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Ref: 101339

March 20, 2012

Mark McManus
Executive General Manager
Xstrata Coal Canada Ltd.
Suite 900, 1285 West Pender St
Vancouver BC V6E 4B1

Dear Mr. McManus:

Thank you for your letter of January 31, 2012, indicating that Xstrata Coal Canada Ltd., having acquired First Coal Corp. in August 2011, has determined not to proceed with the proposed Central South Mine Project (proposed Project) at this time.

The environmental assessment (EA) of the proposed Project was initiated on September 8, 2010, with the issuance of an Order under section 10 of the *Environmental Assessment Act*. Subsequently, a working group was formed, and meetings were held with the working group and First Nations leaders.

In response to your letter asking to withdraw the proposed Project from the EA process, the Environmental Assessment Office is terminating the EA.

Should Xstrata Coal Canada Ltd. choose to move forward with a new project proposal, please contact Karen Christie, Coal Mining Sector Lead, at 250-387-9675.

If you have any further enquiries regarding the Central South Mine Project EA, please contact me at your convenience.

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Yours truly,

A handwritten signature in cursive script that reads "Dawna Harden". The signature is written in black ink and is positioned below the "Yours truly," text.

Dawna Harden
Project Assessment Manager

pc: Doug Smith, President and CEO
Xstrata Coal Canada

Colleen Hanlan, Project Assessment Manager
Canadian Environmental Assessment Agency

Karen Christie, Project Assessment Director
Environmental Assessment Office