June 2020

FREQUENTLY ASKED QUESTIONS by Local Community

Thank you for your interest in Telkwa Coal and the Tenas Project.

Telkwa Coal is committed to working with the Wet'suwet'en and the local community to responsibly develop the Project. For us, that means continuing to listen and engage in open dialogue as we proceed.

We began engaging with the community in early 2017, holding open houses in May 2018, November 2018 and November 2019. We have held several smaller neighbourhood meetings, stakeholder group interviews and have had many conversations with our community over the past few years.

Telkwa Coal will continue to host open houses to update the community on the Project and address questions. Due to COVID-19 and physical distancing guidelines, virtual open houses will be held in lieu of an in-person event in June. The format of future open houses will be guided by updated provincial health guidance.

The technical work on our Project is ongoing. We entered the formal BC Environmental Assessment (EA) pre-application process in November 2018, and we anticipate that our application will be submitted in late 2020 or early 2021 depending on the regulatory process. The review process will take about a year before a government decision is reached.

Below are answers to common questions we have heard. Check back regularly for new updates.

[hotlinks to the various page sections]

Project Overview

1. How much coal are you looking to mine and for how long?

Our plan is based on a production average of 775,000 to 825,000 tonnes annually of steelmaking coal at the Tenas deposit. This means a mine life of approximately 25 years including construction, operations, and reclamation/decommissioning. This approach allows for optimal operating levels and importantly, and ensures the operation is sustainable for the long term.

2. How will the coal be transported?

A dedicated Bypass Road will be constructed to allow purpose-built b-train trucks to transport coal to the rail line. Rail infrastructure includes a 2.5 km rail loop. From there, approximately 1.3 trains a week will transport coal to Port of Prince Rupert. This is in addition to the 30 trains a day passing through Smithers on average today.

The photo below shows an example of the typical truck that will be used to transport the processed coal to the rail infrastructure from the Coal Processing Plant at the mine. The trucks will be equipped with an automatic tarping system to reduce the potential for dust in transit. Trucks will operate 24 hours a day, seven days a week, year-round. On average, it is estimated that between two and four trucks will depart and return to the minesite each hour.

Photo of B Train truck

3. What infrastructure will you have on site and what equipment will be used?

We will have a Coal Processing Plant, water management infrastructure (ditches and settling ponds), a facility for storing explosives, as well as administration and maintenance buildings. The mine will use standard surface mine equipment used at other operations, including haul trucks, backhoes, dozers, graders and drills.

Jobs & Local Spending

4. What investments are you making in the local community?

We have made a long-term commitment to the region. Our Project operates from our main office in Telkwa. As part of our commitment, we are hiring locally and investing in local community initiatives, including sponsorships and in-kind contributions to local organizations like:

- Bulkley Valley Bowmen
- Bulkley Valley Food Bank
- Bulkley Valley Hospital Foundation
- Bulkley Valley Kinsmen (Telkwa BBQ)
- Coast Mountain College
- Dze L K'ant Friendship Centre in Houston
- Smithers Curling Club
- Smithers Exploration Group
- Smithers Golf and Country Club
- Smithers Rodeo Club
- The Ark Playday Centre in Telkwa
- Telkwa Elementary School
- Telkwa Museum
- Telkwa Reading Room

Since 2017, we have already contributed more than $ 4.3 million into the local economy through our mine exploration and permitting activities, including socio-cultural and environmental baseline studies.

5. How many people do you expect to hire?

We are already working with more than 70 local experts from the Bulkley Nechako region for our baseline environmental, archaeology, cultural and exploration programs. We expect to have 170 full-time equivalent employees during peak operations over the 25-year mine life. We also anticipate 255 full-time equivalent indirect jobs during peak operations. The final employment numbers will be provided in the EA regulatory application.

6. Where will employees come from for the Project?

We plan to hire locally, as much as possible, to create a lasting benefit for the local community. In fact, there will be no camp to serve the mine, even during construction.

7. What benefits does the proponent anticipate other than new jobs? What other community benefits does the proponent anticipate they will provide?

We anticipate contracting opportunities for the local region to supply and service the mine. The mine will be a community presence and, as we have already done, we will continue to sponsor and support many local groups and events to enhance the quality of life in the region. The mine will also provide skills training opportunities for those looking to begin work in the mining sector.

8. What about other existing industries and economic activities (i.e., forestry, traplines,

outfitters, etc.)?

Our objective is to create lasting benefits for the region. We are currently assessing where the mine overlaps with other activities and will look to minimize and/or mitigate the potential effects on other land uses as we develop the Project.

9. **While Telkwa Coal expects to fill many positions with personnel based-locally, the Project has the potential to affect housing.**

We are committed to working with local government to support housing initiatives.

Water

10. **How much water do you expect to use?**

We are currently preparing a mine plan that will determine the amount of water required for processing. As the plan is still in development, details on the total amount of water required are not yet known but will be provided in the EA regulatory application.

11. **Where will you get the water from?**

Rain and snow on the mine site will be collected and used to supply the process activities. This water will be stored in sediment treatment (settling) ponds. It may be necessary to supplement this water with groundwater wells and/or local streams. Water for dust suppression at the rail loading site is expected to be taken from a stormwater sediment pond that is planned near to the facilities and from groundwater wells. If required, potable water will be purchased from the Regional District of Bulkley-Nechako.

12. **Will any aquifers be impacted, and what about groundwater?**

At this time, any groundwater use in the immediate vicinity of the minesite is not expected to have any measurable effect on private wells or the Telkwa River. As part of the environmental baseline studies, and as required for permitting, detailed assessments of both surface and groundwater quality and quantity are ongoing. The results will be included in the EA regulatory application.

13. **How will you manage water leaving the minesite?**

Currently, the plan is for any water in contact with the Project to be directed to settling ponds prior to discharge to the either the Telkwa River in a pipeline or another water body such as Tenas Creek, by an existing tributary. Discharge would likely take place only during open water season.

14. **What is your acid rock drainage (ARD) plan?**

We understand the importance of having a comprehensive ARD plan in our overall mine design and plan. We have completed an evaluation and have selected a water cover to manage any material that has a potential for ARD. Water covers are viewed as the best available method for dealing with this issue. The mine has been designed around this requirement with many aspects of the mining plan from pit sequencing to material movement being dictated by ARD management.

15. What is your selenium plan?

Should water quality modelling predictions suggest that selenium will be above government guidelines, a selenium bioaccumulation model will be developed to assess the potential for effects on local fish.This model will use data our site baseline studies and water quality predictions, other relevant coal mining sites in British Columbia and Alberta; and, from peer-reviewed literature.

16. Fishing is a very important source of tourism and local recreation in the area, how will TCL support these industries?

We understand that fishing is important to the community, and our mine has been designed to minimize effects to local fisheries.

Air

17. What is your plan to manage air quality and coal dust?

We will have a comprehensive air quality management plan in place. Our plan currently includes several measures summarized below.

At the minesite:

- Water trucks and chemical agents will be used on traffic areas and stockpiles.
- The heights of stockpiles will be limited.
- Drop heights will be minimized for loading.
- Overburden piles and topsoil stockpiles will be revegetated.
- Vehicle speed will be managed.
- Windbreaks will be constructed, as needed.
- Monitoring data will be reviewed regularly to refine ongoing mitigation measures.

Along the Bypass Road:

- Coal will be transported in covered trucks.
- Vehicle speed will be managed.
- Road dust suppression techniques such as road binding agents and water trucks will be used, as needed.

At the Rail Infrastructure:

- Binding agents and/or water will be applied to stockpiles, as needed.
- Water trucks and/or sprayers and/or binding agents will be used for the loading area and stockpiles, as needed.
- All trains will be sprayed with a latex coating topper, a common practice at other coal mines.

Noise

18. How are you planning to manage noise at the minesite?

Our preliminary work has shown that the minesite will not generate measurable or discernible persistent noise in the town of Telkwa. We have conducted baseline noise assessments in the area and will be conducting an assessment to predict noise levels at nearby receptors. The findings, including any mitigation measures and contingency planning procedures, will be shared once our work is complete.

19. How much blasting is anticipated on a daily/weekly basis?

There will be between two to four blasts per week during daylight hours only. Blasting will likely occur in the late afternoon. Each blast event would last less than two minutes.

Wildlife

20. How are you integrating the caribou recovery program into your plans?

We have been actively working with the government to provide a range of potential mitigation measures to limit any impacts to caribou. We are collecting baseline information and reviewing existing information on habitats and populations to identify potential effects. The assessment will be included in the EA regulatory application.

21. What about the moose population?

We have been collecting and reviewing existing information on moose habitats and populations in the Project area. Our assessment to date shows that the Project is largely outside of identified moose winter habitat. Our wildlife management plan will present the results of the assessment as well as mitigation measures to avoid and minimize any potential impacts.

Recreation & Tourism

22. Will you be maintaining access for recreational users to trail heads that exist within or immediately around the Project area?

This requirement is set by the provincial government in the regulatory process. We support continued access to recreational opportunities and will work with local stakeholders to minimize potential impacts and maintain controlled and specified access plans, in line with government land use requirements.

Indigenous Nations

23. Which Indigenous Nation do you engage with?

We have engaged with the Office of the Wet'suwet'en since late 2016. A Communication Engagement Agreement was signed in early 2017 as an initial formal step in the relationship. Our Cultural Use Study Areas are inclusive of the Gitdumden clan / Cas Yex house as well as the Laksilyu clan / Kwen Bea Yex house in proximity to the Project. We continue to be guided by the Wet'suwet'en on clan and house communication.

By the EAO's Section 11 legal procedural order, we are also required to continue to provide information to the Wet'suwet'en First Nation.

24. Does Telkwa Coal have a view of the hereditary versus band leadership structure?

This is for the Wet'suwet'en to determine. We are committed to engaging in whatever form works best for with the Wet'suwet'en.

25. How does Telkwa Coal rationalize the development of a coal mine given the climate change challenges the world is facing

Climate change is an important issue for all of us. We recognize the need to reduce global emissions to help meet climate objectives, and we support these efforts.

Steelmaking coal is a necessary ingredient in the production of steel (750 kg of steelmaking coal is required for every tonne of steel), which is, in turn, essential for green energy solutions that will help address global climate change. Wind turbines, solar panels and electric vehicles all require steel.

Closer to home, as responsible operators, we have included design mitigations to limit emissions where possible. Where emissions are generated through the operations, like all businesses and individuals in BC, we will pay the BC carbon tax.