

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

February 7, 2014



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1.0 MONTHLY STATUS REPORT – JANUARY 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 JANUARY 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. CVRI continues to monitor and collect weekly samples as described below.

Surface Water Quality Sampling – January 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 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.
- CVRI performed water sampling requirements on mine site as per EPEA Operating Approval

2.2 Clauses 6-8 – Solids Recovery Plan

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 Plan was submitted to the ESRD on February 3, 2014. The Solids Recovery Plan was first submitted on November 29, 2013.

2.3 Clause 15 – Interim Report

As described 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 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.

2.5 Clause 34 – Waste Management Plan

As of January 31, 2014 no feedback regarding the Waste Management Plan had been received. 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. In addition on December 24, 2013 CVRI submitted a response to ESRD’s Regulatory Feedback concerning the original version of the Waste Management Plan.

2.6 Clause 37 - Wastewater Management Plan

As of January 31, 2014 no feedback regarding the Wastewater Management Plan has been received. On December 23, 2013 CVRI submitted a revision to the November 29, 2013 Mine Wastewater Management Plan. The revision was completed based feedback provided by ESRD. In addition on December 23, 2013 CVRI submitted a response to ESRD’s Regulatory Feedback concerning the original version of Wastewater Management Plan.

2.7 Other EPO Activities for January 2014

CVRI submitted five TFA's to develop access related to the Solids recovery Plan. The TFA's were approved by ESRD between January 24, 2014 and January 29, 2014.

3.0 PLANNED EPO ACTIVITIES FOR FEBRUARY 2014

3.1 EPO Activities for February 2014

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

Sediment Recovery

- Approval for the Sediment Recovery Plan is anticipated in early February. Once approval has been granted CVRI will initiate sediment recovery as outlined in the approved plan.

Surface Water Quality Sampling

- Continue with 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.

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.