



6 September 2019

Ms. Terry Pratt
BC Environmental Assessment Office
1st Fl - 836 Yates Street
Victoria BC V8W 1L8

Tenas Project - Environmental Assessment

Dear Terry,

I refer to our conversations in relation to a request from the Wet'suwet'en, specifically the Cas Yikh house membership, and Dini'ze and Ts'ahe'ze, to put the BC EAO review of the Tenas Project on hold during the reconciliation discussions between the Wet'suwet'en and the Province of British Columbia. The Wet'suwet'en has advised that they would need until 30 April 2020.

This letter is to advise that after consultation with my joint venture partner in Telkwa Coal Limited, Itochu Corporation of Japan, and considering the practical and financial implications of doing this to my staff, and my shareholders, Telkwa Coal has decided to pause the EA process for the Tenas Project.

The financial implications of doing this are very material, captured primarily in the fixed costs of Telkwa Coal Limited, and its parent company, Allegiance Coal Limited. Notwithstanding this, Telkwa Coal Limited agrees to the request.

Effective as soon as practical this month, we ask the EAO to put the Tenas Project EAO Review process on hold until April 2020. Our final actions in the EAO process until then will be to submit:

- The draft Application Information Requirements Document; and
- The Public Consultation Plan.

We will continue to advance the Tenas Project in all other respects, with a view to mitigating potential future delays in the EAO Review process, once it recommences.

Kind regards,

Mark Gray
Managing Director

cc. Angela Waterman, Director of Environment and Government Relations