West Cumbria Mining Statement: 5th March 2021

Since 2014, West Cumbria Mining (WCM) has been working to develop and deliver a new, state of the art, underground mine in West Cumbria to supply specialist steelmaking coal to the UK and EU steel industry.

This has now reached a critical point, in that to allow the project to continue, the award of planning permission is essential and urgent.

WCM submitted its planning application to Cumbria County Council (Cumbria CC) in May 2017 and has subsequently received three successive resolutions to approve from the Development Control & Regulation Committee (DC&R). The Secretary of State (SoS) has twice formally considered calling in the application and has consistently declined to do so, most recently in February 2021 after receiving representations about the Climate Change Committee (CCC) report published in December 2020.

We have worked tirelessly to bring this project to fruition and were days away from the formal execution of the necessary s.106 agreement, which was with Cumbria CC for execution, having been signed by all other parties, and the issue of the final, formal planning permission.

On the 9th of February 2021, to our shock, Cumbria CC formally issued to WCM (via email) notification that they had decided to refer the planning application back to committee for a fourth time, following a threat of legal challenge by Richard Buxton Solicitors on behalf of South Lakes Action on Climate Change (SLACC) and the issuance of the CCC report. At the same time as advising WCM, Cumbria CC issued a formal press release and wrote to local MP's confirming their decision.

WCM strongly believes that the decision to return this to Committee again, at the eleventh hour and after comprehensive, extensive and prolonged consultation and consideration, cannot be justified and is based on a misunderstanding of the relevant law and facts.

Since the 9th of February 2021 announcement, WCM has been assessing the impacts of the decision and reviewing the potential routes forward for the project. We are determined to do all we can to deliver the economic and environmental benefits of this project. That requires urgent progress to the issue of the planning permission.

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As a result of the actions taken by Cumbria CC, WCM concluded that the only course of action was to explore legal options to secure the future of the project. Subsequently, WCM has instructed Hogan Lovells, a highly recognised and reputable international law firm, to take legal action on concerns that Cumbria CC 's decision-making process is robust and in accordance with the established framework.

As the next step in this process, we have today (5th of March 2021) lodged formal papers with the High Court to commence Judicial Review proceedings in respect of Cumbria CC's decision to refer the matter back once again to committee. This follows continued attempts to resolve this, including the issuance of a pre-action protocol letter by WCM to Cumbria CC, but which regrettable has not resulted in a satisfactory response to this matter.

WCM believes that it has been placed in an impossible position, whereby Cumbria CC have failed to conclude the issue of the planning permission based upon the possible actions of campaign groups and the 6th carbon budget advisory report to the UK Government. WCM is already bound by planning conditions to ensure that operational GHG emissions are so low that they would be within any and all of the 4th, 5th and 6th carbon budget recommendations.

Mark Kirkbride, CEO of WCM commented *'it is extremely regrettable that WCM has been placed in this position after committing so much time, resource and private funding to achieve a robust planning approval and social licence to operate. We were focussed on moving forwards positively in early 2021 with our investors to construct this project to deliver much needed jobs and economic investment into West Cumbria and across the North in the post Covid-19 recovery.'*

'The latest actions of the council have created a very real risk that the project will never be delivered, which would be devastating for West Cumbria, as well as the Northern Powerhouse and Industrial Strategy initiatives. I shall continue to do all that I can to deliver this project and the clear benefits it will provide.'

WCM will not be issuing any further statements or providing commentary or interviews at this time. Supporting notes have been provided for reference and clarity.

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Supporting Notes

1. WCM is a privately-owned business that holds three coal exploration licences granted by the UK Coal Authority, which collectively cover an area of approximately 200 km^2 of land and seabed off the coast at Whitehaven in West Cumbria.
2. Since October 2014, WCM has undertaken extensive exploratory drilling within the license area, with a large number of core samples from target coal seams recovered and submitted for laboratory testing. Based on this exploratory work, WCM estimate that there are over 750 million tonnes (Mt) of excellent quality metallurgical coal across the license area.
3. WCM has invested more than £36 million of private funding to date in the project development, known as Woodhouse Colliery. There has been no government or taxpayer funding.
4. The scheme has been fully supported by a wide range of stakeholders, including MP's, government ministers (across many Whitehall departments), local mayors, councillors and industry. Local public are overwhelmingly in support of the scheme (greater than 90% supportive).
5. There has been a distortion of the facts as they relate to the information published by the CCC advising on the sixth carbon budget. Some reports have mistakenly assumed the project is concerned with the extraction of coal as a supply of fuel when in fact the proposed planning conditions make very clear that the only coal that may be extracted from the site is that which is suitable to be used in association with the industrial process for steel manufacture.
6. Moreover, the advice published by the CCC does not contain sectoral carbon budgets. Instead, it presents a series of exploratory scenarios that have been used to develop an illustrative pathway to compliance with its recommended sixth carbon budget. That pathway is expressly not prescriptive and does not purport to limit emissions that may arise in any one sub-sector of the economy.
7. Nothing in the information published by the CCC affects the modelling of the GHG emissions that have already been considered by the Council at previous Committees or the categorisation of their significance. The Council was aware of the steeply declining future carbon budgets required to meet the net zero target and secured a GHG review mechanism as part of the negotiated planning obligation to ensure that the position could be kept under review.
8. At the previous planning Committee, the Council's ultimate conclusion was that the proposed development would result in a global reduction in GHG emissions due to the effect of substitution and the reduction in transport distances . Nothing in the CCC's recent report and supporting information has any effect on that conclusion.

Metallurgical Coal Facts

1. Independent industry analysts have demonstrated that there is a sustained and long-term demand for coking coal, showing that demand levels up to 2050 will be very similar to the current demand, due to the continuing year on year growth in global steel production, with this allowing for any increase in recycled steel and gradual shift to innovative and alternative emerging technologies.
2. Metallurgical coal is a premium grade product due to its relative scarcity and is listed by the EU as one of 27 critical raw materials. WCM's specific coal type is very rare and is only found in certain regions of the UK and Central and Eastern USA.
3. Coke is produced at the steelworks by blending various grades of metallurgical coal and then baking it in an oven to produce a pure form of carbon; the coke acts as a reductant in the furnace as part of the chemical reactions to produce molten iron.
4. The UK currently imports all of the metallurgical coal used to produce steel in the UK, chiefly from America, Russia and Australia. The UK imported 6.5Mt of coal in 2019, of which almost 3Mt was used in the steelmaking industry.
5. WCM's drilling core samples have confirmed that the coal is premium-grade High Volatile Hard Coking Coal with ultra-low levels of ash (less than 4%), extremely-low levels of phosphorous (less than 0.001%) and excellent 'caking' characteristics (fluidity and dilation) that are at the highest end of the known comparable range. This means the coal is a premium High Volatile 'A' product, with desirable performance characteristics.
6. WCM's coal is of a very high quality and the steel manufacturers who have been supplied with a copy of the detailed WCM coal specification remain most interested in purchasing coal from a UK source.
7. The actual coal specification target levels are not the same as the maximum cap levels which were referred to in the planning considerations; various parameters of the metallurgical coal product can and would be carefully controlled to meet defined limits within a state-of-the-art coal processing plant (constructed at the mine site) prior to transportation to customers.
8. Recent comments regarding the WCM coal quality (in particular sulphur levels) are incorrect and baseless. The product quality will not be compromised and will be suitable to substitute for coal currently being imported from the USA to both British Steel and Tata Steel. To be clear, the product sulphur levels will be in the range of 0.8% to 1.4%.
9. Historically, the former Haig Colliery (located next to the proposed Woodhouse Colliery working area) supplied metallurgical coal to Workington steelworks for many years

without any issues in relation to product quality, nor did this have any detrimental impact on the quality of the steel produced, which was famous for exporting very high-quality railway rails around the world.

10. New and emerging steelmaking technologies will not be commercially applicable until after 2035, with realistic timelines running beyond 2045 and 2050. As a result, independent forecasts show that there will be a consistent demand over the next 28 years for the supply of metallurgical coal during this transitioning period. The emergence of carbon capture, utilisation and storage, as well as other innovative solutions, will also become commercially applicable over the same time periods.
11. As a region, the EU steel industry is still the second largest producer globally, producing 139Mt of steel in 2020 and importing around 52Mt of metallurgical coal.
12. Global crude steel production reached 1.87 billion tonnes (Bt) in 2019, with approx. 305Mt of global seaborne metallurgical coal exports. Steel consumption is forecast to grow consistently, by around 3% per annum globally, over the next two decades.
13. The USA, Canada, Russia and Australia all continue to open new metallurgical coal mines. The USA alone produces 108Mt of metallurgical coal annually whilst exporting 67Mt of this metallurgical coal. Overall coal production in the USA was 640Mt in 2019.
14. More than thirty percent of all global steel is already produced from scrap steel using the electric arc furnace technique, however there are practical limitation on the industry increasing this further due to the limit on scrap steel availability and significant electricity consumption and supply requirements.

WCM Project Facts

1. WCM production would commence within 18 months from the start of construction, and in the first-year production would be around 426,000 tonnes, with a significant proportion to supply the UK steel industry.
2. Full production would be reached in Year 9 of operation, with a target of 2.6Mt of metallurgical coal.
3. UK exports are essential in a post Covid-19 economic recovery for the UK. WCM would generate a contribution to UK GDP of £1.6 billion over the first 10 years of operations.
4. The annual operating spend into the local and UK economy will be approx. £148 million.
5. WCM is a UK company and will pay around £300 million in tax over the first 10 years of operations.

6. There are only 55 businesses in Cumbria employing 250 people or more; clear evidence of the low core employment base in the county.
7. WCM has committed to recruit at least 80% of employees locally, from within 20 miles of the mine, including 50 apprenticeships.
8. Each job created by WCM will be highly paid (average salary would be £51,250) and the equivalent of at least two average salaried Cumbrian jobs. If approved, WCM would engage up to 180 employees within the first 12 months and gradually increase this to over 500 direct jobs with another 2,000 created across the wider supply chain.
9. The alternatives to WCM coal are sourced predominantly from the USA, often from open-cast mines which leave a footprint of environmental devastation and far greater methane emissions than an underground mine. By not allowing this project, Cumbria CC in effect condones the most destructive form of mining in other countries, with far higher methane and transport emissions.

Climate Facts

1. Greenhouse gas assessments completed by independent advisers for Scope 1 and Scope 2 emissions (operation of Woodhouse Colliery and transportation of product) demonstrated that at full production, using the most conservative assumptions, these would be a maximum of 370,000 tonnes carbon dioxide equivalent per annum (tCO_2e).
2. WCM is committed by planning conditions to a series of measures to significantly reduce these operational emissions, including the use of renewable electricity across the whole Colliery, resulting in an 85% reduction in emissions. Further measures, including the use of biofuels and a fleet of electrical equipment and plant, will aim to reduce the greenhouse gas emissions (GHG) by a further 5% of the conservative assessment, bringing annual emissions down to less than 40,000 tCO_2e. This would see the contribution of Woodhouse Colliery to UK emissions reduced from being 0.113% to just 0.01% of all UK emissions.
3. WCM will also implement carbon offset schemes, with tree planting and rewilding schemes in Cumbria to further reduce the operation to reach a net carbon zero operation. This would place the UK in a leading position compared to other metallurgical coal mines around the world.
4. Opening a new, specialist mine in the UK to supply the steel industry, will save carbon emissions as a direct result of the reduced shipping involved in the transportation of coal from distant countries. These emissions are reduced by 625% vs Australian sourced coal, and 255% vs USA sourced coal.
5. The Climate Change Committee is clear that reducing the UK's emissions should not be at the expense of pushing jobs and emissions overseas.

6. UK GHG emissions in 2019 were 354MtCO2e, the equivalent of 1.07% of global emissions.
7. The UK must not hide behind the importation of materials and goods (which often carry with them higher carbon footprints) or consider that offshoring of emissions is an acceptable route to under-reporting in respect to the reduction of overall UK GHG emissions. The consumption-based emissions (annual production emissions adjusted for trade emissions) for 2018 would increase from 364Mt to 540Mt CO_2e.
8. In contrast, China is the largest producer of GHG globally. In 2019 they produced 10.17Bt of CO_2e, which was 31% of global emissions (which were around 33Bt CO_2e). China have also stated that these emissions will continue to grow through the 2020's at a rate of around 4% per annum. For clarity, 4% of 10.17Bt is equivalent to more than 407Mt each year. Thus, China's annual emissions increase will be greater than the whole of the UK's annual emissions.
9. The top four categories of emissions in the UK are Transport, Energy Supply, Residential and Business; these account for almost 97% of all UK CO_2e emissions.
10. The iron and steel sector accounted for less than 2.7% of all UK emissions in 2018.
11. A review of international data up to 2018 (the most recent year available) demonstrates that the UK has seen the fastest decline in CO_2 emissions of any major economy around the world.
12. The UK Government has already committed to the complete phase out of thermal coal for power generation by 2024. No other major economy has committed to such a rapid phase out process.