

**Obed Mountain Mine
Wastewater Release
Monthly Status Report for December 2013**

January 7, 2014



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1.0 MONTHLY STATUS REPORT – DECEMBER 2013

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 DECEMBER 2013

2.1 Clauses 6-8 – Solids Recovery Plan

December 24th CVRI submitted a revised version of the Solids Recovery Plan and a response to ESRD's Regulatory Feedback . The Solids Recovery Plan was first submitted on November 29th.

2.2 Clauses 9-10 – Solids Recovery Report

As described in the EPO, CVRI completed and submitted the Solids Recovery Report to the ESRD on December 20th, 2013. To the end of December approximately 163m³ of sediment material has been removed and disposed of at Secure disposal facility.

2.3 Clauses 11, 17 and 22

CVRI developed and submitted a combined report on December 13, 2013 that included:

Clause 11 – Impact Assessment Plan

Clause 17 – Long-Term Sampling and Monitoring Plan

Clause 22 – Wildlife Mitigation Plan

ESRD is currently reviewing these plans and CVRI anticipates feedback toward the end of January 2014.

Surface Water Quality Sampling – December 2013

- 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 Hatfield Consultants personnel. 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.
 - Two new sampling locations were established on the Athabasca River in December due to flood ice and unsafe ice conditions encountered at ATR – CON, ATR- PLC and ATR – D2. The two new locations established were ATR-PLC-DS-300 located approximately 300 metres upstream from ATR-CON and ATR – PLC –DS located approximately 500 metres downstream from ATR –PLC.

- Far field surface water sampling included access points via boat, bridge and helicopter. Two Hatfield employees followed the plume by helicopter and took samples at four locations: PP (Pre-plume, located downstream of the sediment plume), HP (Head of plume, located within the downstream end of the sediment plume), MP (Mid-plume, located approximately within the middle third of the sediment plume), and TP (Tail of plume, within the upstream end of the visible sediment plume). All sample locations were identified by GPS coordinates;
- When ice and daylight conditions allowed flow measurements were completed at PLC-US and APC.
- Eight data sondes on the Athabasca River have been utilized to track real time water quality data. The locations of the sondes include:
 - Confluence of Plante Creek and the Athabasca River;
 - Town of Athabasca;
 - Pelican Rapids;
 - Grande Rapids;
 - Boiler Rapids;
 - Upstream of Fort McKay;
 - Upstream of the Firebag River; and
 - near the Embarras Airport (Old Fort) ;
- A data sonde was established on Plante Creek at PLC –DS in December.
- Hatfield is proposing the removal of four datasondes located in the Athabasca River. There are concerns that the sondes will be damaged by shifting river ice. They are further proposing to relocate one of the datasondes to Plante Creek upstream of the Apetowun confluence.
- Benthic invertebrates were collected from four near-field sites in the Athabasca River and two sites in Plante Creek at the same locations where daily water quality samples are collected.
- CVRI performed water sampling for ELP1 and Pond 5 programs as per approval from ESRD

- CVRI performed water sampling requirements on mine site as per EPEA Operating Approval

2.4 Clause 34 – Waste Management Plan

On December 24th CVRI submitted a revision to the November 29th Waste Management Plan. The revision was completed as feedback provided by ESRD warranted an update to the plan. In addition on December 24th CVRI submitted a response to ESRD's Regulatory Feedback concerning the original version of the Waste Management Plan.

2.5 Clause 37 - Wastewater Management Plan

On December 23rd CVRI submitted a revision to the November 29th Mine Wastewater Management Plan. The revision was completed as feedback provided by ESRD warranted an update to the plan. In addition on December 23rd CVRI submitted a response to ESRD's Regulatory Feedback concerning the original version of Wastewater Management Plan.

2.6 Other EPO Activities for December 2013

- CVRI requested and was granted a relaxation of sampling frequency between December 23, 2013 and January 6th, 2014.
- CVRI requested a reduction in sampling frequency from the ESRD from daily to weekly sampling. ESRD has approved the request and weekly sampling was initiated January 6th, 2014.
- December 20th, 2013 - Clause 3 of the EPO: CVRI submitted to the ESRD a response to Regulatory feedback for the Immediate and Short Term Sampling and Monitoring Plan. The response to the Regulatory Feedback did not result in changes or revisions to the November 26th Immediate and Short Term Sampling Plan.

- Terrestrial Assessment Clause 32 Sub Plans : 8 wildlife cameras are strategically placed throughout the disturbance area of greatest intensity. The cameras are downloaded once in the month and data is being evaluated.
- Remediation Activities: CVRI received approval from ESRD on November 18, 2013 to remove pockets of sediment at the confluence of Plante Creek and the Athabasca River. Removal of sediment from the delta at the confluence was completed on December 2nd with approximately 127m³ of sediment/water removed from the delta area and transported to the Secure Energy Services (Secure) disposal facility. Clean Harbors, Pittman Consulting Ltd., Pisces (QAES employee completing turbidity monitoring), Backwoods, Prairie Oilfield and Millennium were involved in this remediation project.

3.0 PLANNED EPO ACTIVITIES FOR JANUARY 2014

3.1 Clause 15 – Interim Report

As described in the EPO Amendment issued November 25, 2013, CVRI will continue to develop and submit on or before January 17th, 2014 an interim report on all visual observations and any data recorded and collected then to date, including any preliminary data interpretations and conclusions (the “Interim Impacts Report”).

3.2 Other EPO Activities for January 2014

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

Surface Water Quality Sampling

- Implement weekly water sampling program.

Terrestrial Assessment

- Wildlife monitoring will continue via daily observations and with the assistance of 8 active in-field wildlife cameras. Downloading of the data will be completed at the end of the month. Track counts will be completed in the disturbance zone.

- **Regulatory** Continue to develop the Impact Assessment Plan, Long-Term Sampling and Monitoring Plan, Wildlife Assessment Plan and the Remediation Plan as per anticipated feedback from ESRD and in accordance with the EPO.
- Submissions of TFA's to AER for areas requiring immediate winter work related to EPO Plans.

3.3 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.