



# COAL • VALLEY • MINE

## Newsletter

May 2006

Bag 5000, Edson Alberta T7E 1W1

### *What's in this Newsletter*

Company News  
Coal Plant Upgrades  
Pit 29 Proposal

Mercoal Phase 2 and Pit 28 Mining Activities Update  
Proposed Mine Expansions – Mercoal West, Yellowhead Tower and Robb Trend  
Notice of Open House Opportunities

This newsletter updates Coal Valley Mine's (CVM) current activities and provides information about proposed mine expansion areas. We invite your comments and encourage you to complete the enclosed response form. If you have any questions about ongoing or proposed future operations, please contact Les LaFleur (contact information is provided on page 4).

### *The Management Team*

Rolfe Timm was appointed General Manager of CVM in 2004. Rolfe has held Mine Manager positions at both Highvale and Whitewood mines and has worked in CVM's Edmonton office.

Les LaFleur has been appointed Manager, Mine Permit. Les leads the planning and approval process for future mining areas at the CVM.

Clark Crippen is the Assistant General Manager. Clark was previously Mine Manager at Paintearth, Sheerness and Popular River Mines.

Joan Venker is Manager of Human Resources for the CVM with over 15 years experience including positions with the Highvale and Obed mines and CVM's Edmonton office.

Miloje Vicentijevic is the Manager, Engineering. Miloje holds a Masters of Engineering Management from the University of Alberta and has several years of experience with projects such as the Faro Mine and Alban Sands.

Dean Woods has left his position as environmental planner. His many years of experience and strong commitment to keeping the water clean and reclamation focussed will be missed. Tanya Keyowski has just started as environmental planner and has begun to fill the boots left by Dean. Wade Heidler continues to help out in environmental planning.

### *Coal Plant Upgrades*

In 2004, CVM announced the planned expansion of its Coal Plant capacity to 4 million tonnes per year. Since that time, the Coal Plant has been refurbished and its capacity effectively doubled.

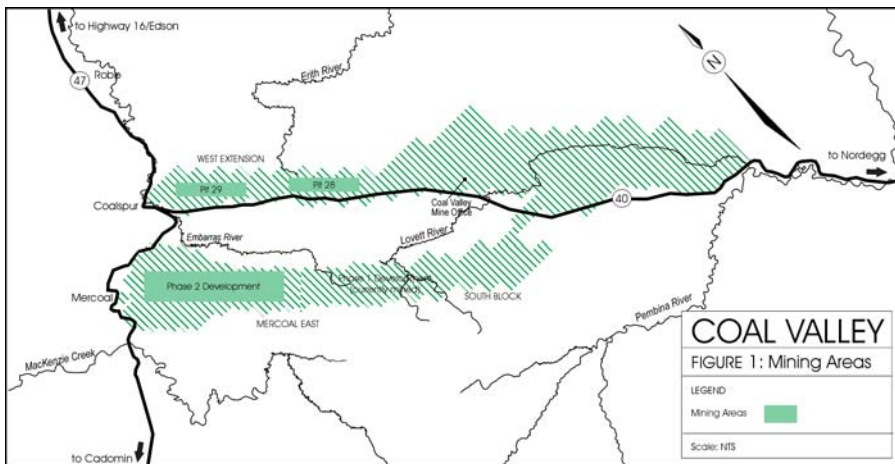


### *Upcoming Mine Licence Application - Pit 29*

As part of the development of the CVM West Extension area (approved by the Government of Alberta in 1999), a mine licence application will be made for Pit 29 in late 2006, with an anticipated start of mining in 2007. The Pit 29 area is west of Pit 28, near Coalspur. CVM will be addressing Coalspur residents regarding Pit 29 developments and confirming discussions from the 1999 mine permit approval process.

# Mine Licence Applications in 2004/2005

During 2004 and 2005, CVM applied for and received approval to mine in the areas known as Pit 28 and Mercoal Phase 2.



Mining started at Pit 28 in the autumn of 2005. This brings mining activities closer to Coalspur and Robb (5 km from Coalspur and 7 km from Robb). There was some concern about noise from blasting at Pit 28 during the initial development of the mining area. Noise was reduced as blasting progressed deeper into the pit. Ground and air vibrations from blasting are being monitored.

Mercoal Phase 2 was prepared for dragline mining which began in March 2006. The large Page 252 dragline has recently moved into Pit 123 west of Chief Creek

## Proposed Mine Expansion

CVM, located approximately 100 km south of Edson has operated since 1978, and has sold over 50 million tonnes of coal across Canada and around the world, primarily for electric power generation.

As at December 31, 2004, the mine had 15.5 million tonnes of proven reserves and 7.2 million tonnes of probable reserves within the approved permit.

CVM wishes to develop additional coal reserves, particularly those close to existing mining operations. To that end, CVM has maintained coal leases in the areas of Mercoal West, Yellowhead Tower, Robb Trend, McLeod East and Pembina Forks.

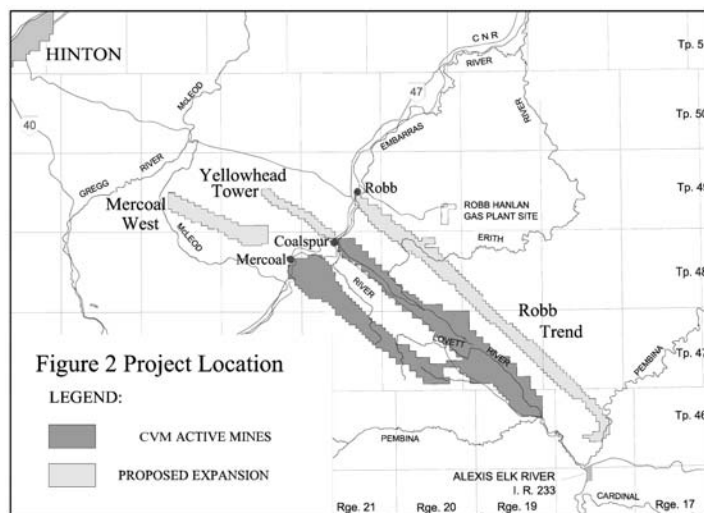
CVM intends to proceed with applications for mining in three new areas: Mercoal West (2008), Yellowhead Tower (2012) and Robb Trend (2010). CVM's preliminary reserve estimates for each area indicate the Mercoal West area would release 7.2 million tonnes of coal, the Yellowhead Tower area would release 6.0 million tonnes of coal, and the Robb Trend area would release 42.0 million tonnes of coal. This additional tonnage would provide CVM with resource availability to operate at projected rates of production until 2020.

The proposed expansion lies within Categories 3 and 4 lands in the eastern portions of the Eastern Slopes Region as defined in the Policy for Coal Development in Alberta. Both categories are suitable for coal exploration and

development, subject to meeting the regulatory requirements set out in Alberta legislation. The areas are favourably zoned for mining within the Alberta Energy Coal Branch Integrated Resource Plan (IRP).

As the first step in initiating the regulatory review and approval process, a detailed Public Disclosure Document has been prepared and copies are available by contacting the CVM office.

**Mercoal West Area** is located west of the community of Mercoal. Coal occurs in a NW/SE trend. Terrain is rolling with topography controlled by structural ridges and valleys draining to the McLeod River. Mercoal Creek and McCardell Creek drain from the area into the nearby McLeod River.



The land is forested, forming part of the West Fraser Mills Ltd. Forest Management Area (FMA). Public access is limited since little timber harvesting or gas development has yet to occur directly. However, the area is popular for all-terrain vehicle (ATV) touring. No sensitive wildlife or landscape features occur within the area.

**Yellowhead Tower Area** is located between the community of Coalspur and the forestry tower (Yellowhead Tower). The land consists of steep ridges oriented in a NW/SE trend. The proposed mine area drains to the south by Chance Creek, a tributary of the Embarras River.

This area is within the West Fraser Mills Ltd. FMA. As several gas wells and pipelines are located in the area, public access is more open. Local ATV users access this area, recreation areas (campground) and random camping spots along the highway and Embarras River corridor.

**Robb Trend Area** is located south of the community of Robb and extends nearly 40 kms to the Pembina River. The northwestern end of the mining area is drained by the Embarras River. The Erith River runs through the middle portion of the mining area. The southern end is drained by the Pembina River system.

Steep ridges and broad valleys dominate terrain features in the area. Some gas lines cut through the area and wells are being developed to the north. While public access is limited, local ATV users make use of the area and hunting is active throughout.

The West Fraser Mills Ltd. FMA covers much of the area. The area between the existing mine and the proposed Robb Trend area is noted as a regional wildlife zone for elk populations. Mining plans will accommodate these sensitive wildlife areas.

### *Haul Road Access to the Mine Areas*

The proposed mining areas of Mercoal West and Yellowhead Tower are west of Highways 40 and 47 across from the current CVM and coal processing plant facilities. There will be new haul truck road crossings, transportation and utility corridors required to join the new mining areas to existing mining areas. These will be developed having regard to the communities of Mercoal (for the Mercoal West expansion) and Coalspur (for the Yellowhead Tower expansion).

### *Anticipated Mine Expansion Application, EIA Requirements and Approval Schedule*

CVM will conduct a comprehensive Environmental Impact Assessment (EIA) to assess the environmental impacts associated with the mine expansion. The EIA will establish the environmental baseline conditions in the area, assess local and regional impacts, examine project alternatives, evaluate cumulative effects, and provide monitoring and management plans to mitigate adverse effects. Preliminary baseline studies in the area include work on existing surface and groundwater conditions, air quality, wildlife population and habitat inventories, vegetation and soil conditions, aquatic resources, traditional use, public health, traffic, socio-economic effects and historical resources.

**Mercoal West and Yellowhead Towers Areas:** Due to geography and the close proximity of the Mercoal West and the Yellowhead Tower mining areas, the proposed EIA terms of reference (TOR) for these two areas have been combined and are currently available. Public involvement, along with review and discussion by regulatory agency representatives, are key factors in the finalization of the TOR. Once finalized, the TOR will provide an outline of the information required to conduct the EIA. EIA reports and related applications will be submitted together in the spring of 2007.

**Robb Trend Area:** The proposed EIA TOR for the Robb Trend area will be developed in the spring of 2007 with the EIA report being submitted in the spring of 2008.

Anticipated Regulatory Approval and Development Schedule							
	2006	2007	2008	2009	2010	2011	2012
<b>Public Disclosure and Consultation</b>	▲—————→						
<b>Proposed Terms of Reference</b>							
Mercoal West and Yellowhead Tower	▲						
Robb Trend		▲					
<b>Environmental Impact Assessment</b>							
Mercoal West and Yellowhead Tower	■						
Robb Trend		■					
<b>Regulatory Review Process</b>							
Mercoal West		■					
Yellowhead Tower		■					
Robb Trend			■				
<b>Approvals Issued</b>							
Mercoal West			▲				
Yellowhead Tower			▲				
Robb Trend				▲			
<b>Mine Construction</b>							
Mercoal West			▲				
Robb Trend				▲			
Yellowhead Tower							▲

## Opportunities to Provide and Receive Information

A response form along with a postage paid envelope has been included for you to provide your comments regarding the proposed CVM expansion. CVM representatives have engaged the Equus Consulting Group to assist with the planning, design and delivery of the public involvement component of the mine expansion. The information you provide will be held in strict confidence and the response results tabulated to ensure everyone who comments remains anonymous.

Information collected from response forms will help identify the public issues and needs that must be considered and addressed.

This newsletter is being sent to the contact list prepared for earlier mine pit applications for Mercoal Phase 2 and Pit 28. If you are aware of anyone interested in being informed about, or involved in, the application process for the proposed mine expansion areas, please have them contact the CVM office or complete and submit the enclosed response form.

### Next Information Update

The next update to the contact list will include progress on mine expansion applications, a summary of comments received from interested stakeholders, the status of the EIA studies and mine plan options. A second open house opportunity will also be identified.

### Contact Information

If you wish further information on mining activities, the proposal for mine expansion at the CVM or would like to provide comments, please contact:

Les LaFleur, Manager, Mine Permit  
Phone: (780) 794-8176  
Fax: (780) 794-8150  
Email: les\_lafleur@CVM.com

Coal Valley Mine  
Bag Service 5000, Edson, AB T7E 1W1

### Mine Expansion Regulatory Requirements

The following approvals are required from:

#### ALBERTA ENERGY AND UTILITIES BOARD (EUB)

Mine Permit  
Mine Licence  
Abandonment Approval

#### ALBERTA ENVIRONMENT (AENV)

EIA Report  
Environmental Protection and Enhancement Act Approval  
Water Act Approval  
Reclamation Certification

If you have comments or questions about the public involvement activities regarding the proposed mine expansions, please contact:

Jim Gendron or Carloyn Brandon  
Phone: (780) 423-4731  
Fax: (780) 423-4745  
Email: jgendron@equusgroup.com

Equus Consulting Group Inc.  
250, 9707 – 110 Street, Edmonton, AB T5K 2L9

### TO GET THINGS STARTED...

## OPEN HOUSES

Coal Valley Mine invites area residents and stakeholders to attend an Open House where staff will be available to discuss proposed mining plans and highlights of the mine licence applications.

**Wednesday, May 24, 2006**

4:00 to 8:00 pm

Robb School  
Robb, AB

**Thursday, May 25, 2006**

4:00 to 8:00 pm

Ramada Hotel and Conference Centre  
11834 Kingsway Avenue • Edmonton, AB