



RISING TO NEW HEIGHTS

Navajo Transitional
Energy Company

2021 OPERATIONAL REVIEW



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HONORABLE NTEC MEMBER REPRESENTATIVES:

We would like to provide you with Navajo Transitional Energy Company's 2021 Operational Review. The past year has been exciting! Because of our success in acquiring and operating the mines in the Powder River Basin, NTEC was able to assume direct operations at the Navajo Mine on October 1, 2021. This has been a goal since NTEC's founding, and we are very proud to have brought all of the Navajo Mine employees officially into the NTEC family. We also acquired Tacitus LLC, a helium development company with assets on and off the Navajo Nation. The Navajo Nation's helium reserves are one of the largest and cleanest in the world, and it will help our company continue to diversify our assets and provide more royalties to the Nation.

After nine years, NTEC has welcomed our second CEO, Vern Lund. Vern is a seasoned mining operator and executive with more than 25 years of experience in operational management, business development, and new project development. We look forward to the opportunities ahead in 2022.

Sincerely,



Tim McLaughlin
Chairman of the Board



Vern Lund
Chief Executive Officer



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AT OUR CORE

WE DO THE RIGHT THING.

We continually go the extra mile to protect the land, the water, the air, and its living things, because we believe in leaving things better. We're honest, transparent and committed to doing what's best for our communities, employees, customers, and shareholder. We expect employees to think, be understanding, but also take personal accountability in their day-to-day interactions with other employees, vendors, regulators, customers and community members. We will always strive for continued excellence, not just the status-quo.

Through respect and compassion, we strive to empower all individuals we interact with. As neighbors, we support and help communities flourish by providing resources and financial support to their people and organizations. The safety of our employees is our top priority in order to ensure each employee goes home every night and is able to provide for their family. We take time to celebrate and have fun while creating an environment in which all individuals can thrive.

WE EMPOWER PEOPLE AND COMMUNITIES.



Guided by a team with over 200 years of collective leadership and expertise in energy and mining, we operate with knowledge and integrity. Rooted in our stewardship of Navajo coal resources, our expertise in mining, and our belief in doing things right, we make sound investments, operate safely and efficiently, and plan for the future. We uphold our commitments to our customers, employees, communities, and shareholder.

WE OPERATE A WORLD CLASS ENERGY COMPANY.



WE ARE CREATING MULTI-GENERATIONAL SOLUTIONS.

Through the development of a diversified portfolio, we honor our responsibility to improve the economic interests and well-being of the Navajo People and support their right to self-determination. We invest in unique assets that create balanced profits and reclaim natural resources to ensure their value for generations to come. Our operations have and will continue to provide for multi-generational solutions as we responsibly mine the assets in our trust while investing in the energy of tomorrow.

NTEC BY THE NUMBERS

2ND

Second best safety rating of any US coal mining company

1,400+

Full-time employees (338 Native American)

#3

Ranked thermal coal producer in United States

~\$200M

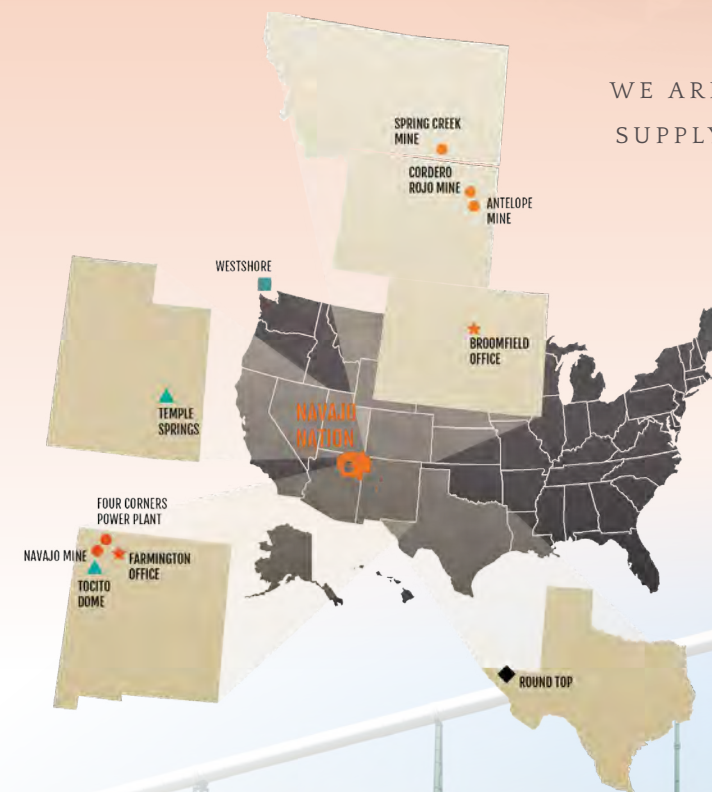
Annual employment wages

~\$200M

Annual taxes and royalties

\$3.7M

Annual scholarships & giving



WE ARE A CONCIENTIOUS ENERGY COMPANY, SUPPLYING ESSENTIAL PRODUCTS TO POWER OUR WORLD, WHILE PROMOTING THE ECONOMIC, SOCIAL AND CULTURAL WELL-BEING OF THE NAVAJO PEOPLE AND THE NAVAJO NATION.



2021 SAFETY MILESTONES

JAN



Cordero Rojo Mine
ONE YEAR - NO REPORTABLE INJURY

JUNE



Antelope Mine
ONE YEAR - NO REPORTABLE INJURY

JULY



Antelope Mine
ONE MILLION HRS - NO REPORTABLE INJURY

AUG



Navajo Mine
FOUR YEARS - NO LOST TIME INJURY

DEC



Spring Creek Mine
FIVE YEARS - NO LOST TIME INJURY



REASON TO SMILE: Our outstanding safety record is no accident. We dedicate significant time and resources to formal safety training, but also strive to practice the small, everyday behaviors that add up to an exceptional culture of shared accountability. We have daily safety routines and monthly awards to ensure that safety is always top of mind at the workplace. Our people watch out for one another, and we also embrace new technologies to improve safety where and whenever possible.



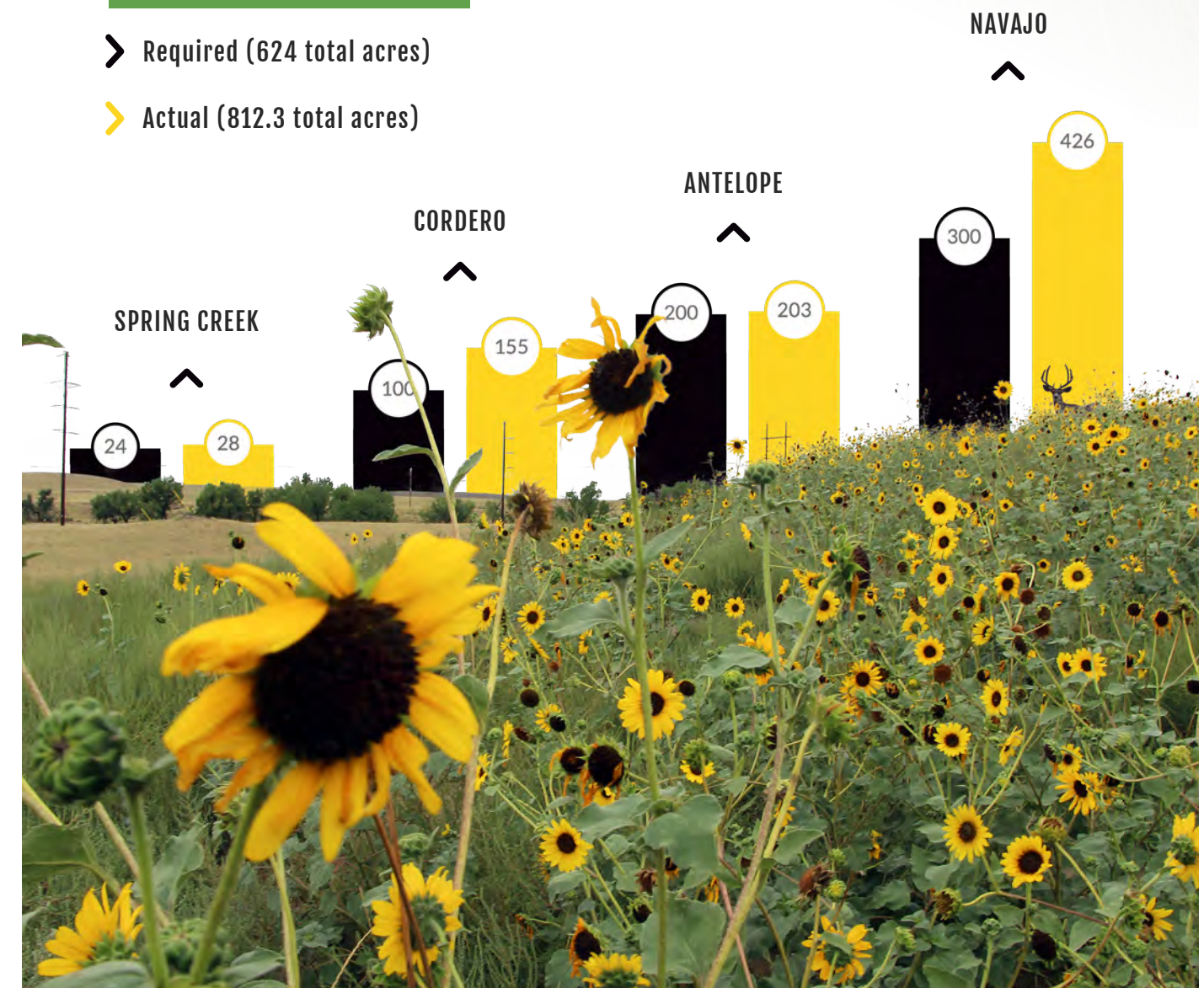
EXCELLENCE IN RECLAMATION

NTEC continues to go above and beyond when it comes to reclamation. The company's overall reclaimed acreage to disturbed acreage ratio is greater than one (1.2), which means we are restoring more than required each year. Notably, in 2021, Antelope Mine was recognized for Excellence in Mining Reclamation by the Wyoming Department of Environmental Quality.

ACRES OF RECLAMATION BY SITE

➤ Required (624 total acres)

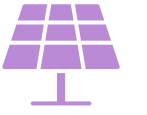
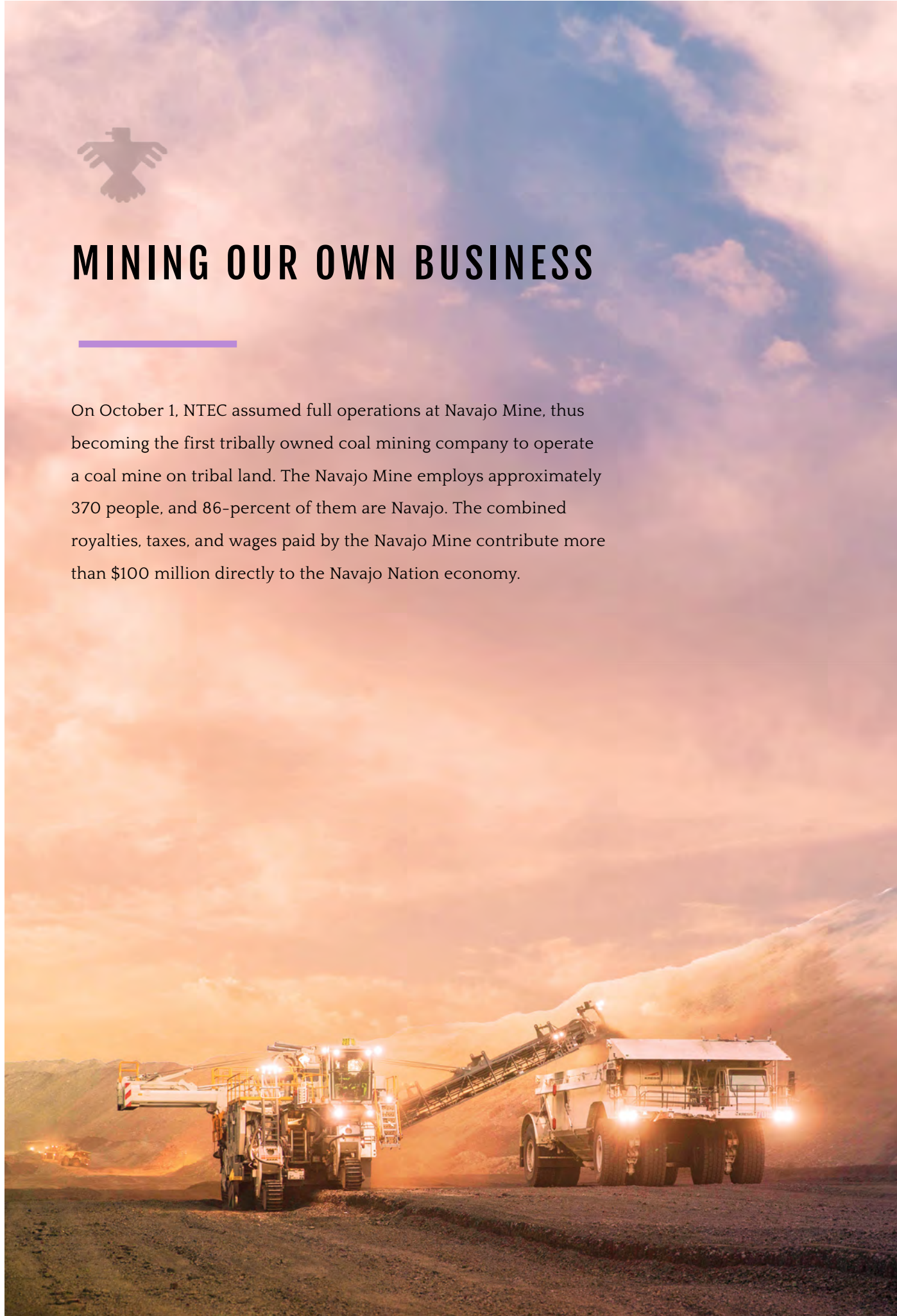
➤ Actual (812.3 total acres)





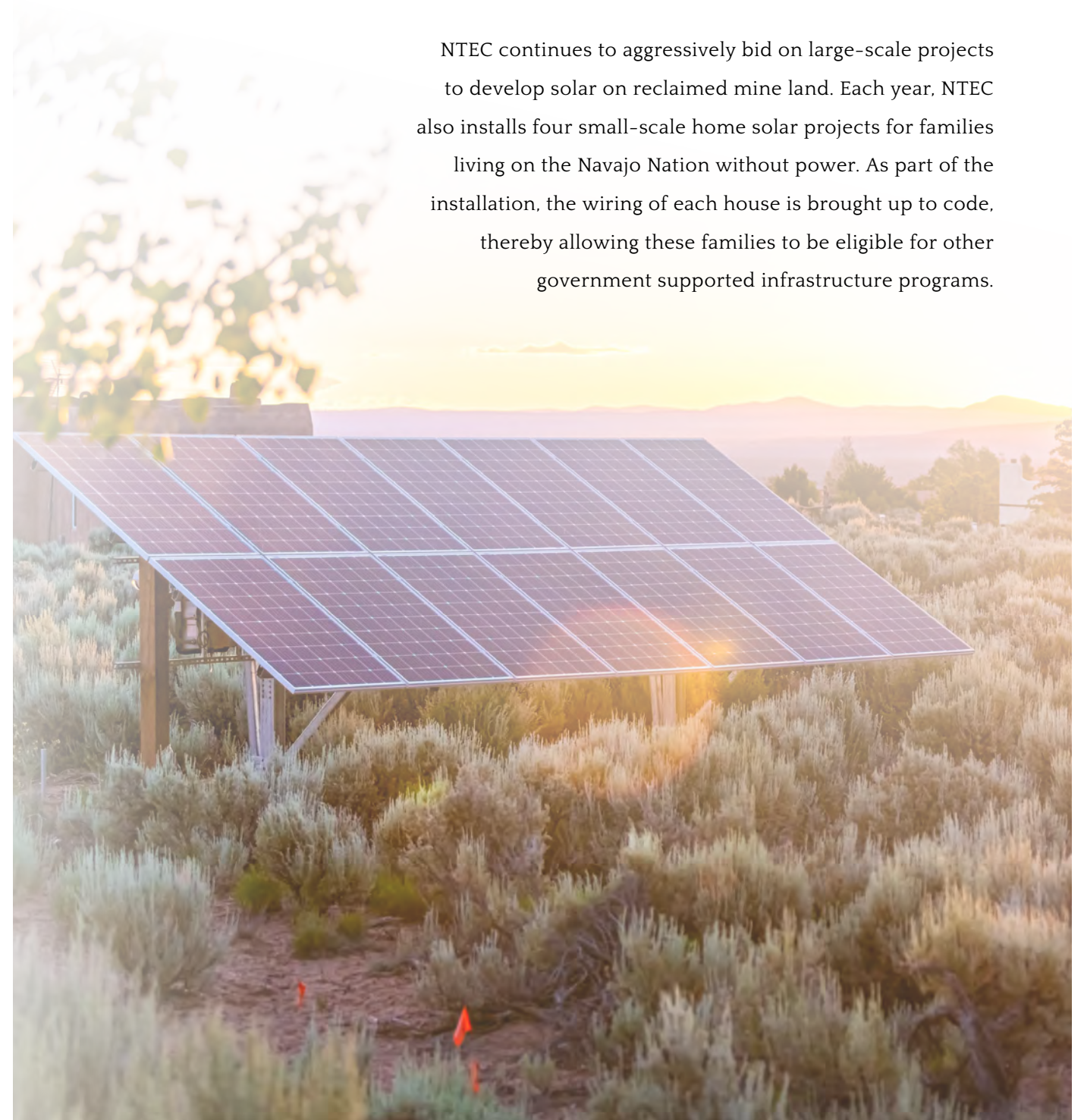
MINING OUR OWN BUSINESS

On October 1, NTEC assumed full operations at Navajo Mine, thus becoming the first tribally owned coal mining company to operate a coal mine on tribal land. The Navajo Mine employs approximately 370 people, and 86-percent of them are Navajo. The combined royalties, taxes, and wages paid by the Navajo Mine contribute more than \$100 million directly to the Navajo Nation economy.



THE SOLAR EXPRESS

NTEC continues to aggressively bid on large-scale projects to develop solar on reclaimed mine land. Each year, NTEC also installs four small-scale home solar projects for families living on the Navajo Nation without power. As part of the installation, the wiring of each house is brought up to code, thereby allowing these families to be eligible for other government supported infrastructure programs.



EXPANDING INTO HELIUM

TACITUS ACQUISITION ADDS IMMEDIATE VALUE & EXPOSURE TO EMERGING MARKETS.

The acquired Tacitus assets include helium wells and infrastructure in the Tocito Dome Field on the Navajo Nation, as well as Federal and State leases for additional exploration in Utah. Tocito Dome is a complete cashflowing helium field supported by producing wells, field-wide gas and water pipelines, access roads, well pads, water disposal wells and the Lone Pine helium processing plant. The Tocito Dome reserve is expected to generate taxes and royalties in excess of \$100 million over the next 20 years.

NAVAJO

HOP



TOCITO DOME

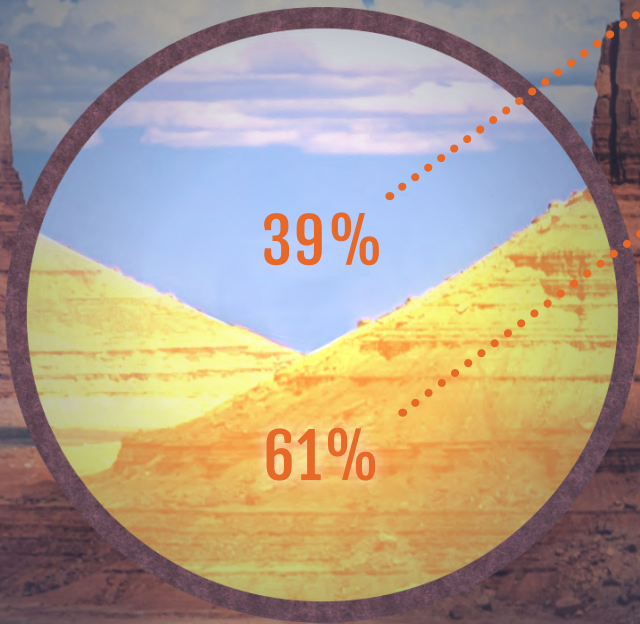
NATION

NTEC acquired Tacitus LLC, a helium development company, including the actively producing Tocito Dome operation located on the Navajo Nation. Helium is one of only five inert gases, meaning it is extremely safe as it does not chemically react with anything. The Nation is believed to possess some of the largest and cleanest helium reserves in world. At Tocito Dome, NTEC is able to re-use existing infrastructure from retired oil and gas wells to minimize the footprint of the operation and impacts to the environment. NTEC is currently producing and selling helium, creating additional royalty and tax revenue for the Navajo Nation. Plans are underway to increase the volume of helium produced as well to develop higher quality helium products to create access to other markets. Helium is used in many industrial applications, such as MRI machines, semiconductors, and rocket launches, to name a few. Robust helium demand from a broad spectrum of industries provides NTEC unique exposure to diverse market opportunities, established supply networks, and sustainable revenues.

ECONOMIC CONTRIBUTION TO THE NAVAJO NATION

NTEC has continued to grow its total economic and financial contribution to the Navajo Nation. As detailed below, NTEC’s total economic contribution to the Navajo Nation in 2021 exceeded \$124 million. This annual contribution is comprised of the taxes and royalties paid by NTEC and the Navajo Mine as well as the overall payroll to employees on the Nation, contracts with qualified Navajo contractors, and charitable contributions.

NAVAJO NATION GENERAL FUND



NTEC & FCPP: \$62,212,000

OTHER: \$96,051,000

The Navajo Mine and Four Corners Power Plant contributed more than \$62 million this year to the Navajo Nation General Fund, comprising nearly 40 percent of the Fund’s \$158 million budget.

SUPPORT	TOTAL NTEC AMOUNT*	NAVAJO MINE	FOUR CORNERS POWER PLANT
Taxes & Royalties	\$49,181,000	\$48,200,000	\$14,012,000
Employment Wages	\$58,445,000	\$55,444,000	\$42,871,000
Navajo Vendors	\$8,019,000	\$5,124,000	\$41,354,000
Navajo Sales Tax	\$4,721,000		
Helium Taxes & Royalties	\$1,000,000		
Community Benefit Fund	\$250,000		
Scholarships, Education & Other Community Giving	\$192,000		
CHRP	\$2,500,000		
TOTAL	\$124,308,000		

NATION MEMBER EMPLOYEES BY SITE



318 OF 370



230 OF 268

A combined 86% of employees at Navajo Mine (left) and Four Corners Power Plant (right) are members of the Navajo Nation.

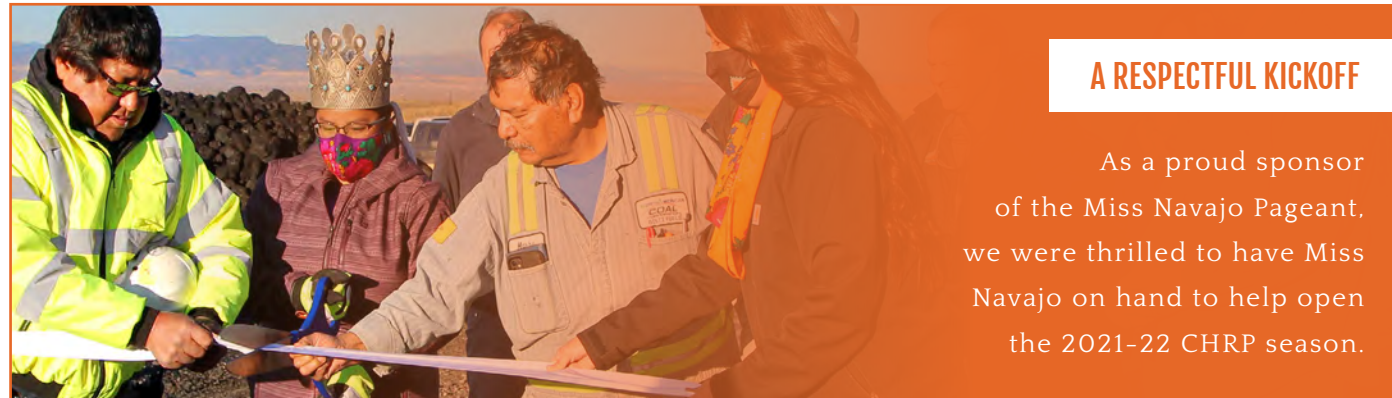
*Total NTEC amount includes value of NTEC’s seven-percent ownership of FCPP.

11

12

HEATING THE HOGAN

NTEC's Community Heating Resource Program (CHRP) constitutes a direct contribution by NTEC to the Nation of more than \$2.5 million a year. The program provides free coal to Navajo and Hopi community members. NTEC pays for 100 percent of the program costs.



A RESPECTFUL KICKOFF

As a proud sponsor of the Miss Navajo Pageant, we were thrilled to have Miss Navajo on hand to help open the 2021-22 CHRP season.



9,208 VISITORS

Not only was the coal yard busy, but bulk deliveries increased by 2.1%.



11,787 TONS OF COAL

Total tons remained consistent with last year's levels after a 42% increase from the previous year.



100% PARTICIPATION

All 110 Navajo Chapters participated in CHRP over the 2021-22 season.

TAKING CARE OF OUR NEIGHBORS

Four hundred tons of coal were donated through CHRP to the Hopi tribe for their winter ceremonies.



COMMUNITY SUPPORT & GIVING

NAVAJO UNITED WAY



As the organization's largest employer contributor, NTEC gives more than \$300K per year in employee and employer-match contributions. The company donates \$20,000 annually to the cornerstone campaign that helps covers administrative costs for United Way.

NTEC provided over 300 Sheep Herder Baskets to the Sanostee community at Christmas time. NTEC is continuing the good will tradition started by our predecessor, Tacitus, of thanking the community for their support during the year. Due to COVID restrictions, NTEC held a one-day event to distribute 300 baskets and delivered another 25 baskets to high-risk seniors that could not make the event.

SHEEP HERDER BASKETS



CAREPACKAGES FOR TROOPS



NTEC was proud to partner with the Navajo Nation Council to provide comfort items to U.S. service men and women serving overseas during the holiday season. NTEC provided over \$7,000 worth of socks, deodorant, books, and snacks to help lift morale during the holiday season.

An unfortunate tragedy near one of our mines brought NTEC and the Shiprock Search and Rescue teams together to purchase a search and rescue drone. Shiprock Search and Rescue was able to raise \$5,000 of the \$10,000 need to purchase the specialty drone. NTEC stepped in and provided the remaining funding needed plus an iPad needed to operate the drone.



SEARCH & RESCUE DRONE

NTEC EDUCATION



DIGGING FOR DINOS

NTEC Education hosted three middle schools, Navajo Technical University students, and NTEC employee children to participate in a paleontology dig at Navajo Mine. The students worked with the paleontologists conducting digging and plastering on three known dinosaur sites. The dinosaur remains were then donated to a natural history museum in Flagstaff, Arizona.



ENVIRONMENTAL DESIGN CONTEST

NTEC co-sponsored the New Mexico State University WERC environmental design contest. College students from across the country worked on real-world problems to develop real-world solutions. Among the projects included carbon conversion for the energy transition, copper smelter slag reuse, and controlling VOC emissions in produced water.



STEM KITS FOR KIDS

Explora Children's Museum in Albuquerque distributed 653 NTEC sponsored STEM kits to five elementary schools on the Navajo Nation. The funding covered all material costs and delivery allowing Explora to distribute the kits at no cost to students and schools.



CAREER PREP FOR YOUNG ADULTS

NTEC continued its support of: the Bond Wilson Technical Center in Kirtland, NM; the New Mexico Mathematics, Engineering, and Science Achievement (MESA) program; and the Miyamura High School Engineering Pathways program in Gallup, NM. NTEC also supports the Foundation for Indigenous Education, Leadership Development, and Sustainability (FIELDS) program in Montezuma Creek, UT. FIELDS is implementing an electro-mechanical program that will provide students a glimpse of industry jobs in coal mining, oil, and gas.

SCHOLARSHIPS & INTERNSHIPS



Tribal College STEM Scholarship

Each year NTEC provides a grant of \$45,000 that is split equally between Dine College, Navajo Technical University, and the San Juan College School of Energy. Each institute uses these funds to select 30 students in their STEM programs to receive \$500 awards.

Navajo Nation STEM College Scholarship

Each year NTEC awards up to \$50,000 to Navajo students pursuing degrees in STEM fields from across the Nation. NTEC selects up to 50 Navajo sophomores, juniors, or seniors to receive \$1000 awards.

Neighboring Chapters Scholarship

NTEC provides a grant of \$20,000 that is split equally between Burnham, Nenahnezad, San Juan, and Upper Fruitland chapters. Each chapter selects 10 students to receive \$500 awards.

Master Mechanic Scholarship

NTEC provides five \$1000 scholarships to qualifying students enrolled in the Industrial Maintenance Mechanic Program at San Juan College.



In 2021, Navajo Mine welcomed seven interns studying civil engineering, mechanical engineering, environmental engineering, and IT.

COMMUNITY BENEFIT FUND

The Community Benefit Fund (CBF) is another way NTEC addresses the social, economic, and environmental needs of the Navajo Nation. Since its launch in 2015, the fund has supported dozens of community projects, awarding more than \$1.6 million to more than 200 projects – including this year's awardees listed below.

ORGANIZATION	PROJECT
Nenahnezad Chapter	Headstart Security Fence
Don't Meth with Us Foundation	Don't Meth with Us
San Juan County Life Skills Foundation	Life Skills Academy – Shiprock
Navajo YES	Dine' Bike Project
People Assisting the Homeless aka PATH	Daily Bread Midday Meals & PATH Temporary Shelter program
Rising Stars Navajo Corporation	Four Directions Sports League
Pinon Chapter	Pinon Community Flea Market
Tuba City Chapter	Tuba City Flea Market Upgrade
Farmington Rio Del Sol Kiwanis	Kiwanis Clothes and Shoes for Kids
Dine Community Development Corp.	Financial Empowerment for Dine Teens & Youth Adults Program
Big Brothers Big Sisters in San Juan County	Native American Mentoring Initiative
IGW Children's Hope Foundation, Inc.	Children's Comfort and Safety
Tres Rios Habitat for Humanity	Habitat for Humanity Homes
Kirtland Youth Association, Inc.	Closing the Pandemic Learning and Social-Emotional Gaps
Boys and Girls Club of Farmington	Teen Leadership and Post-Secondary Pathways
Economic Council Helping Others (ECHO) Inc.	Food-Filled Backpacks for Children
Northwest New Mexico First Born Program	Native Books for Native Children
Baahaali Chapter (Breadsprings)	Baahaali Youth Weaving Program (BYWP)
Navajo United Way	Bus Shelter Benches
Window Rock Unified School District	Literacy Library at Home for Students
Kayenta Chapter	Wood and Coal Shelter for Elders
Teesto Chapter	Recreation Development
Shiprock Chapter	Shiprock Chapter Clean Up
Ganado Chapter	Community Solid Waste Transfer Station Operations
NM Association for the Education of Young Children	Expanding STEM Leadership for Early Childhood Educators
Chinle Chapter	Chinle Community Energy Sustainability Project
Cornfields Chapter	Cornfields Chapter Earth Day
Shonto Chapter	Community Governance Sustainability Projects
KinDahLichii Chapter	KinDahLichi Veterans Organization

2021 CBF HIGHLIGHTS

In 2009, Gloria Skeet and Elouise Washburn came together with an idea to teach Navajo youth how to weave. During the summer youth employment program, Skeet and Washburn teach students how to weave and sell the rugs to pay for weaving supplies the following summer.



RUG WEAVING 101

Winters can be harsh on the Navajo Nation. Aside from dealing with muddy roads and lack of infrastructure, one simple necessity can be overlooked: keeping fuel used for warmth dry. The Kayenta Chapter project funded by the CBF was to build small sheds for community members in need. In total, the chapter was able to build about a dozen sheds for their community members during the winter months.



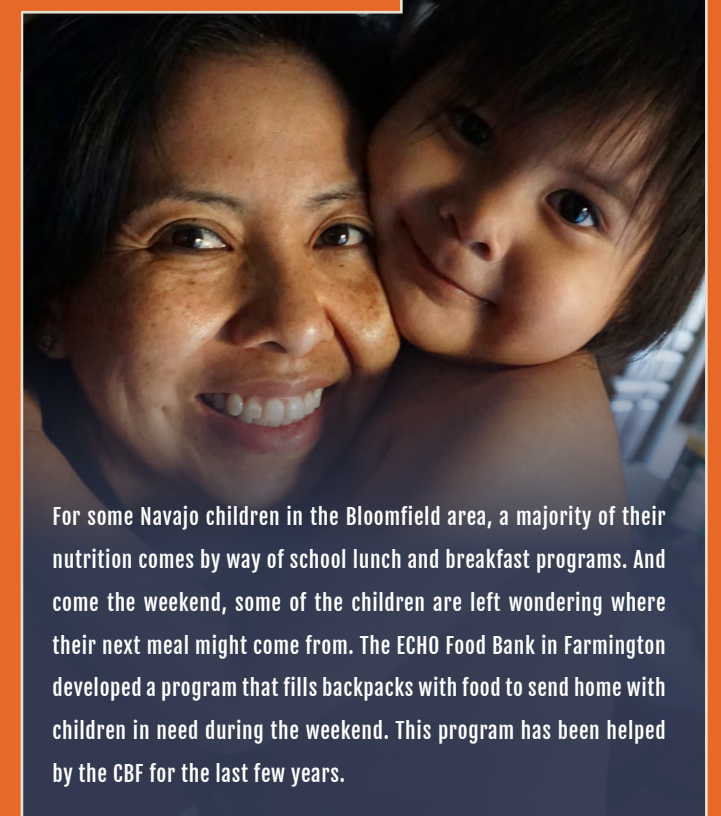
WOODSHEDS FOR ELDERS



TUBA CITY FLEA MARKET

Part of economic development on the Navajo Nation includes providing a space where vendors and buyers can meet. Although a flea market is commonplace for selling secondhand goods, flea markets on the Navajo Nation serve as a sole source of income for many people. For Tuba City, their CBF project was to enhance the flea market with a shade for shoppers to rest. Their goal is to attract more shoppers to their flea market and increase the opportunities for vendors to make a sale. The shaded area is planned to be finished by the summer of 2022.

WEEKEND MEALS FOR KIDS



For some Navajo children in the Bloomfield area, a majority of their nutrition comes by way of school lunch and breakfast programs. And come the weekend, some of the children are left wondering where their next meal might come from. The ECHO Food Bank in Farmington developed a program that fills backpacks with food to send home with children in need during the weekend. This program has been helped by the CBF for the last few years.