

## **NACCO INDUSTRIES, INC. ANNOUNCES NOTIFICATION OF CONTRACT MINING AGREEMENT TERMINATION FOR THE NAVAJO MINE**

CLEVELAND, June 18, 2021 /PRNewswire/ -- NACCO Industries, Inc.<sup>®</sup> (NYSE: NC) announced today that it received notification on June 17, 2021 that the contract mining agreement between Bisti Fuels Company, a wholly owned subsidiary of NACCO, and the Navajo Transitional Energy Company ("NTEC") will be terminated effective September 30, 2021.

Bisti Fuels currently supplies coal from the Navajo Mine to the Four Corners Power Plant through the agreement with NTEC. NTEC will assume control and responsibility for operation of the Navajo Mine upon termination of the contract mining agreement. All liabilities, including mine reclamation, are the responsibility of NTEC. As required under the agreement, it is anticipated NTEC will pay NACCO a termination fee of approximately \$10 million.

Bisti assumed operation of the Navajo Mine on January 1, 2017, and between 2017 and 2020, Bisti contributed pre-tax earnings between \$4.5 million and \$5.8 million annually. Excluding the termination fee, the termination of the contract mining agreement does not materially impact NACCO's outlook for 2021, but it will have a material unfavorable effect on NACCO's long-term earnings. The contract was scheduled to expire in 2031, with seasonal operations, and reduced coal production levels, beginning in the third quarter of 2023.

"While this is a disappointing outcome, we recognize that our customer, NTEC, has the capabilities to manage this operation, and has made a business decision to do so. We are proud of our employees, and the work they have accomplished during our oversight of the Navajo Mine. We empowered employees to greatly improve the safety culture, and act as strong stewards for environmental excellence," said J.C. Butler, President and CEO of NACCO and The North American Coal Corporation.

During North American Coal's tenure as operator of the Navajo Mine, the operation received the Sentinels of Safety Large Coal Processing Award from the National Mining Association, the Excellence in Surface Coal Mining Reclamation Award from the U.S. Department of the Interior's Office of Surface Mining Reclamation and Enforcement, the National Mineral Education Award, the National Mine Safety and Health Training Award, and the Community Outreach Award from the Interstate Mining Compact Commission, as well as the Excellence in Reclamation Award from the New Mexico Energy, Minerals and Natural Resources Department for STEM related outreach and education.

Mr. Butler added, "As described in our 2020 annual report, we remain steadfastly focused on our two key strategies, Protect the Core and Grow and Diversify. We are working diligently to support our North American Coal customers, and we continue to execute on key initiatives developed over the last several years as part of our strategy to Grow and Diversify. We are purposefully and deliberately diversifying into other businesses that leverage our core skills, capabilities and reputation. We are building a strong portfolio of affiliated businesses for growth and diversification through North American Mining which is rapidly building a business focused on aggregates and non-coal mineral production, Catapult Mineral Partners which is driving growth in our Minerals Management segment, and Mitigation Resources of North America which is focused on providing environmental offset solutions."

### **Forward-looking Statements Disclaimer**

The statements contained in this news release that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are made subject to certain risks and uncertainties, which could cause actual results to differ materially from those presented. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Among the factors that could cause plans, actions and results to differ materially from current expectations are, without limitation: (1) changes to or termination of a long-term mining contract, or a customer default under a contract, (2) a significant reduction in purchases by the Company's customers, including changes in coal consumption patterns of U.S. electric power generators, or changes in the power industry that would affect demand for the Company's coal and other mineral reserves, (3) the ability of the Company to access credit in the current economic environment, or obtain financing at reasonable rates, or at all, and to maintain surety bonds for mine reclamation as a result of current market sentiment for fossil fuels, (4) failure to obtain adequate insurance coverages at reasonable rates, (5) the impact of the COVID-19 pandemic, (6) changes in tax laws or regulatory

requirements, including the elimination of, or reduction in, the percentage depletion tax deduction, changes in mining or power plant emission regulations and health, safety or environmental legislation, (7) changes in costs related to geological and geotechnical conditions, repairs and maintenance, new equipment and replacement parts, fuel or other similar items, (8) regulatory actions, changes in mining permit requirements or delays in obtaining mining permits that could affect deliveries to customers, (9) weather conditions, extended power plant outages, liquidity events or other events that would change the level of customers' coal or aggregates requirements, (10) weather or equipment problems that could affect deliveries to customers, (11) failure or delays by the Company's lessees in achieving expected production of natural gas and other hydrocarbons; the availability and cost of transportation and processing services in the areas where the Company's oil and gas reserves are located; federal and state legislative and regulatory initiatives relating to hydraulic fracturing; and the ability of lessees to obtain capital or financing needed for well development operations and leasing and development of oil and gas reserves on federal lands, (12) changes in the costs to reclaim mining areas, (13) costs to pursue and develop new mining and value-added service opportunities, (14) delays or reductions in coal or aggregates deliveries, (15) changes in the prices of hydrocarbons, particularly diesel fuel, natural gas and oil, (16) the ability to successfully evaluate investments and achieve intended financial results in new business and growth initiatives, (17) the effects of receiving low sustainability scores which could result in the exclusion of the Company's securities from consideration by certain investment funds, and (18) disruptions from natural or human causes, including severe weather, accidents, fires, earthquakes and terrorist acts, any of which could result in suspension of operations or harm to people or the environment.

### **About NACCO Industries, Inc.**

NACCO Industries, Inc.<sup>®</sup>, through a portfolio of mining and natural resources businesses, operates under three business segments: Coal Mining, North American Mining and Minerals Management. The Coal Mining segment operates surface coal mines under long-term contracts with power generation companies and an activated carbon producer pursuant to a service-based business model. The North American Mining segment provides value-added contract mining and other services for producers of aggregates, lithium and other minerals. The Minerals Management segment acquires and promotes the development of oil, gas and coal mineral interests, generating income primarily from royalty-based lease payments from third parties. In addition, the Company's Mitigation Resources of North America<sup>®</sup> business provides stream and wetland mitigation solutions. For more information about NACCO Industries, visit the Company's website at [www.nacco.com](http://www.nacco.com).

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