



Coal Valley Resources Inc. – *Obed Mountain Mine*
A Subsidiary of WESTMORELAND COAL COMPANY

**Obed Mountain Mine
Wastewater Release
Monthly Status Report for June 2014**

July 7, 2014

Table of Contents

1.0	MONTHLY STATUS REPORT – JUNE 2014	1
2.0	EPO ACTIVITIES IN JUNE 2014	1
2.1	CLAUSE 3 – IMMEDIATE AND SHORT-TERM SAMPLING AND MONITORING PLAN	1
2.2	CLAUSES 6-8 – SOLIDS RECOVERY PLAN	4
2.3	CLAUSES 10 – SOLIDS RECOVERY REPORT	5
2.4	CLAUSE 11 LONG-TERM SAMPLING AND MONITORING PLAN	5
2.5	CLAUSE 15 – IMPACTS REPORT	6
2.6	CLAUSE 17- IMPACTS ASSESSMENT PLAN	7
2.7	CLAUSE 22- WILDLIFE MITIGATION PLAN	8
2.8	CLAUSE 27 - REMEDIATION PLAN	8
2.9	CLAUSE 34 – WASTE MANAGEMENT PLAN	8
2.10	CLAUSE 37 - WASTEWATER MANAGEMENT PLAN	9
3.0	PLANNED EPO ACTIVITIES FOR JULY 2014	10
3.1	EPO ACTIVITIES FOR JULY 2014	10
3.2	REPORTING STRATEGY	10
4.0	CLOSING	11

1.0 MONTHLY STATUS REPORT – JUNE 2014

On November 19, 2013, Alberta Environment and Sustainable Resource Development ("ESRD") issued Environmental Protection Order No. EPO-2013/34-CR, as amended (the "EPO"), to Coal Valley Resources Inc. ("CVRI") and Sherritt International Corporation in respect of the Obed Mountain Mine (the "Mine"). Oversight of the EPO transferred from ESRD to the Alberta Energy Regulator ("AER") in March 2014. CVRI became a subsidiary of Westmoreland Coal Company in April 2014. This Monthly Status Report has been prepared in accordance with clauses 39 and 40 of the EPO, which state the following:

39. In addition to any other reporting required by this Order, the Parties shall submit to the Director on the first day of each month, commencing on December 1, 2013, a status report in writing that contains a summary of all activities undertaken in accordance with this Order in the previous month, and all activities that are planned for the next month (the "Monthly Status Reports").

40. The Monthly Status Reports shall be submitted to the Director until the Director advises otherwise.

The reporting requirement for this Monthly Status Report was amended in an email from Jim Steele to CVRI dated December 5, 2013, which stated:

Additionally, ESRD is in agreement with the company's request to adjust the due date for the monthly reports from the first day of the month to "no later than the 7th day of the month following the reporting period".

2.0 EPO ACTIVITIES IN JUNE 2014

2.1 Clause 3 – Immediate and Short-Term Sampling and Monitoring Plan

CVRI submitted a revised version of the Immediate and Short-Term Sampling and Monitoring Plan on January 23, 2014. Included in the submission was a reply to the second round of ESRD's regulatory feedback. ESRD provided further regulatory feedback on January 31, 2014. CVRI's

response, along with an updated plan, was submitted to ESRD on February 3, 2014. CVRI received ESRD approval of the Immediate and Short-Term Sampling and Monitoring Plan on February 7, 2014. The approval included contingencies and revisions that required the Immediate and Short-Term Sampling and Monitoring Plan to be updated and resubmitted to ESRD by February 14, 2014. The amendments were made and the plan was resubmitted to ESRD on February 14, 2014.

CVRI has fully implemented the Immediate and Short –Term Sampling and Monitoring Plan. CVRI collects and reports on samples to the AER on a weekly basis. The data collected is reviewed and discussions regarding the findings are provided in the Quarterly Summary Progress Report.

Surface Water Quality Sampling – June 2014

- The surface water sampling program is completed weekly in accordance with the Immediate and Short-Term Sampling and Monitoring Plan (clause 5 of the EPO). The sampling program was completed by CVRI and Backwoods personnel. Training and QA/QC is conducted by Hatfield Consultants to ensure quality standards are maintained. The sampling program is summarized in Tables 1 and 2 below and supported by the Sampling and Monitoring Map (Appendix A).
- Water sampling on the Mine site, as required under EPEA Approval No. 10119-02-00 (the "Approval"), is summarized in Table 3 below.

Table 1: Obed Sampling and Monitoring Requirements During Pumping Operations			
Location	Requirements	Frequency	Notes
Oldman Creek (OMC)	NTU, pH	2X/Day U/S and D/S while pumping	TSS samples collected when NTU>50
	Water Chemistry	1X/ week	
Baseline Creek (BLC)	NTU, pH	2X/Day D/S while pumping	TSS Samples collected when NTU>50
	Water Chemistry	1X/ week	
Pump Discharges	NTU, pH, Flow, Volume	Every 6 hours while	Includes: MTP, ELP1,

		pumping	Pond 5. TSS samples are collected when NTU>50
--	--	---------	---

Location	Classification	Frequency	Requirements
East Limb Pond 1 (ELP1)	Major Pond	Daily	3X/week for pH, TSS Daily for NTU Bi-weekly for Nitrates
East Limb Pond 2 (ELP2)	Major Pond	Daily	3X/week for pH, TSS Daily for NTU Bi-weekly for Nitrates
South Plateau Pond 1 (SPP1)	Major Pond	Daily	3X/week for pH, TSS Daily for NTU Bi-weekly for Nitrates
South Plateau Pond 2 (SPP2)	Major Pond	Daily	3X/week for pH, TSS Daily for NTU Bi-weekly for Nitrates
South Plateau Pond 3 (SPP3)	Major Pond	Daily	3X/week for pH, TSS Daily for NTU Bi-weekly for Nitrates
Main Tailing Pond (MTP)	Major Pond	Daily	3X/week for pH, TSS Daily for NTU Bi-weekly for Nitrates Monthly Water Chemistry
Pond 5	Minor Pond	Daily	3X/week for pH, TSS Daily for NTU Bi-weekly for Nitrates
Load-Out Settling Pond 2 (LSP2)	Minor Pond	Weekly	1X/week for pH, TSS, NTU Monthly for nitrates
Load-Out Settling Pond 3 (LSP3)	Minor Pond	Weekly	1X/week for pH, TSS, NTU Monthly for nitrates

Site Name	Watercourse	UTM		Data Collection Frequency		
		Easting	Northing	Water	Data Sonde	Water Sediment Toxicity
Near-Field Sample Sites¹ (See Figure 1)						
APC –US ³	Apetowun Creek	470657	5937715			May, July and September
APC	Apetowun Creek	472400	5938941		15-min ²	May, July and September

APC-DS ³	Apetowun Creek	477133	5943213			
PLC-US	Plante Creek	482483	5945393		15-min ²	
PLC-DS	Plante Creek	483639	5942193	2 x weekly	15-min ²	May, July and September
ATR-US	Athabasca River	476280	5931218		15-min ²	May, July and September
ATR –PLC	Athabasca River	485385	5940747		15-min ²	
ATR-D1	Athabasca River	478576	5950378			May, July and September
ATR-D2	Athabasca River	489498	5965837		15-min ²	
Far-Field Sample Sites¹ (See Figure 2)						
ATR-WD1	Athabasca River	660944	6028061			
ATR-FF2 ³	Athabasca River	605947	6002848			
ATR-FF3 ³	Athabasca River	564752	6003585			
ATR-AD1	Athabasca River	658459	6025745	Monthly		
ATR-FF5	Athabasca River	475330	6286105			
ATR-FF6	Athabasca River	463203	6332042			
ATR-FF7	Athabasca River	470022	6463222			

2.2 Clauses 6-8 – Solids Recovery Plan

The Solids Recovery Plan was first submitted to ESRD on November 29, 2013. CVRI submitted a revised version of the Solids Recovery Plan and a response to ESRD’s regulatory feedback on January 29, 2014. ESRD provided a second round of regulatory feedback on January 31, 2014. CVRI's response, along with an updated Solids Recovery Plan, was submitted to ESRD on February 3, 2014. As requested, the February 3, 2014 submission of the Solids Recovery Plan included an additional soils table in Excel format. CVRI received ESRD approval of the Solids Recovery Plan on February 7, 2014. The approval of the Solids Recovery Plan included contingencies and revisions that required the Solids Recovery Plan to be updated and resubmitted to ESRD by February 14, 2014. The amended Solids Recovery Plan was resubmitted to ESRD on February 14, 2014.

CVRI has received feedback from the Department of Fisheries and Oceans ("DFO") and ESRD's Fisheries biologist identifying concerns related to sediment trap design, effectiveness of the traps, and a contingency plan if the sediment traps are deemed to not be effective. The response was due March 10, 2014. CVRI submitted the additional information to ESRD and DFO on March 10, 2014. No additional concerns were raised by either ESRD or DFO and approval to construct the sediment traps was received pending approval under the *Water Act*. CVRI received approval under the *Water Act* on March 10, 2014 to construct the sediment traps as outlined in the approved Solids Recovery Plan.

Construction of the sediment traps is now completed and they operational. An addendum to the Solids Recovery Plan was submitted to the AER on June 4, 2014. The addendum included as-built drawings and the Operation, Maintenance and Monitoring Plan for the sediment traps.

2.3 CLAUSES 10 – SOLIDS RECOVERY REPORT

CVRI has submitted an initial communication to the AER requesting a date change for the submission of the Solids Recovery Report pursuant to Clause 10 of the EPO. The EPO currently states that a report of the solids recovery work detailing all of the outcomes of the items contained in the Solids Recovery Plan shall be submitted on or before December 20, 2013. As the outcomes and activities related to the Solids Recovery Plan are ongoing, CVRI will formally request that Clause 10 of the EPO be amended to state that the current Clause 10 process, monthly updates will proceed, and , within 30 days of completion of all outcomes contained in the Solids Recovery Plan, a final report be submitted to the AER.

2.4 Clause 11 Long-Term Sampling and Monitoring Plan

CVRI developed and submitted a combined report on December 13, 2013 that responded to Clauses 11, 17 and 22 of the EPO. ESRD provided comments on the combined report on February 10, 2014. The regulatory comments provided by ESRD requested that the Impact

Assessment Plan, the Long-Term Sampling and Monitoring Plan and the Wildlife Mitigation Plan be resubmitted as individual plans by February 28, 2014.

On February 20, 2014, CVRI requested a seven day extension to the submission deadline to ensure the documents submitted met the individual plan requirements. The extension was granted by ESRD and the individual plans were submitted to ESRD on March 7, 2014.

CVRI submitted the Long-Term Sampling and Monitoring Plan, Wildlife Mitigation Plan and Impact Assessment Plan to ESRD on March 7, 2014. Supplementary Information Requests ("SIRs") were received from ESRD on March 25, 2014, with a response deadline of April 3, 2014.

CVRI compiled the SIR responses and submitted the updated plans to the AER on April 3, 2014.

CVRI received approval of the Long Term-Sampling and Monitoring Plan, Wildlife Mitigation Plan and Impacts Assessment Plan retroactive to April 24, 2014. Approval of the Long Term Sampling and Monitoring Plan included contingencies and revisions and the revised Long-Term Sampling and Monitoring Plan was submitted to the AER on May 27, 2014. CVRI received follow up SIRs from Alberta Fisheries and Alberta Health on June 20, 2014. The response to the follow-up questions was submitted to the AER on July 4, 2014, with additional communication and technical discussions to continue with Alberta Fisheries.

2.5 Clause 15 – Impacts Report

As required under the EPO, CVRI submitted an interim report on visual observations and data recorded and collected, including preliminary data interpretations and conclusions (the "Interim Impacts Report"), regarding the impacts to receptors and habitats from the release of Mine wastewater as identified during implementation of the Impacts Assessment Plan. The Interim Impacts Report was submitted on January 17, 2014.

On May 16, 2014, CVRI submitted the Impacts Report as prescribed by the EPO. No communication regarding the Impacts Report has been received as of June 7, 2014. Discussion regarding the Impacts Report will be updated on a quarterly basis as outlined in the Reporting

Strategy at Section 3.2 of this Monthly Status Report. The first quarterly update will be provided to the AER on July 15, 2014.

2.6 Clause 17- Impacts Assessment Plan

CVRI developed and submitted a combined report on December 13, 2013 that responded to Clauses 11, 17 and 22 of the EPO. ESRD provided comments on the combined report on February 10, 2014. The regulatory comments provided by ESRD requested that the Impacts Assessment Plan, the Long-Term Sampling and Monitoring Plan and the Wildlife Mitigation Plan be resubmitted as individual plans by February 28, 2014.

On February 20, 2014, CVRI requested a seven day extension to the submission deadline to ensure the documents submitted met the individual plan requirements. The extension was granted by ESRD and the individual plans were submitted to ESRD on March 7, 2014.

CVRI submitted the Long-Term Sampling and Monitoring Plan, Wildlife Mitigation Plan and Impacts Assessment Plan to ESRD on March 7, 2014. SIRs were received from ESRD on March 25, 2014, with a response deadline of April 3, 2014. CVRI compiled the SIR responses and submitted the updated plans to the AER on April 3, 2014.

CVRI received approval of the Long Term-Sampling and Monitoring Plan, Wildlife Mitigation Plan and Impact Assessment retroactive to April 24, 2014. Approval of the Impacts Assessment Plan included contingencies and revisions that required a response. The Impacts Assessment Plan was resubmitted to the AER on May 27, 2014.

CVRI received follow up SIRs from Alberta Fisheries and Alberta health on June 20, 2014. The response to the follow-up questions was submitted to the AER on July 4, 2014, with additional communication and technical discussions to continue with Alberta Fisheries.

2.7 Clause 22- Wildlife Mitigation Plan

CVRI developed and submitted a combined report on December 13, 2013 that responded to Clauses 11, 17 and 22 of the EPO. ESRD provided comments on the combined report on February 10, 2014. The regulatory comments provided by ESRD requested that the Impacts Assessment Plan, the Long-Term Sampling and Monitoring Plan and the Wildlife Mitigation Plan be resubmitted as individual plans by February 28, 2014.

On February 20, 2014, CVRI requested a seven day extension to the submission deadline to ensure the documents submitted met the individual plan requirements. The extension was granted by ESRD and the individual plans were submitted to ESRD on March 7, 2014.

CVRI submitted the Long-Term Sampling and Monitoring Plan, Wildlife Mitigation Plan and Impacts Assessment Plan to ESRD on March 7, 2014. SIRs were received from ESRD on March 25, 2014, with a response deadline of April 3, 2014. CVRI compiled the SIR responses and submitted the updated plans to the AER on April 3, 2014

CVRI received approval of the Wildlife Mitigation Plan retroactive to April 24, 2014.

2.8 Clause 27 - Remediation Plan

On May 16, 2014, CVRI submitted the Remediation Plan as prescribed by the EPO. The Remediation Plan will be updated on a quarterly basis as outlined in the Reporting Strategy at Section 3.2 of this Monthly Status Report. The first quarterly report will be provided to the AER on July 15, 2014.

2.9 Clause 34 – Waste Management Plan

On December 24, 2013, CVRI submitted a revision to the November 29, 2013 Waste Management Plan. The revision was completed based on feedback provided by ESRD. CVRI submitted a response to ESRD's regulatory feedback concerning the original version of the Waste Management Plan on December 24, 2013.

CVRI received approval of the Waste Management Plan on February 11, 2014. Included in the ESRD approval of the Waste Management Plan was a request to respond to outstanding questions and resubmit the plan by February 14, 2014. CVRI addressed the concerns and resubmitted the plan.

CVRI has collected and disposed of 3638 m³ of recovered sediment to date. Based on field estimates, approximately 10% of the calculated volume is composed of ice and regional material not associated with the deposited sediment. This information continues to be reported in the weekly EPO summaries.

2.10 Clause 37 - Wastewater Management Plan

On December 23, 2013, CVRI submitted a revision to the November 29, 2013 Wastewater Management Plan. The revision was completed based on feedback provided by ESRD. CVRI submitted a response to ESRD's regulatory feedback concerning the original version of the Wastewater Management Plan on December 23, 2013.

CVRI received approval for the Wastewater Management Plan on February 11, 2014. Included in the approval was a request to update ESRD as to the expected completion of the Medium Term Plan. CVRI provided an update to ESRD and submitted the Medium Term Plan (Clause 37 of the EPO) to ESRD on February 28, 2014.

In accordance with the Medium Term Plan, CVRI completed the following submissions:

1. Geotechnical Information – March 17, 2014;
2. Causation Report and required data – March 18, 2014;
3. Application under the *Water Act* to Construct Red/Green Pit Dam – March 26, 2014;
 - a. SIRs received, response submitted May 30, 2014;
 - b. Follow up to SIRs received June 16, 2014;

- i. Request for clarification received from the AER on July 2, 2014;
- 4. Application under the *Coal Conservation Act* to Amend Licence C 2009-1 (Red/Green Pit Dam) – March 26, 2014; and
- 5. Red/Green Perimeter Assessment Report – March 31, 2014.

CVRI will respond to the AER’s request for additional details on or before July 24, 2014.

3.0 PLANNED EPO ACTIVITIES FOR JULY 2014

3.1 EPO Activities for July 2014

CVRI will submit the first Quarterly Summary Progress report on July 15, 2014; concurrent to this submission will be an update to the communication plan and data updates to the associated websites.

Additional information to be proved to the AER includes:

- 1. Data collection progress;
- 2. Request for an administrative correction to the EPO; and
- 3. Second response to Red/Green Pit Dam application.

CVRI will continue with:

- 1. Surface water quality sampling and monitoring; and
- 2. Operation and maintenance of the sediment traps.

3.2 REPORTING STRATEGY

Table 4: Obed Reporting Program May 2014-April 2015			
Report Type	EPO Clause	Submission Frequency	Description
Action Summary	Clause 21	Weekly - Thursdays	Details the weekly action related to operations and EPO related activities.
Monthly Update	Clause 39	Monthly - on or before the 7 th	A status report in writing that contains a summary of all activities undertaken in accordance with the EPO in

		day of each month	the previous month and all activities that are planned for the next month.
Impacts Report	Clause 15	May 16, 2014	A report of all data collected (including references to data collection locations) and all conclusions regarding the impacts to the receptors and habitats as identified during implementation of the Impact Assessment Plan (the "Impacts Report"). See EPO Amendment 1 for date change.
Remediation Plan	Clause 27	May 16, 2014	A detailed remediation plan – See EPO Amendment 1 for date change.
Progression Report	Clauses 15 and 27	August 16, 2014	Provide scheduled data updates and proposed modifications to EPO plans submitted under Clauses 15 and 27. SIR response period of 30 days.
Progression Report	Clauses 15 and 27	October 16, 2014	Provide scheduled data updates and proposed modifications to EPO plans submitted under Clauses 15 and 27. SIR response period of 30 days.
Progression Report	Clauses 15 and 27	December 16, 2014	Provide scheduled data updates and proposed modifications to EPO plans submitted under Clauses 15 and 27. SIR response period of 30 days.
Progression Report	Clause 15 and 27	February 16, 2015	Provide scheduled data updates and proposed modifications to EPO plans submitted under Clauses 15 and 27. SIR response period of 30 days.
Impacts Plan	Clause 15	April 1, 2015	Amendments to May 16, 2014 submission based upon data collected in the 2014/2015 season.
Remediation Plan	Clause 27	April 1, 2015	Amendments to May 16, 2014 submission based upon data collected in the 2014/2015 season.

4.0 CLOSING

CVRI continues to work with the AER to mitigate any effects of the incident. These operations will continue to progress and adapt as conditions change and practices are refined. The submission of regularly scheduled progress reports and defined response periods will allow for

CVRI and the AER to continue to communicate in a clear and effective manner until submission of the final Impacts Report and Reclamation Report are submitted.