

BRITISH
COLUMBIA

TENAS
PROJECT



TELKWA COAL
LIMITED

TENAS PROJECT

Telkwa Coal Limited, a subsidiary of Australian-based and ASX listed Allegiance Coal, is proposing to develop the Tenas Project, a steelmaking or metallurgical coal mine in British Columbia's northwest region. Telkwa Coal is a joint venture partnership 95% owned by Allegiance Coal and 5% by Itochu Corporation.

The Tenas Project is located in the Bulkley Nechako region, 25 km south of Smithers and 7 km southwest of Telkwa, BC. The area was mined historically between 1918 and 1985.

The Tenas Project entered into the British Columbia Environmental Assessment process in November 2018, with the submission of the Project Description. The project will produce approximately 775,000-825,000 tonnes of steelmaking coal annually, with a mine life of about 25 years including

construction, operations and reclamation phases of the project. Project details are being further refined. The project is undergoing a comprehensive regulatory review.

The steelmaking coal would be shipped on the CN rail line to Prince Rupert's Ridley Terminal for export to steel mills - most likely in Asia.

The project and any material changes to the planned activities in the future will require Wet'suwet'en, community and regulatory review.

We look forward to continuing the open dialogue with our neighbours - working to address community questions and developing the Tenas Project responsibly and respectfully.



TENAS PROJECT AT A GLANCE

Based on 2019 Definitive Feasibility Study

Annual Production 775,000-825,000 tonnes

Mine Life ~ 25 years

Footprint ~1,050 ha

Direct Local Employment (operations) 110+, in addition to further employment during construction and closure phases

Indirect Local Employment 220+

Number of Trains 1 train consisting of 116 cars per week

Number of Trucks 2-3 loaded trucks will depart and return to the mine site each hour

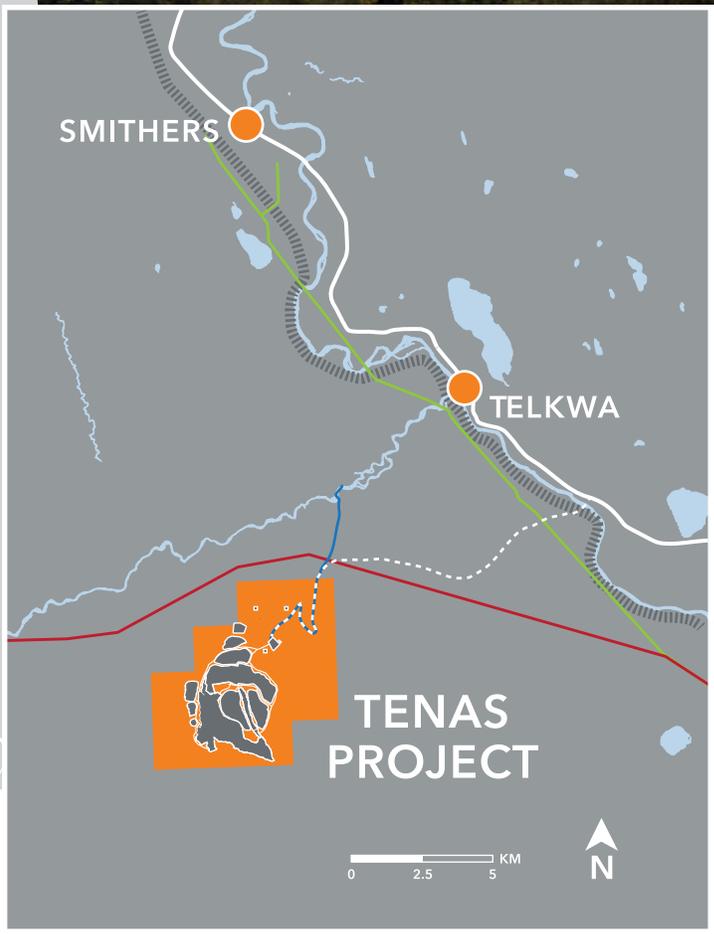
Operating Schedule Day and night shifts, 365 days per year

Coal Processing Conventional plant using water and gravity to separate coal from rock

Tailings Management Rock returned to the pit or piled

Pit Equipment Conventional truck and excavator surface mine operation

Transportation
 Rail - Construction of a dedicated loop that is connected to the existing CN rail line to Prince Rupert
 Road - Using dedicated bypass road for all mine traffic once constructed



- PROJECT AREA
- MAJOR ROAD
- LAKE / RIVER
- MINE FOOTPRINT
- RAILWAY (CNR)
- PROPOSED TENAS HAUL ROUTE
- 500KV TRANSMISSION LINE
- PROPOSED WATER PIPELINE
- 138KV TRANSMISSION LINE

STEELMAKING COAL

Steelmaking or metallurgical coal is a necessary ingredient in the production of steel. About 750 kg of coal goes into every tonne of steel produced. In turn, that steel is used for many of the fundamental requirements in our daily lives - buildings, transportation, heating, healthcare and food production. As an example, the steel in an average car contains 650 kg of steelmaking coal and a wind turbine contains 142,000 kg.



PROJECT REVIEW AND PERMITTING

Telkwa Coal is committed to working with the Wet'suwet'en and the local community to responsibly develop the Tenas project. For us, that means listening and engaging in open dialogue as we proceed with the project review and regulatory process.

We are committed to addressing health, environment and community questions and minimizing the potential effects of our operations. We will meet the environmental requirements to operate safely and responsibly for decades to come.

We aim to create a positive legacy of mining, collaborating with our neighbours to develop opportunities that will contribute to building strong, local communities. Closure planning and design will be approved by government and will take into consideration community input.

Our immediate focus is to complete our baseline and feasibility studies and continue with our indigenous and community engagement activities.

We are currently assessing and monitoring:

Baseline Studies

- Meteorology & Climate
- Surficial Geology & Terrain Mapping
- Terrain Stability & Natural Hazards
- Groundwater & Surface Water Quality & Quantity
- Sediment Quality
- Fisheries & Aquatic Resources
- Vegetation
- Wildlife
- Land Use
- Socio-economics
- Archaeology & Cultural Use

Mine Plan Development

- Geotechnical Aspects
- Geology Modeling
- Coal Processing
- Infrastructure
- Rail Access
- Road Access & Bridges
- Powerlines
- Reclamation Planning & Effective Mine Closure
- Discharges & Treatment Plans

These activities are required for the Environmental Assessment Act, the Mines Act and Environmental Management Act Permit Applications, which will be submitted in Q4 2019.

OUR CORE VALUES

HEALTH AND SAFETY

Safety is a core value of our company. We believe that all activities can be completed with zero harm to personnel and that all incidents and injuries are preventable. We will provide resources to manage health and safety and expect all employees and contractors to share in the responsibility.

INDIGENOUS PEOPLE

We acknowledge and respect the unceded rights, title, interests, culture and aspirations of the Wet'suwet'en to 22,000 square km of traditional territory. In April 2017, we signed a Communications and Engagement Agreement as an initial, formal step in our commitment to the Wet'suwet'en.

ENVIRONMENT

We will ensure that our activities are responsible and protective of the environment. Our design and operational activities adhere to the mitigation hierarchy to avoid and minimize impacts, restore on-site and offset, where necessary.

COMMUNITY

Integrity is fundamental to how we operate. We will engage with the community and stakeholders with the aim of ensuring the socio-economic priorities and goals are understood and addressed.

IN THE COMMUNITY

Our project is led from our main office in Telkwa, BC.

There are many technical experts residing in the Bulkley Nechako region and we are using that local expertise for our baseline environmental, archaeology, cultural and exploration programs. Over 60 people from Telkwa, Smithers and the broader region are engaged as members of either the baseline and/or exploration teams. Included on the project team are wildlife, vegetation and soil experts; experts in water, fish resources and atmospheric sciences; archaeology and cultural experts. Members of the Wet'suwet'en have been a part of the surface, groundwater, hydrology and atmospheric baseline programs.

During construction and eventual operation, we will also hire locally as part of our commitment to create lasting benefits for the local community

COMMUNITY MEETINGS

The Environmental Assessment Office requires proponents to hold two Open Houses. By the end of the regulatory process, Telkwa Coal will have held a total of five Open Houses. There will be additional opportunities for public input and review in 2019 and 2020 during the regulatory review process.

In addition to the Open Houses, Telkwa Coal has an open-door policy at their local office in Telkwa, and community members and stakeholders are encouraged to drop in. We want to hear from the community, so we are able to fully consider local issues of concern in our project planning. In addition to these meetings, we invite you to connect with us.

CONNECTING

- Web** More information, including meeting dates will be posted on our project website at www.allegiancecoal.com
- Email** Questions can be sent to info@allegiancecoal.com.au
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