

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

March 7, 2014



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1.0 MONTHLY STATUS REPORT – FEBRUARY 2014

This document is prepared in response to Clauses 39 and 40 of Environmental Protection Order No. EPO-2013/34-CR, as amended (the "EPO"). The EPO was, issued to Coal Valley Resources Inc. (CVRI), Obed Mountain Mine on November 19, 2013, in relation to a containment structure failure. The specific EPO clauses that relate to this document are as follows:

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 the Monthly Status Report was amended in an email from Jim Steele dated December 5th as 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 FEBRUARY 2014

2.1 Clauses 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 Regulatory Feedback on January 31, 2014. CVRI's response along with an updated plan was submitted to the ESRD on February 3, 2014. CVRI received ESRD approval of the Immediate and Short Term Sampling and Monitoring Plan on February 7th. The approved plan included contingencies and revisions that required an update and resubmission of the plan to ESRD by February 14th. The amendments were made and the

plan was resubmitted to the ESRD on February 14th. CVRI continues on a weekly basis to monitor, collect and report to the ESRD samples collection as described below.

Surface Water Quality Sampling – February 2014

- A rigorous surface water sampling program was completed daily in accordance with the Immediate Sampling and Monitoring Plan (clause 5 of the EPO). The sampling program was completed by CVRI and Backwoods personnel. Training and QA/QC was conducted by Hatfield Consultants to ensure quality standards were being maintained. The sampling program included:
 - Near field surface water quality sampling at APC (Apetowun Creek), ATR-D1 (Downstream Athabasca at entrance of Sundance Provincial Park), ATR-CON (Athabasca River 1.5 km DS of Plante Creek), ATR-PLC (Athabasca River immediately downstream of Plante Creek), ATR-US (Athabasca River Upstream site at bridge), PLC-DS (Plante Creek downstream site) PLC-US (Plante Creek Upstream site), PLC-DS2 (Plante Creek immediately upstream of confluence with Athabasca), ATR-D2 (Athabasca River approximately 31.5 km downstream of its confluence with Plante Creek) until unsafe ice conditions prevented sampling.
- CVRI performed water sampling requirements on mine site as per the EPEA Operating Approval.

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. The February 3rd submission of the Solids Recovery Plan included an additional requested soils table in Excel format. CVRI received ESRD approval of the Solids Recovery Plan on February 7th. The approved Solids Recovery Plan included contingencies and

revisions that required an update and resubmission of the plan to ESRD by February 14th. The amended Solids Recovery Plan was resubmitted to ESRD on February 14th.

CVRI has received a request from 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 not effective. The response is due March 10, 2014.

2.3 Clause 15 – Interim Report

As required in the EPO Amendment issued November 25, 2013, CVRI submitted an interim report on visual observations and data recorded and collected, including preliminary data interpretations and conclusions (the “Interim Impacts Report”). The report was submitted on January 17, 2014.

2.4 Clauses 11, 17 and 22

CVRI developed and submitted a combined report on December 13, 2013 that responded to EPO Clauses 11, 17 and 22. 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 20th 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.

2.5 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 11th, 2014. Included in the ESRD approval of the subject plan was a request to respond to outstanding questions and resubmit the plan by February 14th, 2014. CVRI addressed the concerns and resubmitted the plan.

2.6 Clause 37 - Wastewater Management Plan

On December 23, 2013 CVRI submitted a revision to the November 29, 2013 Mine 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 Wastewater Management Plan on December 23, 2013.

CVRI received approval for the Waste Management Plan on February 11, 2014. Included in the approval was a request to update ESRD as to the expected completion of Medium Term Plan. CVRI provided an update to ESRD and submitted the Medium Term Plan (Clause 36 of the EPO) to ESRD on February 28, 2014.

2.7 Other EPO Activities for February 2014

CVRI has submitted 3 additional TFA's allowing for access related to the implementation of the Solids Recovery Plan. The TFA's were approved by ESRD between February 20 and 28, 2014. CVRI has submitted an application under the *Water Act* related to the development of sediment traps along Apetuwon Creek. Approval of the *Water Act* application has not been received.

3.0 PLANNED EPO ACTIVITIES FOR MARCH 2014

3.1 EPO Activities for MARCH 2014

The following sections outline EPO activities that are planned for the month of March 2014:

Sediment Recovery

- Approval for the Sediment Recovery Plan was received and CVRI will continue with sediment recovery activities as outlined in the approved plan.
- CVRI has initiated the construction of Sediment Trap 3. As built drawings of Sediment Trap 3 will be circulated to DFO, AENV and ERSR. Sediment Trap 3 will be completed in March.
- Clearing and access for Sediment Trap 2 has been initiated. Sediment Trap 2 is undergoing a redesign to accommodate fish passage as requested by DFO. The updated drawings for Sediment Trap 2 will be circulated to DFO, AENV and ESRD. Sediment Trap 2 will be completed in March.
- Construction related to Sediment Trap 1 has not been initiated; the alignment of the DX Culvert and Sediment Trap 1 are being reviewed to accommodate fish passage. The updated drawings for Sediment Trap 1 will be circulated to DFO, AENV and ESRD. The replacement of the DX culvert and construction of sediment Trap 1 will be completed in March.

Surface Water Quality Sampling

- CVRI continues with the weekly surface water quality sampling program as set out in the approved Immediate and Short Term Sampling and Monitoring Plan

Terrestrial Assessment

- Wildlife monitoring will continue via daily observations and with the assistance of 8 active in-field wildlife cameras. The data is collected on a monthly basis and will be included in the Wildlife Plan.

3.2 CLOSING

CVRI continues to work with ESRD to mitigate any effects of the Obed Mine Release. These operations will continue to progress and adapt as conditions change and practices are refined.