



January 31, 2012

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Canadian Environmental Assessment Agency
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Project Assessment Manager
BC Environmental Assessment Office
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Re: Central South Project – Environmental Assessment Status

Dear Colleen and Dawna,

We are writing to advise you of the status of the Central South project. As you are aware, Xstrata Coal Canada acquired First Coal Corporation in August 2011. Since that time, we have been engaged in an internal review of the Central South project proposed by First Coal Corporation. As a result of our review, we have determined not to proceed with the Central South project, as submitted, at this time.

Accordingly, Xstrata Coal Canada formally requests that the Central South project be withdrawn from both the Federal and Provincial environmental assessment processes. In the event that Xstrata Coal Canada decides to revisit the Central South project at a future date, a new application will be provided.

Xstrata Coal Canada intends to pursue another project within its other coal tenures in Northeastern BC. Recently an application for exploration permit over the Lossan area has been submitted. As part of our planning process, we would like the opportunity to meet with you to continue forming our working relationship and share information about the proposed project.



Someone from our office will contact you shortly to discuss a convenient date and time for us to meet. In the meantime should you have any question please feel free to contact myself or Bryan Tiedt from Xstrata Coal Canada (604-453-4449, btiedt@xstratacoal.ca).

Best Regards,

A handwritten signature in black ink, appearing to read 'M. McManus', with a long horizontal flourish extending to the right.

Mark McManus
Executive General Manager
Xstrata Coal Canada