Increased compliance risks 	<ul style="list-style-type: none"> Health and Safety Financial Environmental Reputational Legal 	Acute	Yes	Yes	Yes
Increased freeze/thaw transitions	<ul style="list-style-type: none"> Higher minimum temperatures. Fewer cold days and frost days Higher mean temperatures 	<ul style="list-style-type: none"> Avalanche potential within mountain passes of the rail network Increased geotechnical concerns with infrastructure, including high walls, dumps, tailings and water treatment facilities Increased safety hazards – slip, trips and falls Equipment damage 	<ul style="list-style-type: none"> Health and Safety Financial Environmental Reputational Legal 	Chronic	Yes	Yes	Yes
Rise of sea level	<ul style="list-style-type: none"> Increase in seawater temperature. Glacier and polar ice melt Higher mean temperatures 	<ul style="list-style-type: none"> Rising sea levels impacting Port and coastal railway systems, which could result in delivery delays Increased coastal flooding (particularly when combined with storm surge) 	<ul style="list-style-type: none"> Financial Environmental Reputational Legal 	Chronic	No	Yes	Yes
Drought	<ul style="list-style-type: none"> Decreased relative humidity. Decrease in precipitation. Higher maximum temperatures. Increased severity of droughts. Heatwaves and more sweltering days 	<ul style="list-style-type: none"> Reduced flows and reduced water balance which could result in regulatory non-compliances Increased competition for resources Oxidation of soils, reducing quality for reclamation 	<ul style="list-style-type: none"> Health and Safety Financial Environmental Legal 	Chronic	No	Yes	Yes
Increased likelihood of landslides	<ul style="list-style-type: none"> Increased intensity of storms/ rain. More frequent severe precipitation events Increased freeze/thaw events 	<ul style="list-style-type: none"> Infrastructure and transport affected, impacting supply chain and distribution to market Encroachment on the environment with potentially detrimental effects on wildlife Geotechnical concerns with infrastructure, including high walls and dumps 	<ul style="list-style-type: none"> Health and Safety Financial Environmental Reputational Legal 	Acute	No	Yes	Yes
Increased likelihood of wildfires	<ul style="list-style-type: none"> Decreased relative humidity Decrease in precipitation. Higher maximum temperatures. Increased severity of droughts. Heatwaves and more sweltering days 	<ul style="list-style-type: none"> Shutdown Declaration of Bankruptcy Loss of license to operate 	<ul style="list-style-type: none"> Health and Safety Financial Environmental Legal 	Acute	No	No	Yes

4. Climate-change Opportunities

We identified the following climate-related opportunities in the preliminary assessment process. These opportunities all manifest in the short, medium and long terms and require focus through each of these periods.

OPPORTUNITY	CATEGORY	COMMENTARY
Demand for steel in a low-carbon economy	Markets	<ul style="list-style-type: none"> Short to medium term demand for steelmaking coal looks robust under all climate settings, supporting high steelmaking coal prices, which typically follow strong steel demand. This creates the short to medium-term opportunity for the Company to maximize steelmaking coal sales into this market
Expand and strengthen Company's brand and product demand	Markets	<ul style="list-style-type: none"> With the Company's high-quality products, lower-emitting GHG potential (PCI), speed to market and increased supplier sensitivity, there is an opportunity to increase sales and premium pricing on its products
Electrification and energy resources	Energy Source	<ul style="list-style-type: none"> Investing in more fuel-efficient trucks, electrical equipment or alternative technologies to mine overburden material and haul product Using lower-emission sources of energy Adopting new and emerging efficient technologies Participating in the carbon markets through carbon credits and carbon offsets
Proactive resilience	Resilience	<ul style="list-style-type: none"> Participating in renewable energy programs Adopting energy efficiency measures Partnering with Indigenous Peoples and local communities on carbon capture projects
Recycling	Energy Source	<ul style="list-style-type: none"> Reducing water usage and consumption – adopting and investing in sustainable and resilient water infrastructure to reuse contact water Increasing recycling of materials
Services	Products / Service	<ul style="list-style-type: none"> Engaging in Research and Development (R&D) and innovation activities Collaborating with and investing, together with business partners that are on the leading edge of creating eco-friendly products and those that reduce carbon emission

RISK MANAGEMENT

1. Climate-Related Risk Identification Process

We have established a process for identifying climate-related risks, and we are in the early stages of developing processes for monitoring and mitigation activities. Responsibility for identifying, monitoring, and mitigating climate-related risks for the Company resides with the Climate Change Committee, which was formed on May 18, 2021.

The Chief Sustainability Officer chairs this committee, including key management members of the environmental, operational and financial teams.

We continue to identify, monitor and mitigate climate-related risks as they arise. As our risk management processes mature, we will develop a program for tracking key climate risks and opportunities and quantifiable metrics and targets.

2. Physical Risks

The TCFD identifies climate-related physical risks as either:

- a. Acute** – increased severity of extreme weather events such as cyclones and floods; or
- b. Chronic** – changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures and rising sea levels.

Financial impacts from physical risks include:

- a.** Reduced revenue from decreased production capacity, lower sales demand or negative impacts on workforce;
- b.** Write-offs and early retirement of existing assets;
- c.** Increased operating and capital costs; and
- d.** Increased insurance premiums and potential for reduced availability of insurance on assets in “high-risk” locations.

3. Transition Risks

The TCFD identifies climate-related transition risks as either:

- a. Policy and legal** – increasing GHG taxes, emissions reporting, regulatory mandates or increased exposure to litigation due to increased regulatory non-compliance, shareholder activism or public interest litigation;
- b. Technology** – substitution of existing products and services with lower emission alternatives, costs and the likelihood of success in existing and new technologies;
- c. Market** – changing customer behaviour, uncertainty in markets and increased cost of raw materials; and
- d. Reputation** – shifts in customer preferences, sector stigmatization, shareholder and stakeholder negativity, increased market expectations on climate change action and investor/shareholder activism.

Financial impacts from transition risks include:

- a.** Reduced revenue from lower sales demand from a shift in customer preferences or steelmaking technology;
- b.** Write-offs and early retirement of existing assets;
- c.** Increased operating and capital costs due to higher carbon taxes and or other transition risk impacts; and
- d.** Increased insurance premiums and potential for reduced availability of insurance on assets due to the nature of the industry.

4. Processes utilized for identifying Physical and Transition Risks

In developing our processes to identify Physical and Transition Risks, we reviewed relevant literature, including:

- Intergovernmental Panel on Climate Change (“IPCC”);
- Pacific Climate Impacts Consortium (“PCIC”);
 - » Climate Explorer;
 - » Plan2Adapt;
- Climate Data Canada ;
- TCFD Knowledge Hub Physical Risk Framework;

- Publicly available reports from peers in the mining industry; and
- Various articles on TCFD risk identification.

We combined these sources with our in-house knowledge and experience in the industry and our local geography, geology and ecology expertise.

Concerning climate variables, we reviewed national and provincial programs to identify climate change impacts in Conuma’s tenured Peace River region of North-East British Columbia (NEBC). In 2022, we will complete more detailed reviews of our

Physical and Transition Risks for the 2025 and 2030 timeframes, by considering different temperature increase ranges. We will also extend this review to include our logistical route to Ridley Terminals in Prince Rupert. As we plan future mining projects beyond 2030, we will extend our studies of Transition and Physical Risks beyond 2030, including taking account of post-mine closure and rehabilitation design and timelines.

In assessing the physical risks, we reviewed potential impacts to our sites and the environment, utilizing previously compiled environmental studies as well as previously prepared geotechnical and geochemical reports. The initial evaluation of the risks was considered based on the current Company

severity and likelihood matrix and utilizing “Bowtie Analysis”¹. Impacts to our operations were conceptualized, captured and initially reviewed with senior management to rank the most applicable risks. We also reviewed existing controls and mitigations in calculating the risk severities and likelihoods.

We assessed and analyzed the Transition Risks identified through the lenses of strategic, financial and operational continuity. Our initial evaluation of the risks’ materiality was based on our current Company severity and likelihood matrix and by utilizing Bowtie Analysis. We also considered our existing controls and mitigations to understand the severities and likelihoods.

5. Processes utilized for identifying Opportunities

To identify our climate-related opportunities, we considered similar literature to that studied in the risk identification process. We combined these sources with published reports and Government statements on carbon tax and

our in-house knowledge and experience in the global steel industry. We also considered our key stakeholders, including local and regional government and Indigenous Peoples and local communities.



1. Bowtie Analysis is an advanced risk analysis technique that gives users the ability to not only evaluate the probability and severity of risks, but also document risk causes, quantify potential risk impacts, assign and monitor risk controls, and systematically evaluate the full spectrum of factors that contribute to an organization’s overall risk exposure. » <https://www.ehs.com/2020/04/bowtie-analysis-connecting-the-dots-between-risks-root-causes-and-impacts/>

METRICS AND TARGETS

We conducted a preliminary overview of significant climate-change drivers and the resultant transition and physical risks and opportunities they present to our business. The mining industry, in general, and Conuma, in particular, has an essential role in addressing climate change. This role includes reducing GHG emissions at the Company level and advocating for policies that will support

1. Scope 1 and Scope 2 GHG Emissions

To support our management with respect to regulatory risks, we proactively monitor and assess Canada and British Columbia (“B.C.”) regulatory environments. Canada has already ratified the Paris Agreement, which establishes a framework for countries to reduce GHG emissions (thereby helping limit global temperature increases) and report on their GHG inventories.

Under the Paris Agreement, Canada has committed to reducing its GHG emissions by 30% below 2005 levels by 2030 and to achieving a net-zero emissions future by 2050. To meet long-term legislated emissions reductions, the province of B.C. has committed to reducing its GHG emissions by 40% below its 2007 levels by 2030. As part of its commitment, B.C. implemented a carbon tax in 2008. In April 2019, the tax increased from \$35 to \$40 per tonne of CO₂e emitted. However, in December 2020, the Government of Canada announced a new climate plan that includes a minimum carbon tax of \$170 per tonne of CO₂ by 2030. We monitor these trends and events through our regular risk assessments and business

the industry’s transition to a low-carbon economy. Our strategy to combat climate change includes reducing GHG emissions, collaborating with other stakeholders, producing steelmaking coal efficiently and adopting low carbon economy strategies in our operations and product distribution.

planning activities as we recognize the impact that new regulation may have on our operations.

To ensure we meet regulatory compliance and stakeholder expectations, we have processes in place at our operating sites to track and report our GHG emissions. Conuma reports 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 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 GHG emission reports.

We used the following standards and guidelines to develop our 2021 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 Reporting Regulations.

2. Collaboration

Climate change is a global challenge that requires collaboration between stakeholders, industry, and governments to develop appropriate policies. We identified key community stakeholders and groups through both formal and informal mapping exercises. Stakeholder identification processes are undertaken during the Environmental-Social Impact Assessment processes, the development of Impact Benefit Agreements (IBAs), and stakeholder consultations.

We continue to keep ourselves accountable to our stakeholders for their concerns, issues, and expectations. We continually listen, learn, share, and receive constructive feedback and comments regarding our mining activities. We manage community-related feedback and potential risks before they become grievances and lead to operational disruptions. Our stakeholder engagement processes ensure that stakeholders and project impacted Indigenous Peoples are informed about our current activities and plans.

Our environmental, regulatory and permitting teams lead our stakeholder engagement efforts. Our stakeholders were identified from the inception of our business in 2016. We remain committed to retaining high and consistent levels of engagement through to mine closure.

In the first half of 2021, we commenced the development of a Company-wide climate change strategy. The strategy will outline short and long-term initiatives to manage Conuma’s Scope 1 and Scope 2 GHG emissions, and it aligns with the recommendations of the TCFD.

We consult with stakeholders and Indigenous Peoples to ensure that:

- Issues are identified as early as possible to allow for proactive management;
- Community investment activities are aligned with the needs, plans and actions undertaken by Indigenous Peoples, local organizations and municipalities;
- Meaningful input on Conuma activities and projects is made possible;
- Collaborative solutions to climate-related risks are identified and implemented;
- 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; and
- Indigenous Peoples provide support to Conuma on regulatory and permitting needs.

In addition to formal engagement opportunities, we regularly organize mine site visits for Indigenous Peoples and local communities.

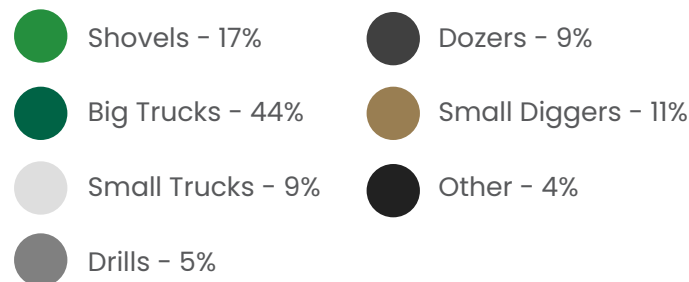
3. Energy Efficiency

Our operating sites utilize energy for multiple activities: fuel (for both mobile vehicles and stationary combustion), electricity (for processing and beneficiation operations) and explosives (for blasting). Across our operations, our processing plants are the most electricity-intensive operations, consuming more than 80% of the electricity we utilize.

Our mobile mining equipment consumes the most energy at our sites, representing more than 90% of our fuel usage. Haul trucks make up approximately 53% of that usage, with shovels, at 17%, making up the next largest contingents. The chart on the left shows our fuel usage by category of mining equipment

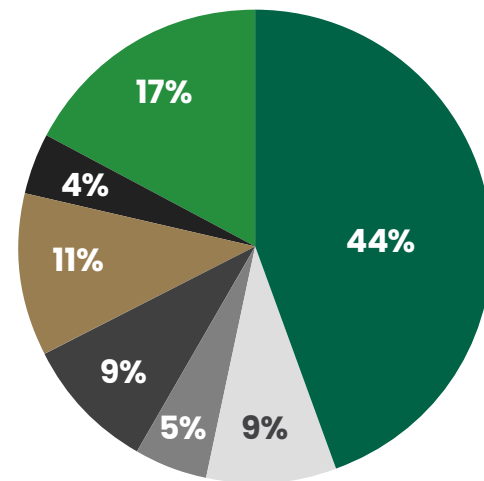
With this in mind, we are exploring multiple avenues to reduce our diesel consumption. With the installation of the Wenco fleet management system at two of our mining operations and the third planned to commence shortly, we will have additional tools to optimize mining efficiency and, in doing so, reduce the production of GHGs. We are planning increased use of electric-drive haul trucks, which have proved to be more fuel efficient in our operations. The use of alternative fuels such as LNG, or greener diesel, present options in the medium term to reduce GHGs, until equipment electrification becomes broadscale.

Diesel Burn by Equipment Category



We are investigating electrification in multiple areas, including installing electrical equipment such as shovels, and drills in the medium term where clean electric power is available. Our major mobile mining equipment providers are all actively innovating to design and build their own models of electric mining equipment. Of the various categories of equipment that can be electrified, haul trucks are the most critical given they constitute most of our fuel burn. However, they are also the most challenging equipment to electrify, given weight, terrain and durability issues.

We have commenced energy efficiency studies, which are going through to the middle of 2022. Where feasible, we are planning to switch from diesel generators to grid electricity for such uses as dewatering pumps and other equipment. We are also exploring additional energy conservation measures, such as installing low wattage, high-efficiency lighting systems, better insulation in site buildings, and encouraging employee behavioural changes through continued education and awareness sessions.



4. Renewable Energy

Our operating sites' current electricity usage **is nearly all from renewable sources**, thereby keeping our GHG emissions from electricity at a minimal level. B.C. Hydro, a Government owned corporation responsible for generating, purchasing, distributing, and selling electricity, generates nearly 98% of its electricity from renewable sources. At our operating sites, most of our electric power comes from B.C. Hydro. Our use of renewable hydropower allows us to lower our carbon footprint and mitigates our exposure to high energy costs and increasing utility prices.

We also use generators to power stationary equipment in our operations, such as light towers, and as backups in case of grid disruptions. In this regard, we are researching and meeting with potential partners and suppliers to assess potential renewable energy sources to significantly reduce the use of fossil fuels to generate electricity.

5. Waste and Hazardous Materials

All of our operating sites categorize different waste streams by classification according to criteria based on internationally accepted regulations, guidelines, and methodologies. This process ensures that we maintain strict control of procedures to mitigate any harm to the environment or our employees.

Our operating sites haul domestic and inert industrial refuse, such as wood and plywood, rubber, nonrecyclable scrap metal, building construction debris and plastic, to permitted offsite landfill and recycling facilities. Due to the remote location of our mines, limiting wildlife attractants is a focus. For this reason,

we store domestic food waste in locked containers before shipping it offsite to a landfill. Additionally, Conuma sorts and transports all recyclable beverage containers to collection facilities.

For all hazardous waste materials (such as used oils and lubricants), we have engaged contractors who work closely with our environmental staff to facilitate proper waste management and disposal of hazardous materials offsite per the B.C. Hazardous Waste Regulation ("HWR") and federal Transportation of Dangerous Goods ("TDG") regulations.

5. Reclamation

At Conuma, we have an excellent record of successfully reclaiming mined lands because we plan the reclamation of mined areas before any disturbance is commenced. Reclamation considerations are an integral part of our operational strategies, and each operating site develops and maintains reclamation plans according to pre-determined objectives. In many cases, reclamation is done concurrently with extraction to expedite the process. After mining concludes, we will reclaim or continue to reclaim the site and monitor the land. In addition, site operations continue to partner with Indigenous Peoples in the reclamation process, particularly in civil works and reseeded.

Reclamation planning includes:

- Progressive reclamation and long-term vegetation monitoring across sites to achieve ecosystem succession to meet reference trajectories;

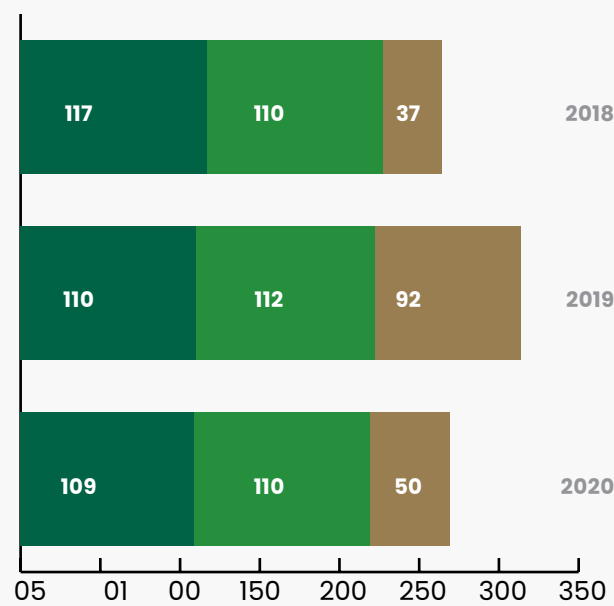
- Investigating reclamation vegetation prescriptions to factor in the potential impacts of climate change; and
- Investigating the use and implementation of Canadian Carbon Budget Models to quantify carbon stocks (above and below ground) and potential for carbon-offsetting

All of our operating sites have closure plans and frameworks in place, aligned with current stages of operations. We adopt a strict regime for mine closure, including annual mine cost updates. We also review our conceptual closure plans regularly to include both environmental and social impacts of the closure.

Scope 1 and Scope 2 Emissions

Consumption of diesel makes up 64% of our CO₂ emissions, while fugitive methane from mining operations makes up 35%. Diesel is consumed principally in removing overburden material and ore extraction and transportation to the beneficiation plants. Electricity is consumed principally in the beneficiation plants and workshops and, as per the B.C. Hydro guidelines is 98% sourced from renewable sources.

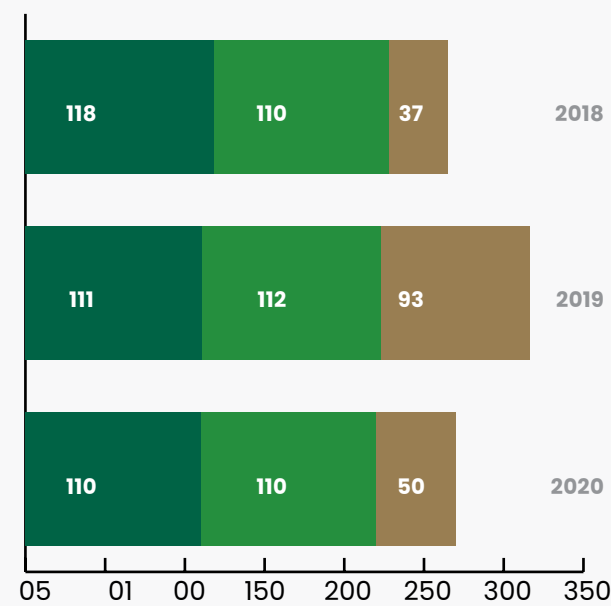
Scope 1 Emissions (kt CO₂e)



● Wolverine Mine ● Brule Mine

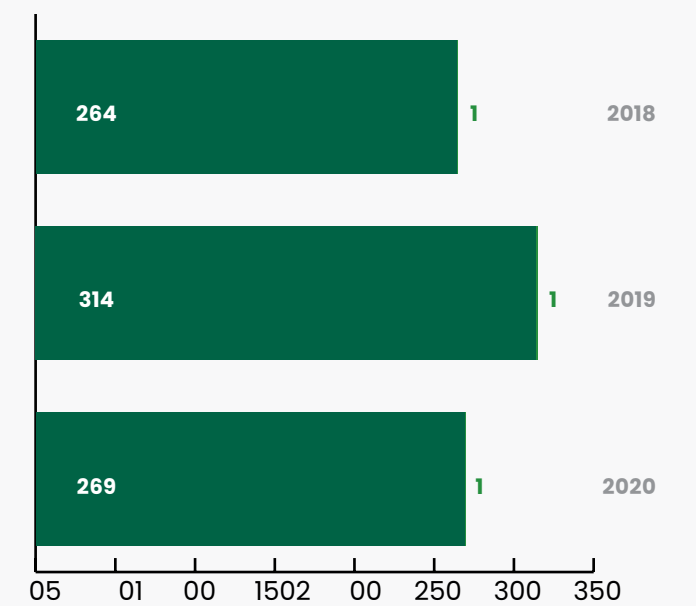
METRIC	WOLVERINE MINE			WILLOW CREEK MINE			BRULE MINE			TOTAL		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
CO ₂ (kt/year)	70.9	64.9	76.2	60.0	33.4	35.5	53.5	69.0	75.4	184.4	167.3	187.1
Diesel Consumed (MI)	26.4	24.3	28.5	22.5	12.3	13.2	19.7	25.2	27.6	68.5	61.8	69.3
CH ₄ (kt/year)	1.4	1.7	0.95	1.2	0.6	0.6	2.2	1.5	1.4	4.9	3.8	1.9
Total Scope 1 CO₂e (kt)	110.3	109.2	103.4	92	49.5	50.9	111.7	110.3	112.9	313.9	269.1	267.2
Energy Consumption (GWh)	18.3	20.4	19.9	20.3	19	17.7	3.6	3.9	5.7	42.2	43.2	43.3
Scope 2 CO ₂ e (kt)	0.5	0.6	0.6	0.6	0.6	0.5	0.1	0.1	0.2	1.3	1.3	1.3
Scopes 1&2 CO₂e (kt)	110.8	109.8	104.0	92.6	50.1	51.4	111.8	110.4	113.1	315.2	270.3	268.5

Scope 1 & 2 Emissions (kt CO₂e)



● Willow Creek Mine

Scope 1 & 2 Emissions (kt CO₂e)



● Total Scope 1 ● Total Scope 2

Appendix 1 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 an annual climate change-related disclosure reports. These reports follow the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) ([Link](#)) as well as the Final Report of the Expert Panel on Sustainable Finance ([Link](#)).

The first four climate disclosure reports are prepared in the form of a Phase 1 report as 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

Appendix 2 Governance

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 oversee the effective management of climate-related risks and opportunities. 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.

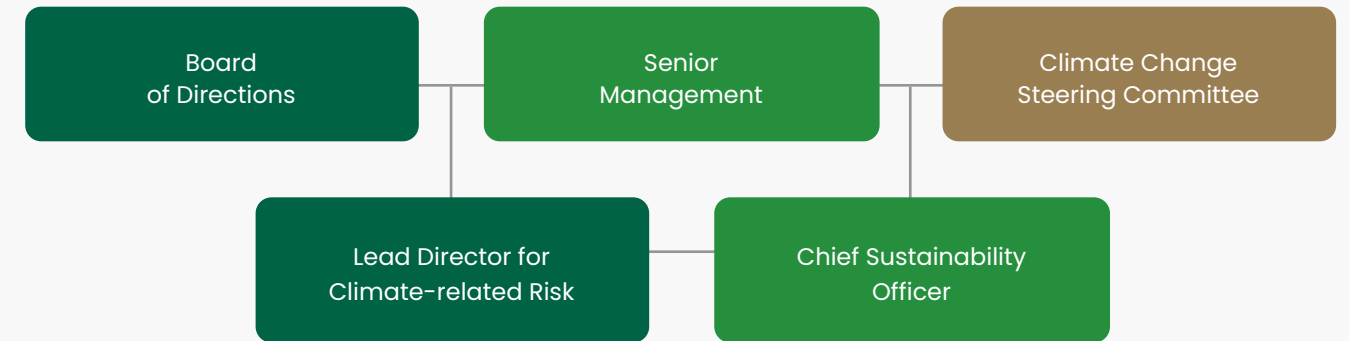
2. Ensure that all Directors, individually and collectively, retain sufficient knowledge and current education to effectively discuss and take decisions informed by an awareness and understanding of climate-related threats and opportunities. Where necessary, Directors will also seek the advice of external 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.

A. 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 and will review planned and completed action plans in the six to the 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 will include but not be limited to annual strategic and five-year plans, new mine development, annual 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. In each of these meetings, they will review risk mitigation and opportunity development.
- 5. At each bi-annual meeting, Senior Management will present, 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 following chart illustrates how climate change has been integrated into the organizational structure of the business

Climate-Change Organizational Structure



Climate-Change Business Interfaces for Decision Making



B. 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 remain 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 (takes approximately one hour) 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 and TCFD reporting in particular. Directors are encouraged to read these where possible to increase their knowledge on the subject and stay current on climate news and science as these evolve. Senior Management will advise of new and recommended reading material at each bi-annual meeting.

Notes for the Record

The Board of Directors met on Monday, May 17, 2021, at 8.00 am PST to review the proposed TCFD framework for the Company. In the meeting, Directors endorsed the following:

1. The Company's commitment to contributing to achieving Canada's Climate Change Commitments
2. Board of Director governance model for managing climate change
3. The Senior Management governance structure for managing climate change
4. The appointment of Nimesh Patel to take a lead Director role in managing climate change
5. The formation of the Climate Change Steering Committee, to be chaired by the Chief Sustainability Officer
6. The Company's draft first-phase climate report to be submitted to Canada Enterprise Emergency Funding Corporation ("CEEFC") and published on the Company's website by June 1, 2021

The Board of Directors met on Monday, November 15, 2021, at 9.30 am PST to review progress on climate-change matters for the Company. In the meeting, Directors reviewed and discussed the following:

1. The actions and meeting of the Climate Change Committee, which was chaired by the Chief Sustainability Officer
2. A comprehensive list of climate-related transition risks facing the Company, reviewing in particular the transition risks related to increasing fuel taxes and capital market impacts, with respect to future debt rollovers and raises.

3. Directors supported the increased investment of resources in 2022 to design and develop a robust plan to economically reduce the Company's Scope 1 and 2 carbon intensity by 15% by 2030, when compared with our 2019 emissions.

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:

- Utilize the best available information and relevant experts on climate risks and opportunities to make the most informed recommendations and decisions.
- Have external experts audit, from time to time, the organization's climate-risk capability.
- 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.

- Recruit and retain sufficiently skilled senior management that can effectively manage climate-related risks and impacts.
- On an ongoing basis, assess the short-, medium- and long-term materiality of climate-related risks and the Company's opportunities.
- Ensure that the business's actions and responses to climate are proportional to the Company's materiality.
- Integrate climate-related materiality assessments into the budget and operating cycle planning.
- Ensure that climate systemically informs strategic investment planning, decision-making processes and risk management and opportunities across the organization.
- Commit to performance incentives that align with the Company's long-term prosperity, as impacted by climate-related changes.
- 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.
- 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.
 - Formally review with Directors on a bi-annual basis, progress and compliance with this framework.
 - 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.
 - Establish a Climate Change Committee, which will include management representatives from sustainability, operations and finance.
 - Ensure that they consider all material business and project assessments under at least two different climate scenarios.
 - Use similar quality assurance and compliance approaches for climate-related financial information as for finance, management, and governance disclosures.
 - Include relevant climate-related risk disclosures in the annual Management and Discussion and Analysis (“MD&A”) report provided to our lenders and Bond investors together with the yearly financial statements.
 - 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

- Senior Management, represented by the Chief Sustainability Officer, will consistently focus on the progress towards and compliance with the TCFD Framework.
- Climate Change Committee meetings, for which Senior Management will record minutes and actions, will cover updates on climate risk assessment and will review, with the ESG team, planned and completed action plans in the six to 24-month horizon to mitigate identified climate risks.
- Per the Company’s TCFD framework, the Board will require and receive climate-related impact analysis on submissions for Board review and approval. These will include but not limited be to annual strategic and five-year plans, new mine development, annual budgets and quarterly forecasts, major capital expenditure and material contracts.
- The Chief Sustainability Officer, with the support of Senior Management, will be responsible for managing all matters relating to the 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

- » Ensuring that climate systemically informs strategic investment planning, decision-making processes and risk management and opportunities across the organization.
- » Integrating climate-related materiality assessments into the budget and five-year operating plans.
- 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.

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, Senior Management of the business will commit to proactively remain 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.
 - 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 and TCFD reporting in particular. Senior managers must read these where possible to increase their knowledge on the subject and stay current on climate news and science as these evolve. The Chief Sustainability Officer will advise of new and recommended reading material from time to time.
- 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>

conumaresources.com

