

WEST COAST OLEFINS LTD.
PRESS RELEASE

December 15, 2020



West Coast Olefins Ltd. (“**WCOL**”) is pleased to provide this update on our Natural Gas Liquids (NGL) Recovery and Olefins Project in the Prince George area. Since our last update several major events have occurred, including the global pandemic that has expanded to unprecedented levels in modern time, elections have taken place in British Columbia and the United States and an appeals court decision was upheld to redefine the boundary of Treaty 8 traditional territory. These events combined to create an environment of uncertainty and WCOL has had to refocus our efforts as we consider the potential impacts on our Prince George project. We believe these actions have positioned us well to move the project forward as people turn their focus to rebuilding the economy in the coming months and years.

One of the major decisions we made since our last update was the selection of the plant site. In March 2020, we signed a term sheet with the McLeod Lake Indian Band (“**MLIB**”) that outlined the key terms that would be incorporated into an Impact Benefits Agreement. Our goal in moving outside the city was to accommodate concerns raised by the “Too Close to Home” advocacy group regarding the impacts on the bowl area of the Prince George airshed. However, the “Too Close to Home” group renewed their objections to the new project location, despite the fact that they had suggested we consider a location north of Prince George and we now realize that anything short of cancelling our project will not appease this group. We also heard concerns from many residents in the Summit Lake area and this forced us to reflect on our decision to relocate.

Further complicating the decision, on May 19, 2020, the BC Court of Appeal affirmed the lower court decision regarding the location of the western boundary of Treaty 8, finding it is the height of land along the Arctic-Pacific Divide, and not the more easterly boundary of the height of the Rocky Mountains asserted by British Columbia. This decision complicates any use of Crown lands in MLIB traditional territory as now it brings in overlapping claims with the West Moberly and Sauleau First Nations.

On a more positive note, after announcing our decision to move north of the city we did hear from many of the residents of Prince George who were concerned that, yet another economic opportunity was being lost at a time when economic diversification is required. We appreciate this vocal sign of support for our project and can only imagine this will be a greater concern as we contemplate economic recovery from the COVID-19 pandemic.

After much consideration, we have abandoned our decision to relocate north of Prince George and are now returning to our original site in the BCR Industrial Park.

West Coast Olefins has now restarted the regulatory process for the Ethylene Plant with the Environmental Assessment Office (“**EAO**”) after having already received our Section 11 Order late last year. In parallel, we are initiating steps with the BC Oil & Gas Commission (“**OGC**”) for the NGL Recovery Plant

The majority government recently elected in BC, with few leadership changes in key ministries (Ministry of Environment and Climate Change Strategy and Ministry of Energy, Mines and Low Carbon Initiatives) will provide great continuity for our project and will allow us to efficiently advance our project through the regulatory process. We expect the new provincial

government to be fully functional by the New Year and WCOL is prepared to fully engage in the formal regulatory approval processes and leverage the work that has been completed to date.

As part of the regulatory process, WCOL will enter formal consultation with impacted First Nations and the local community. We have spent almost two years informally engaging with many of the different interest groups and First Nations in the Prince George area. That has provided us a very good perspective of community viewpoints and key points of contact that will be helpful as we enter the formal public and First Nations engagement process as stipulated in the EAO and OCG regulatory processes.

WCOL believes that a key factor for any new project seeking local support must ensure that significant economic benefits flow to companies and individuals in the local community. We have been working closely with many contractors in Prince George to match specific scopes of work with the capabilities of these local companies to ensure that a significant portion of work associated with our project is awarded to local BC contractors.

One of our key efforts has been working with a few experienced local companies that are interested in developing new manufacturing facilities to produce large vessels and process modules that are too large to ship into the Prince George region. Brian Fehr, from whom we are acquiring our plant site, is one the contractors we are in discussions with. He will retain 20 acres of the land parcel we are acquiring and plans to construct a large module shop to support our project and others that he is working on in the province. He will use his other manufacturing facilities, as well as other local subcontractors, to produce components that will be required for these process modules. The objective is rapid module assembly in the controlled environment of a module shop coupled with distributed manufacture of easily transportable parts and subassemblies. This allows us to use the full range of local shops available without sacrificing efficiency or cost-competitiveness. This will maximize the scope for local companies and will develop local capacity to support the facilities through their full life cycle. The civil work (earthworks, foundations and undergrounds) is another area where we believe the work will be most efficiently performed by local contractors. The civil and module work will have a positive impact on virtually all construction contractors in the area, either as direct work on our project or through other jobs that our contractors would otherwise have been competing for.

Another important area of focus for WCOL will be re-engagement of discussions with key stakeholders (natural gas producers, post-FID investors, Enbridge and shippers on Enbridge's T-South system) in the project. Travel restrictions, social distancing and the shift in focus caused by the pandemic has limited the pace of negotiations with these stakeholders in recent months. However, it has also severely restricted the number of new projects being developed at a time when new opportunities are dearly needed. The compelling economics and simplicity of not requiring a major new pipeline are key advantages of our project. Eventually the Province must turn its attention to post-pandemic economic recovery, and we want to have the best positioned project when that happens.

Sincerely,

Ken James

President & CEO

West Coast Olefins Ltd.