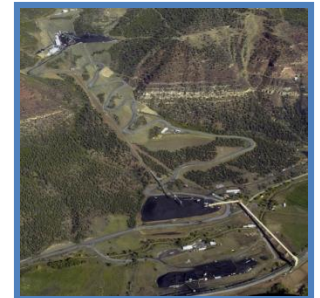
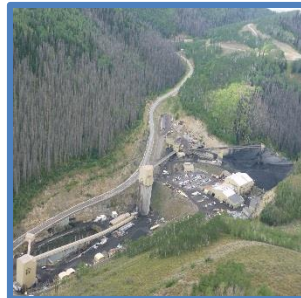




Public Utilities, Energy and Technology Interim Committee

September 18, 2019



Discussion

Topics

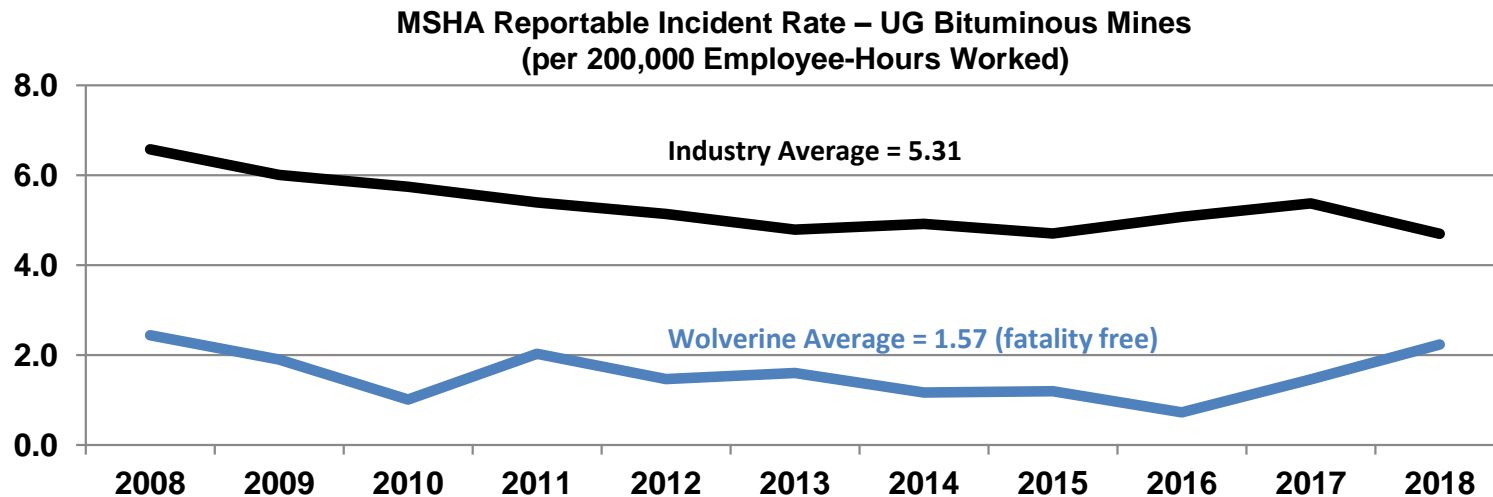
- Introduction
- Overview of the Wolverine Fuels, LLC
- The company's economic contribution to the State

Company Overview – Wolverine Fuels



- ❑ October 2018, Bowie Resource Partners became Wolverine Fuels, LLC
- ❑ Name change is part of corporate rebranding effort – assets are the same
 - Corporate headquarters has moved from Grand Junction, Colorado to Sandy, Utah
- ❑ Large, stable, and supportive equity owners
 - Galena Private Equity Resources Fund: a \$400 million mining fund
 - Trafigura Group Pte Ltd (2018 revenue of \$180 billion) is partner in the Galena fund and Wolverine's export marketing agent
- ❑ 3 operating mines with annual production of 9-12mt and sales of 12-13mt
 - Long term local utility contracts provide business stability (7-8mtpa)
 - Export through Stockton/Richmond ports to Japanese customers (~3mtpa)
 - Stable demand from industrial customers (2-3mtpa)

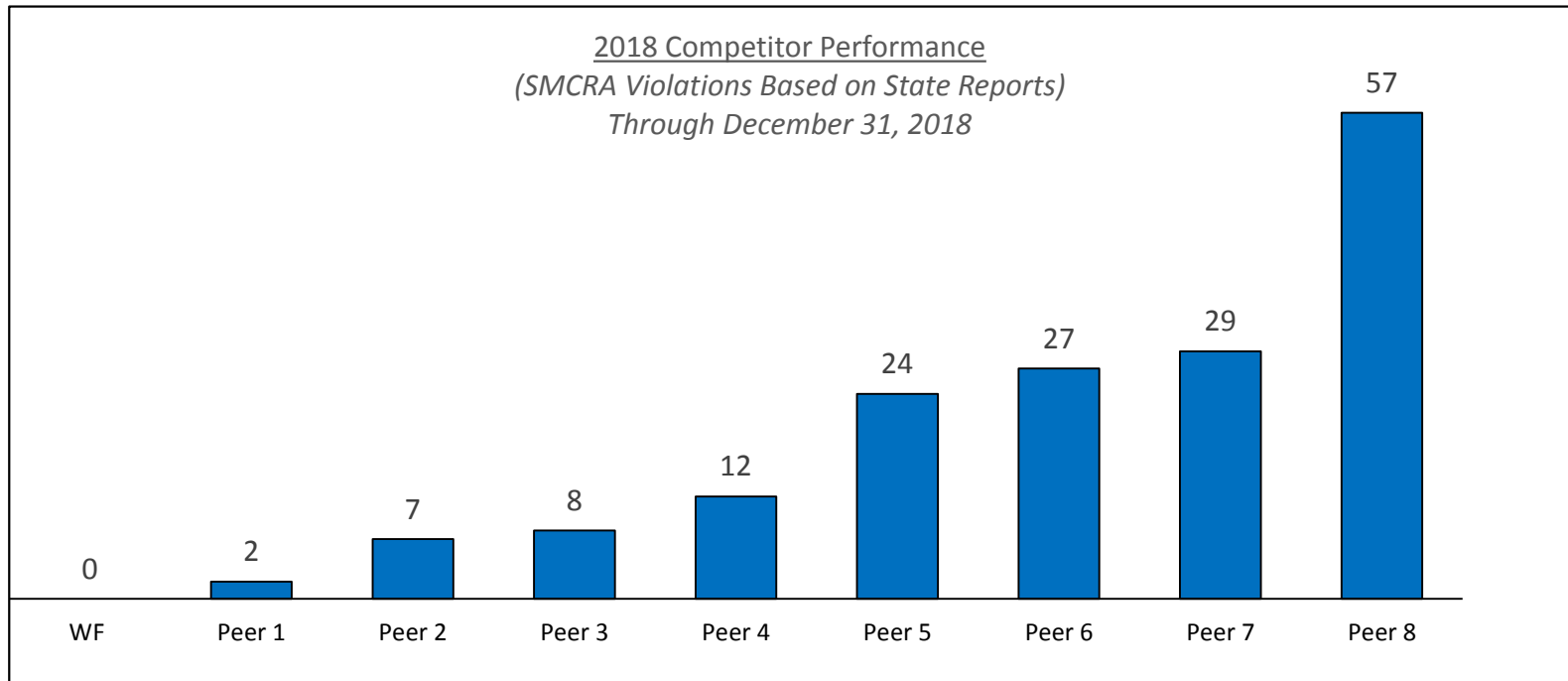
Wolverine is an Industry Leader In Safety



Safety Awards

- Utah Mining Association – Safety Award
 - Dugout: 2010, 2011, 2012, 2014, 2015, 2016, 2017
 - Skyline: 2010, 2011, 2012, 2013, 2014, 2015, 2016
 - Sufco: 2010, 2011, 2012, 2013, 2014, 2015
- National Mining Association Sentinels of Safety Award
 - Skyline 2014, 2005
 - Sufco: 2010, 2012
 - Dugout Canyon: 2011
- Rocky Mountain Coal Mining Institute Safety Award
 - Dugout Canyon: 2011, 2012
 - Skyline: 2007, 2008, 2009, 2010, 2015
 - Sufco: 2010, 2012, 2017
- Hawcroft Consulting
 - Dugout Canyon: 2016 & 2017 world-wide industry's lowest risk underground mine
- Utah Labor Commission
 - Dugout Canyon: 2017 safe operator of the year for large underground mine
 - Hunter prep plant: 2017 safe operator of the year for coal processing plant
 - Levan loadout: 2017 zero frequency award

We Are Industry Leaders In Environmental Compliance



- ❑ Wolverine's environmental compliance is among the best in the industry
 - Earth Day Award/Environmental Excellence Award from Utah Board of Oil, Gas and Mining
 - Skyline: 2000, 2006, 2007, 2008, 2009, 2012, 2013, 2018, 2019
 - Sufco: 2006, 2007, 2008, 2009, 2013, 2015, 2016, 2017, 2018
 - Dugout Canyon: 2009, 2018

Wolverine Fuels Overview - Detail

Operational Overview

3 Operational Mines

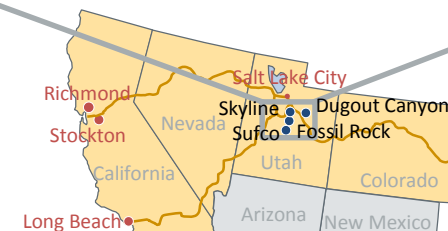
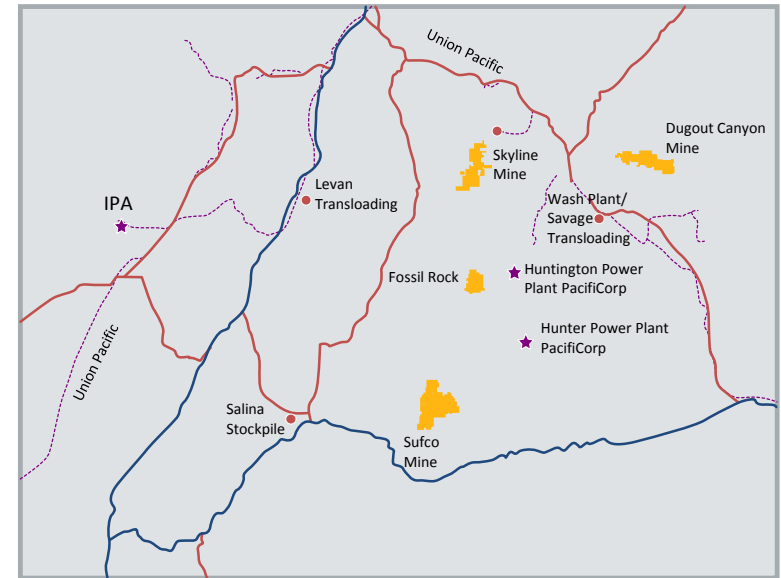
<ul style="list-style-type: none"> □ Skyline (Longwall) 	BTU 11,646 Sulfur 0.4%
Production: 4-5Mtpa Reserves: 36.9 MT Reserve Life: 9-15 years (w/ S. of Flat Canyon lease)	

<ul style="list-style-type: none"> □ Sufco (Longwall) 	BTU 11,100 Sulfur 0.4%
Production: 5-6 Mtpa Reserves: 86.9 MT Reserve Life: 15 years	

<ul style="list-style-type: none"> □ Dugout Canyon (CM) 	BTU 11,944 Sulfur 0.7%
Production: 0.5-1 Mtpa Reserves: 7.5 MT Reserve Life: 8 years	

- 3 Transloading Facilities: Skyline (UP), Savage (UP & BNSF), Levan/Sharp (UP)
- 1 Wash Plant: Castle Valley (at Savage), multiple blending yards – unique to Utah producers

Operations Map



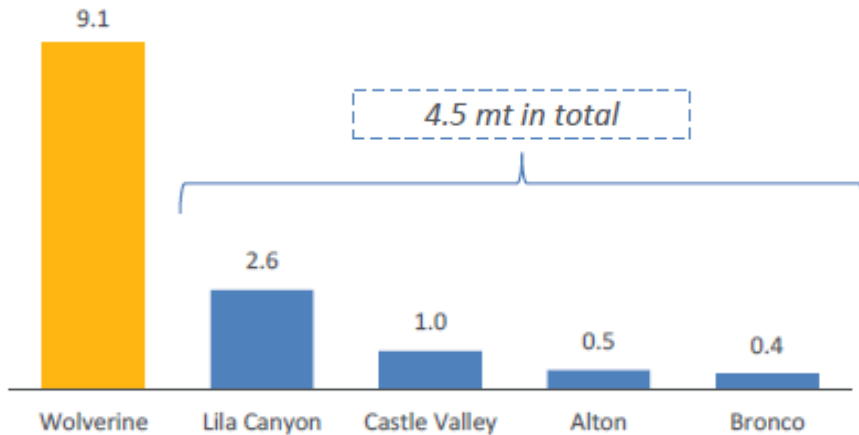
1 Development Project

<ul style="list-style-type: none"> □ Fossil Rock 	BTU 11,471, Sulfur <0.6% Reserves: 58 Mt
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Wolverine is the largest producer in Utah and largest supplier in the Western Bituminous Region

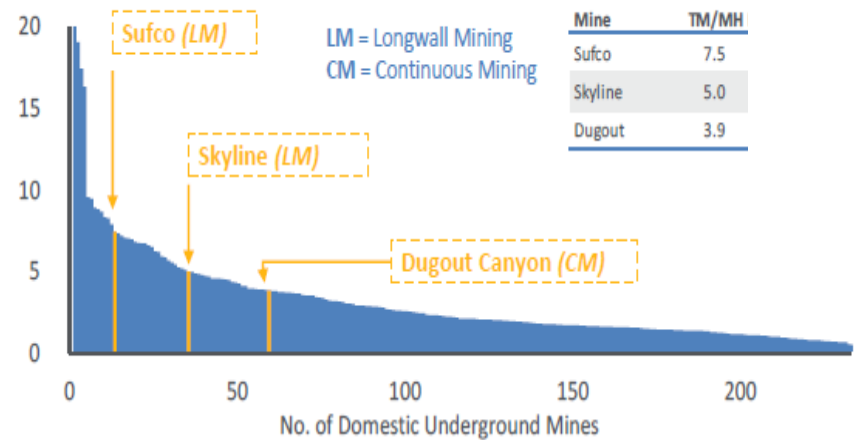
Largest Utah Production Footprint by a Wide Margin

2018 Production (Tons in millions)



From Low-Cost, Highly Productive Mines

Productivity Curve (Tons Mined Per Miner Hour)



Largest Uinta Basin Supplier	Premium Thermal Quality	Low Cost Producer	Heavily Contracted Sales Portfolio	Relentless Focus on Cost Cutting/Operational Excellence
<ul style="list-style-type: none"> Produced 100% more coal than other Utah mines combined Purchased 2.9mt of third party coal 	<ul style="list-style-type: none"> Low Sulfur, High BTU coal enables sales for expanded geographic area – including exports 	<ul style="list-style-type: none"> Mines in first quartile of productivity curve Low direct mining costs 	<ul style="list-style-type: none"> High contracted sales portfolio drives predictable revenue stream (exports signed for 2019-2021) 	<ul style="list-style-type: none"> Active cost reduction program is delivering meaningful and sustainable results

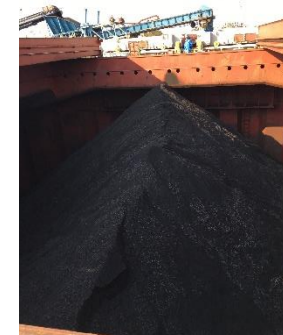
We are a Major Exporter of Utah Coal

Wolverine is the only major coal producer with exclusive US West Coast export capacity

West Coast Port Access



- In 2018, Wolverine exported ~3 million tons of Utah coal!
- WF coal is branded internationally as a premium, lower sulfur, high btu product
- Our coal has been shipped to Central America, South America and Asia
- Vessels are primarily loaded at the Port of Stockton and topped off at the Port of Richmond
- WF exports are estimated to bring ~\$230M into Utah's economy in 2019 and employ ~1,000 people.

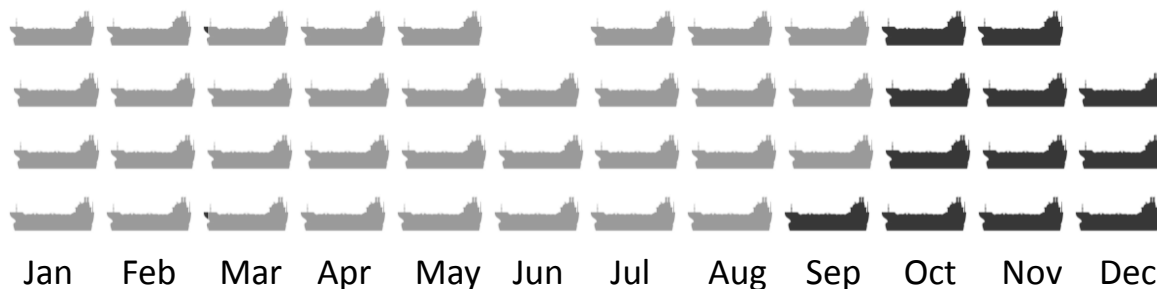


Wolverine (Utah) Coal bound for Japan



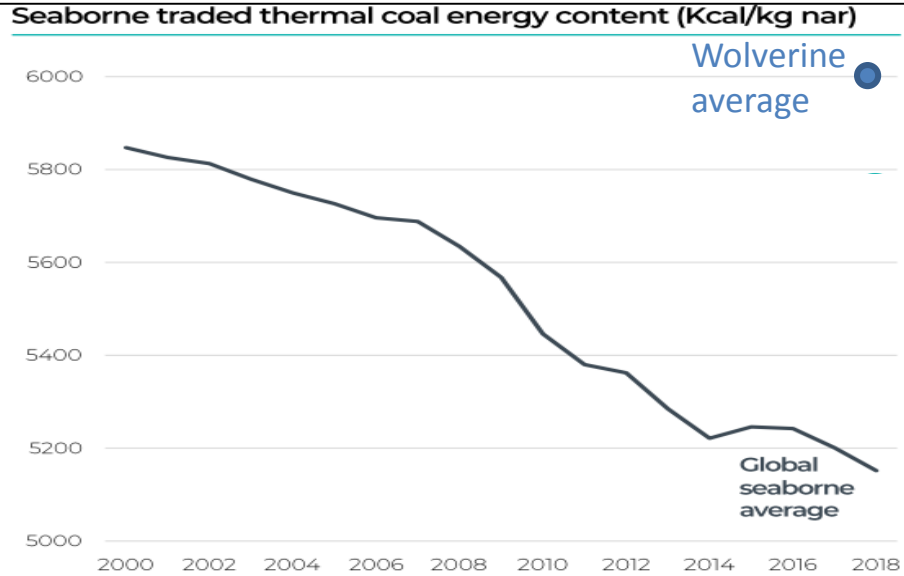
FD Angelica berthing at the Port of Stockton

2019 Vessel Schedule

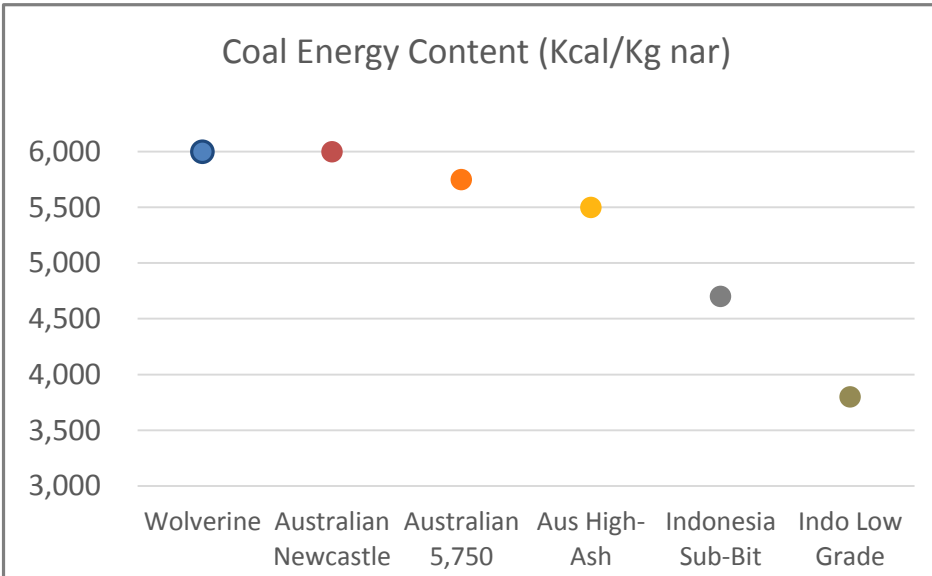


Wolverine's exports have among the highest energy content of Pacific seaborne coal

Average calorific value (CV) of seaborne coal is declining



Wolverine's exports have high energy content

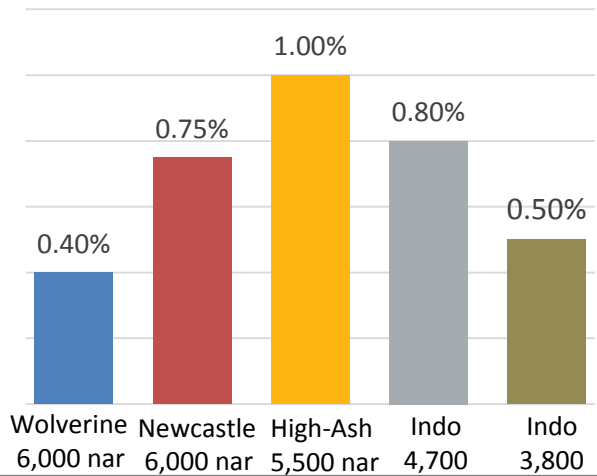


- The energy content of global seaborne coal has been declining due to depletion and limited capital investment
- Wolverine sells 6,000 Kcal/kg nar coal (Newcastle index)
- Pacific seaborne coal is dominated by Australia (5,500-6,000 nar) and Indonesia (3,800-4,700 nar).
- The majority of Pacific growth has been low-CV Indonesian coal
- Higher CV coal increases boiler efficiency and reduces CO₂ emissions

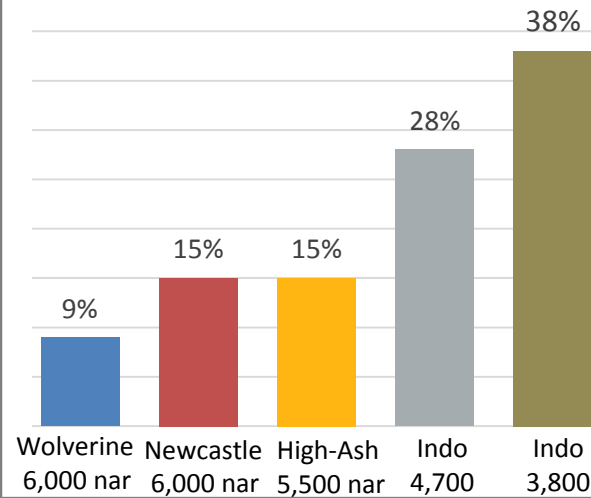
Wolverine's exports are among the highest quality of Pacific seaborne coal

Wolverine has higher quality than other major Pacific imports

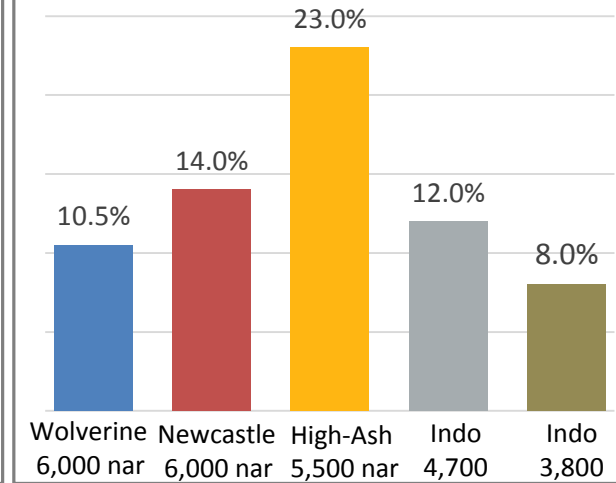
Sulfur Content



Moisture Content



Ash Content



- Wolverine coal has low sulfur, moisture, and ash content - making it cleaner burning and more efficient for power generation
- Wolverine also has low quantities of other undesirable elements (mercury, chlorine, boron, etc.)
- Wolverine coal works well for clean-burning Japanese utilities that are designed to use high CV, high quality coal

Wolverine's Impact on Utah's Economy in 2018

	<u>Sufco</u>	<u>Skyline</u>	<u>Dugout</u>	<u>Total</u>
Total Production	4,895,041	3,614,000	566,682	9,075,723
Sales Value	\$169,613,171	\$128,333,140	\$20,768,895	\$318,715,206
Employment				
Full & Part Time	418	339	122	879
Contractor	43	36	12	91
Indirect Employment				
Contract Trucking	300	90	73	463
Other Support (3:1)	1,254	1,017	366	2,637
Total Jobs	2,015	1,482	573	4,070
Direct Economic Impact				
Payroll	\$44,284,730	\$31,151,000	\$9,855,000	\$85,290,730
Supplies, Services, Gov't Req., & Admin.	\$43,772,852	\$33,062,250	\$7,509,000	\$84,344,102
Utilities	\$3,980,463	\$5,086,000	\$1,268,000	\$10,334,463
Subtotal	\$92,038,045	\$69,299,250	\$18,632,000	\$179,969,295
Taxes & Royalties				
Property Taxes	\$1,398,710	\$946,750	\$325,000	\$2,670,460
Production Taxes	\$5,405,339	\$3,486,000	\$563,000	\$9,454,339
Royalties	\$10,296,869	\$17,433,000	\$2,025,000	\$29,754,869
Subtotal Taxes & Royalties	\$17,100,918	\$21,865,750	\$2,913,000	\$41,879,668
Total Direct Benefit	\$109,138,963	\$91,165,000	\$21,545,000	\$221,848,963
Indirect Economic Impact				
Trucking & Freight	\$34,674,674	\$35,920,000	\$3,802,000	\$74,396,674
Total Direct & Indirect Benefit	\$143,813,637	\$127,085,000	\$25,347,000	\$296,245,637

\$296,245,637/year

Coal Supply to PacifiCorp's Hunter and Huntington Power Stations

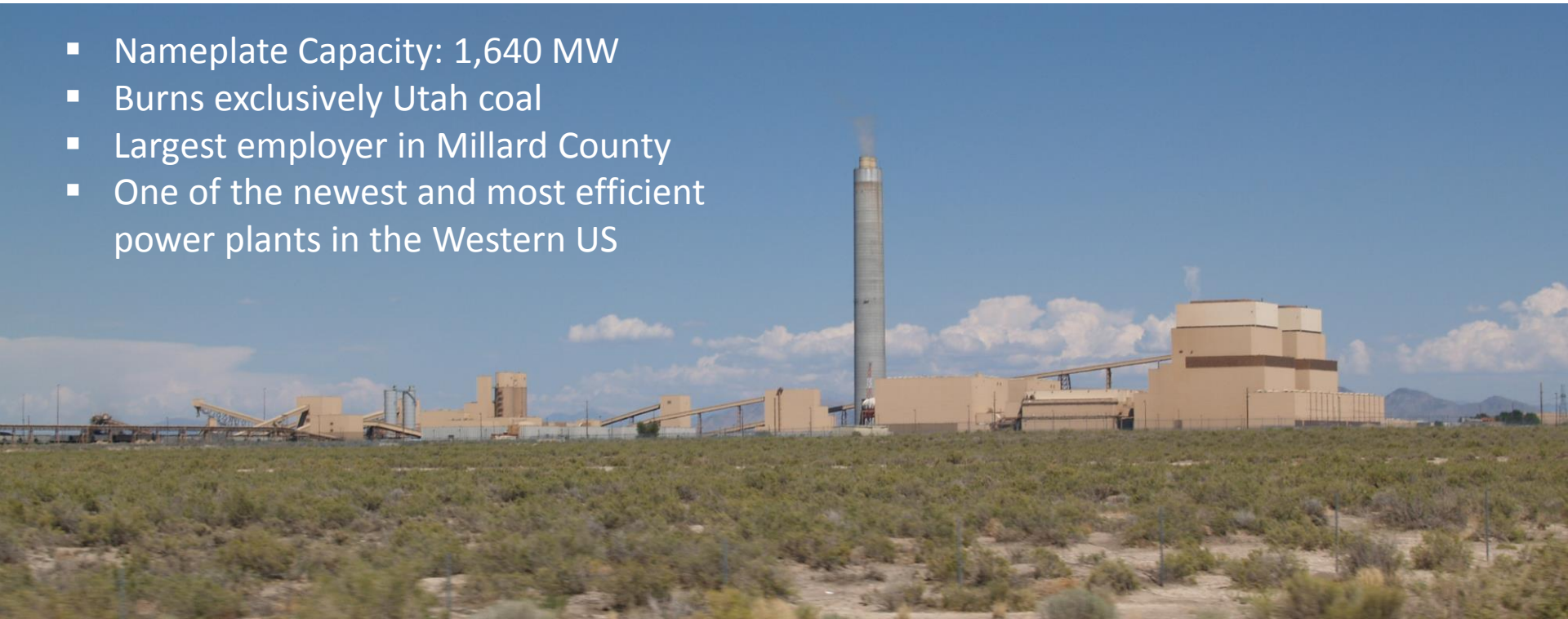
Wolverine supplies a significant portion of the coal supply to PacifiCorp's Utah coal-fired power plants



- Huntington Power Plant – contract to supply Plant through 2029
- Hunter Power Plant - contract to supply Plant through 2020 and are working to extend the term

Intermountain Power Project

- Nameplate Capacity: 1,640 MW
- Burns exclusively Utah coal
- Largest employer in Millard County
- One of the newest and most efficient power plants in the Western US

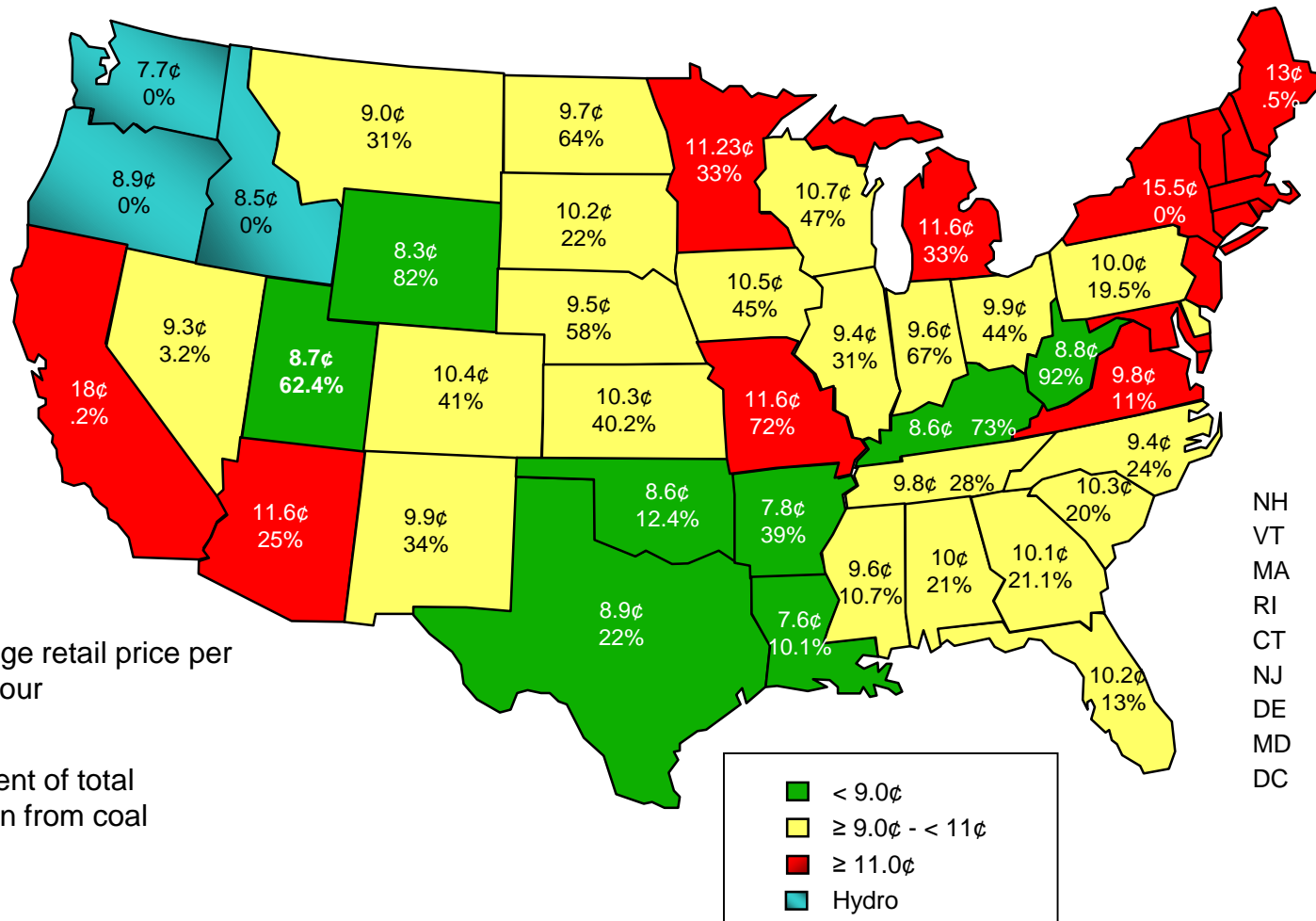


- IPA's largest owner is the Los Angeles Department of Water and they plan to shut down the plant in 2025
- This plant should be part of President Trump's "Affordable Clean Energy Rule" that ensures a diverse portfolio of baseload electrical generation that includes coal-fired generation
- Wolverine is supportive of Utah's pending lawsuit against California and its carbon tax and environmental regulations that unfairly increase the cost of burning Utah coal to generate electricity consumed in their state.

In Utah, Fuel Matters

Current Power Prices

2018 Cost Per kWh & Percent of Coal Generation



¢ = average retail price per kilowatt hour for 2018

% = percent of total generation from coal for 2018

	Cost	% Coal
NH	15.89¢	0.1%
VT	15.3¢	0%
MA	17.76¢	0%
RI	16.38¢	0%
CT	18.62¢	0%
NJ	13.72¢	0.9%
DE	10.6¢	1.3%
MD	11.8¢	28%
DC	11.9¢	0%



Wolverine Fuels, LLC

Keeping Utah's Lights on!

~70% of the electricity generated in our state comes from Coal
Wolverine Fuels supplies ~77% of the coal burned in Utah's electric Utilities
~54% of all Electricity generated in Utah is powered by Wolverines Coal