



**TRANSPARENCY  
ACCOUNTABILITY  
INNOVATION**

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**2017**

**SUSTAINABILITY REPORT**

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## ***NORTH COAL LIMITED***

North Coal Limited is an emerging metallurgical coal producer located in Sparwood, BC. The company is focused on the exploration and development of the proposed Michel Coal Project, located in the Crowsnest Coal field in the Elk Valley. North Coal has the rights to explore over 5,000 ha of coal licence area within the Corbin Valley, 15 km southeast of Sparwood, which hosts the Loop Ridge, Michel Head and Tent Mountain coking coal deposits. The Michel Coal Project has an estimated mine life of over 20 years.

# OUR APPROACH TO SUSTAINABLE DEVELOPMENT

## **NORTH COAL LIMITED'S GUIDING PRINCIPLES GOVERNING HOW WE CONDUCT OUR BUSINESS.**

**Adhere to Responsible Land Stewardship Principles** – We work to reduce our environmental impact during exploration, construction, operation and mine closure for the benefit of current and future generations.

**Protect Sensitive Habitats and Species** – We operate responsibly by avoiding or mitigating disturbance of sensitive habitats, conserving biodiversity, and protecting wildlife within the lands under our care.

**Safeguard Water Resources** – We work cooperatively with First Nations, government agencies and communities to ensure that our mining operation meets the goals and objectives of the Elk Valley Water Quality Plan.

**Involve First Nations and Communities** – We work to build strong, respectful relationships with First Nations, governments, local residents, community leaders, and organizations by engaging in early, transparent and continuous dialogue through which issues and concerns can be effectively understood and addressed.

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

**Undertake Progressive Restoration** – We will undertake progressive rehabilitation of areas affected by our activities, reclaiming and restoring the land to a healthy, productive state to optimize future use.

**Leave a Positive Legacy** – We work collaboratively with First Nations, communities and governments to develop new opportunities that provide tangible benefits that extend beyond the life of our project.



## **MESSAGE FROM THE EXECUTIVE DIRECTOR AND COO**

It's our privilege to present our first Sustainability Report and introduce you to North Coal Limited (North Coal), formerly CanAus Coal Limited.

We rebranded the company as North Coal because we felt the new name and visual identity more aptly reflects our market position as a developing Canadian coking coal mining company operating in British Columbia. The rebranding also marks an important milestone in the company's evolution from an exploration company to an emerging coal producer.



From our earliest days of exploration in the Elk Valley, we committed to take an innovative approach to mining that makes a meaningful difference in the communities where we work. To meet this commitment, we have held ourselves to the highest standard of transparency and accountability in developing our project.

We are continuing with the Environmental Assessment process for the permitting of the Michel Coal Project in the Elk Valley. Our progress in moving this project forward is a direct result of the valuable input and support we have received over the years from the Ktunaxa Nation, members of the community, local governments, various organizations, NGOs, and local scientists and engineers.

We have always made a point of engaging and involving First Nations, local residents, community leaders and organizations in meaningful dialogue early in the planning process to identify issues and concerns, particularly those pertaining to water quality, fish and wildlife, so we could jointly find solutions that would help minimize our environmental footprint.

We also understand the importance of maintaining a safe and healthy workplace ensuring all employees and contractors are prepared and equipped to perform their work safely every day.

Looking forward, we realize that while we have a good track record on which to build, there is still plenty of work ahead. Our pledge is to continue to engage the community and share our plans and progress with you.

On behalf of everyone at North Coal, we would like to thank you for your ongoing support and involvement in our project. We are looking forward to this next stage in our company's development and particularly working together to help build a sustainable future in the Elk Valley.



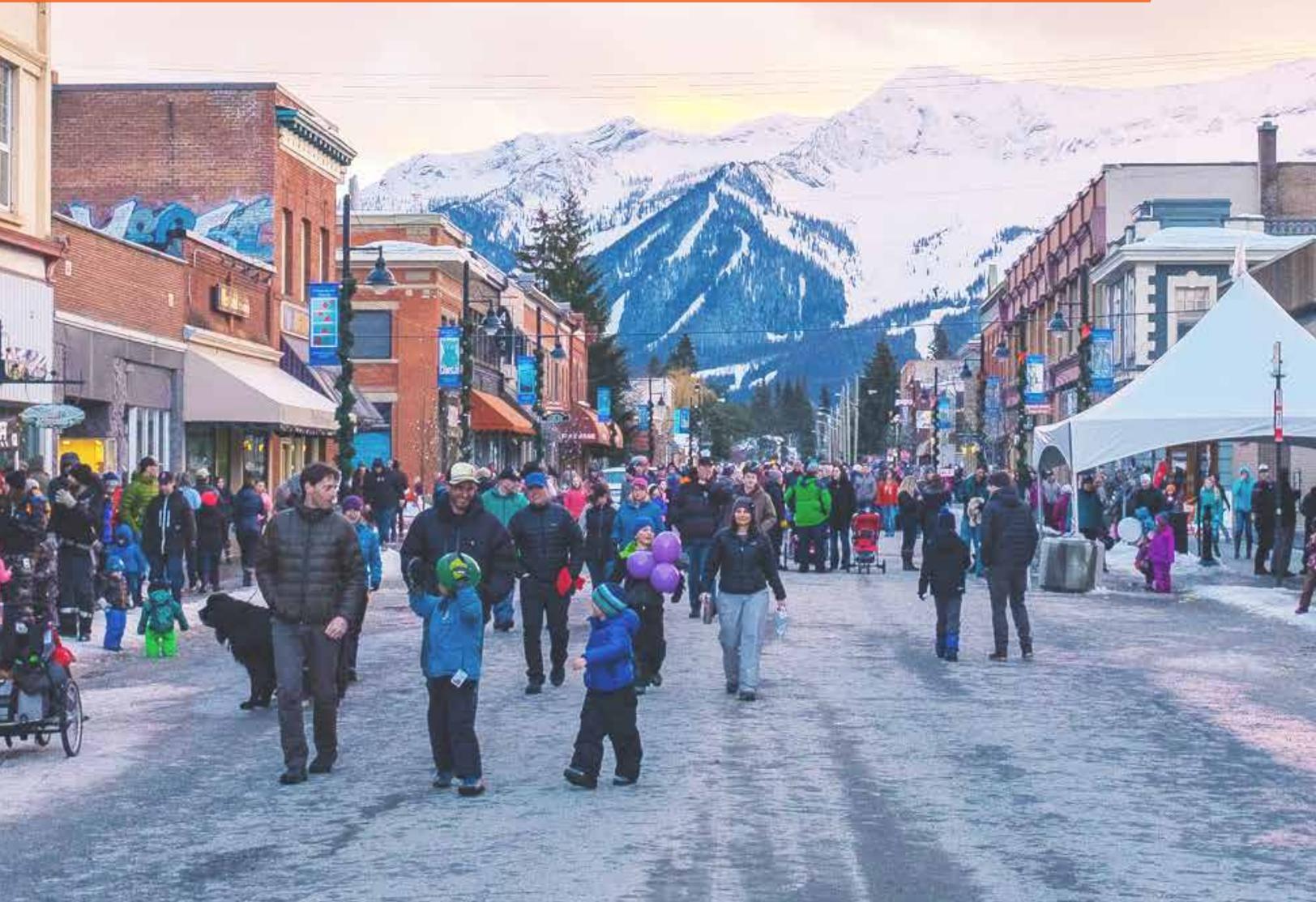
Brian Hill  
Executive Director



John Pumphrey  
Chief Operating Officer

# ***BUILDING TRUST***

At North Coal Limited, we recognize that trust has to be earned each and every day. That's why we place a high priority on embedding Transparency, Accountability and Innovation into all aspects of our daily operations. We will always be open and transparent in our interactions with First Nations, government, local residents, community leaders and organizations about our activities and future plans. We will continue to look for and incorporate new, innovative features into our mine design to reduce environmental risks. We will also be accountable for the safe, responsible operation of our project. Our overriding goal is to make a positive social, economic and environmental contribution where we live through a commitment to safe operations, collaboration and sustainable management of the land and resources under our care.



# ENGAGING AND SUPPORTING OUR COMMUNITIES

From the very beginning, we committed to do more than just inform the community about what our plans are for developing the Michel Coal Project. We have worked to tailor consultation sessions to the specific needs and situations of First Nations and communities. We will continue to engage with and listen closely to stakeholders to fully understand key issues important to those affected by what we do and endeavor to incorporate community values into our mining plan.

We understand community concerns about water quality, and have introduced innovative water management features into our mine design to comply with the Elk Valley Water Quality Plan (also known as the Area Based Management Plan). We also recognize the importance of taking a balanced approach to resource development. North Coal is an active member of the Elk Valley Cumulative Effects Management Framework and is committed to collaborating with other industry players to reduce the cumulative effects of our operations, including identifying opportunities for setting aside portions of land to conserve biodiversity and protect wildlife habitat.

North Coal employees are actively involved in the communities where they live, and we encourage our team members to dedicate their time and talent to support organizations and causes that are important to them. Our employees are avid hunters, hikers, fishers, and active recreational users of the land. They share many of the same concerns about protecting water quality, access to the land, preserving biodiversity and sustaining healthy wildlife populations. This understanding brings with it a shared responsibility to make our communities better places to live, work and grow.

As a dedicated partner in the community, North Coal works to improve the vitality of our region by supporting numerous organizations, social causes, industry and business events that contribute to the well-being of our region. Over the last few years, we have supported sports teams and events, recreational groups, and business organizations, including:

- Providing funding for research on elk populations in the Elk Valley;
- Hosting hunting camps for Ktunaxa youth;
- Sponsoring the National Western Mine Rescue Competition in Fernie; and
- Providing hydrology data to regulators to assist with managing Michel Creek during drought periods, among many other initiatives.

We are also committed to regional economic development through local procurement policies, providing employment and business opportunities in the region.

North Coal's roots run deep in our communities. We firmly believe that our collective prosperity depends on working together to ensure our operations provide meaningful, lasting benefits that meet the needs and expectations of the communities where we operate. We believe it is possible to leave a positive legacy from responsible mining and are dedicated to making this a reality.



## **WORKING COLLABORATIVELY WITH FIRST NATIONS**

North Coal recognizes that our proposed project lies within the traditional territories of the Ktunaxa Nation. We respect the important role the Ktunaxa play as stewards of the land, recognize their rights and title to their traditional territories and support the UN Declaration on the Rights of Indigenous Peoples.

During the initial exploration stage of the Michel Coal Project, we consulted with the Ktunaxa Nation early to inform them of our intentions and to obtain their input on the proposed project with the objective of establishing a long-term mutually beneficial working relationship.

Through an ongoing exchange of information with the Ktunaxa, we have gained a greater understanding of their values and concerns related to water quality, wildlife protection, biodiversity and access to the land for hunting, fishing, hiking and other recreational pursuits. This two-way information flow enabled North Coal to make better decisions on the proposed mining plan that will help preserve biodiversity, protect valuable water resources and wildlife habitat, promote the reclamation of disturbed areas, and ensure continued use of Ktunaxa lands for traditional purposes.

We are currently working with the Ktunaxa on our environmental baseline studies to identify culturally significant sites that need to be protected as well as identifying suitable native plants that will be used during the reclamation phase of the project to return the area to a productive state after mining has been completed.

As we continue with the Environmental Assessment process, we will maintain ongoing discussions with the Ktunaxa on the best way to accommodate their traditional, cultural, economic and social values and interests as part of our mining operation.

# RESPONSIBLE ENVIRONMENTAL MANAGEMENT

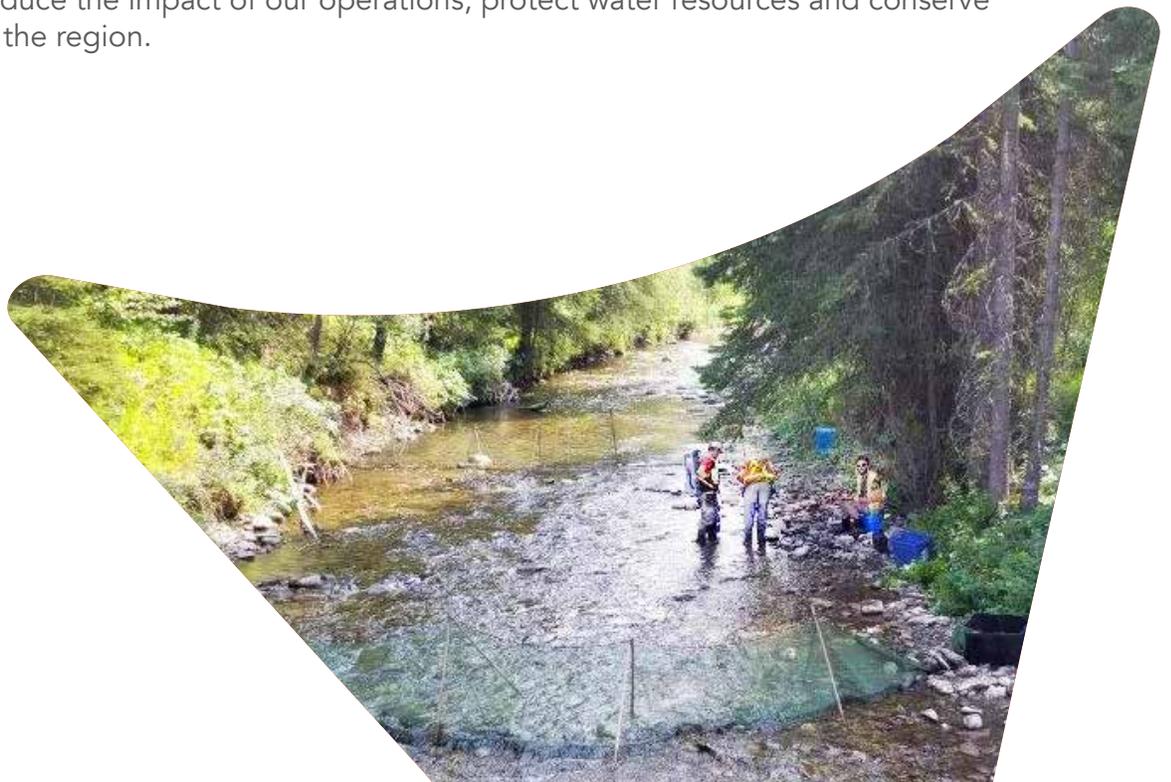
North Coal has incorporated best practices and innovative technologies from around the world into our mine design to reduce waste generation, protect our precious water resources and minimize landscape alteration.

As our project develops, we will continue to integrate novel engineering and environmental design features into our project to achieve strong environmental performance. We will build upon our plan to achieve “water quality by design” which focuses on minimizing the release of selenium and other substances of concern into Michel Creek. This will be achieved through a unique combination of innovative waste rock management techniques and water treatment initiatives to help meet water quality targets.

Particular attention has been paid to conserving and protecting water during construction, operation and decommissioning of the mine. This includes introducing measures to capture, re-use and recycle water during operations. Water quality will be carefully monitored through all stages of the project to ensure North Coal complies with the Elk Valley Water Quality Plan.

We have eliminated the need for tailings ponds. Instead, water will be removed from processed tailings and the resulting dry tailings will be blended with waste rock and returned to the pits or waste rock disposal areas, significantly reducing environmental impacts.

Progressive reclamation and decommissioning will contribute to the effective management of water quality, mitigating impacts on habitat and restoring affected areas to a safe, clean, natural state. Together, these measures will help us fulfill our environmental stewardship obligations, reduce the impact of our operations, protect water resources and conserve biodiversity in the region.



## **LEAVING A POSITIVE LEGACY**

Our accountability extends far beyond the mining life cycle. We will incorporate reclamation into every stage of the mining process, with a vision and plan for productive and natural post-mining land use.

To reduce our environmental footprint, reclamation of the mine site will be carried out progressively while mining is underway. Removal of topsoil and subsoil will be undertaken in small blocks, stored onsite, graded and revegetated to reduce erosion. In order to keep total mine disturbance to a minimum, the stored soil will be reused during progressive reclamation. Pits and waste rock piles will also be designed and constructed to reduce the potential for erosion and infiltration to support healthy ecosystems once restored. During the reclamation period, restored land will be graded and sloped to blend in with the natural topography of the area.

The waste rock dump covers have been specifically designed to promote water runoff and decrease air and water infiltration, minimizing the potential for ongoing selenium formation thereby protecting water quality post-closure. Measures have also been taken to prevent water coming into contact with disturbed areas by diverting water entering the site to designated catchment areas as part of our ongoing commitment to “keep clean water clean.”

We plan to work closely with the Ktunaxa Nation to select suitable native tree, shrub, and grass species to be replanted in affected areas to enhance biodiversity and support productive land use. Our objective is to restore the land as much as possible to its natural state. Ultimately, post-closure land-use will be decided through consultation with the Ktunaxa Nation and the community as part of the Environmental Assessment process and operational management.

To ensure we have met our environmental obligations, we plan to maintain and monitor the restored site post-closure so we can detect and respond to any long-term physical changes if required.

All aspects of our mine plan have been designed to reduce risk, minimize impacts and leave an environmentally-sound landscape that can be used in perpetuity. Our overriding objective in everything we do is to make a meaningful contribution to social, economic and environmental health so that we can leave a positive legacy for future generations.



*Our overriding goal is to make a positive social, economic and environmental contribution where we live through a commitment to safe operations, collaboration and sustainable management of our land and resources.*



## **BC COAL FACTS:**

- Coal has been mined in BC for more than a century. Coal mined in the province is primarily metallurgical coal, an essential component in the production of steel.
- Steel goes into almost everything we touch and use from cars, buildings, ski hill infrastructure, bikes, fridges and stoves.
- In BC, coal deposits are concentrated in the foothills of the Rocky Mountains, northeast of the Peace River Region, and southeast in the Kootenays, while also being found on the east coast of Vancouver Island.
- There are 8 coal mines in operation around the province.
- Metallurgical coal represented 40% of BC's mining sector revenue in 2016 and is the top mining sector earner for the province.
- Most of the coal produced in BC is sent to Asian countries, including Japan, China, South Korea and India. It is also shipped to countries in Europe, North and South America.
- British Columbia was one of the first provinces in Canada to enact mining reclamation legislation, requiring companies to restore the land that has been disturbed to a state where it can be used again or to a natural state.
- The coal industry is regulated by no fewer than 10 government agencies responsible for oversight and it adheres to regulatory permits and requirements set by federal, provincial, regional and municipal governments and other agencies.



North Coal Limited  
#5000, Highway 43  
Sparwood, BC  
V0B 2G1

[northcoal.ca](http://northcoal.ca)