

IS TRUCKED OUT - NO LAGOON. SYSTEM IN GOOD SHAPE, NO LEAKS. SMALL AMOUNT OF WATER IS BEING TAKEN AND APPEARS TO BE VERY WELL MANAGED.

1800

BACK AT OFFICE

AUGUST 17TH 2012

0700 ARRIVE AT OFFICE
0745 LEAVE WITH KEN SEAN FOR JOHNSON RD TO VISIT THE CARDERO COAL MINE SITE.
1100 FOOT ARRIVED ON SITE, GOT A SAFETY BRIEF AND SIGN IN. VISITED CREEK SITES WHERE WATER IS TAKEN FROM. NO ISSUES THAT I COULD SEE. BRIDGE INSTALL WAS GOOD. DONE BY CANFOR APPROVED BRIDGE DESIGNER'S (ENGINEER) AND CONTRACTOR FOR BRIDGE INSTALLATION. CAMP WAS GOOD. SEWAGE

A	Licensee/ Tenure Holder: DISTRICT MANAGER PEACE (DPC) 9000 - 17TH ST DAWSON CREEK BC V1G4A4 Operator/Contractor: Cardero In Attendance: Hack Waldon, Ken Sehn Inspection Method:	Tenure (type/no): / Site ID: WS_NE Inspection Date (yyyy/mm/dd 24:mm): 2012/08/17 13:00 Regional Inspection: <input type="checkbox"/> Location (optional): Cardero Coal - Johnson FSR Area Inspected:
B	Ocular: <input checked="" type="checkbox"/> Recce: <input type="checkbox"/> Detailed Survey: <input type="checkbox"/> Admin/Office: <input type="checkbox"/>	Area Inspected: Location Inspected:
C	Site or Activity Status: Site was active with coal exploration activities being conducted	
D	Alleged Non-Compliance: <input type="checkbox"/> Further Research: <input type="checkbox"/>	
Compliance Summary Comments: Various sites were visited by Cardero representatives, Ken Sehn, and Hack Waldon. The bridge installation was looked at and appeared to be installed properly. It was an engineered bridge and had been installed by Canfor because the road was still theirs at the time of installation. The creek had been adequately protected during and after the installation. Creek sites where water is being taken from were visited and the operation appears to be well managed with no issues. Ken Sehn took some flow measurements at one of the locations. The camp area is well managed, sewage is trucked out and there does not appear to be any leaks in the system. Neither Ken or myself had any concerns about anything we observed on site.		
E	Inspector: Hack Waldon Signature: X <small>(I certify that this inspection conforms to Ministry of Forests' compliance procedures)</small> Attachment Description: Checklist: <input type="checkbox"/> Digital Image: <input type="checkbox"/> Other: <input type="checkbox"/> Checklist: Other:	Received by: <i>file</i> Signature: X <i>Hack Waldon</i> <small>(Signing does not imply agreement with findings)</small> Delivery Method: Email: <input type="checkbox"/> Fax: <input type="checkbox"/> Mail: <input type="checkbox"/> Hand Delivered: <input checked="" type="checkbox"/>
File # 23040-13/ File #		



File: A703644

August 9, 2012

Cardero Coal Limited
Suite 1812, 1177 West Hastings Street,
Vancouver, BC V6E 2K3

Dear Skender Sulaj:

Re: Approval Application – A703644 – Carbon Creek

Approval for the above has been granted, and the approval document verifying this is attached.

The permit holder is required to adhere to all other applicable Provincial and Federal regulations.

We wish to inform you that the water body serves as a spawning and rearing area for fish. The protective requirement of the federal *Fisheries Act* must be met. Accordingly, it will be necessary for you to screen your water intake to protect against entry of small fish as per Freshwater Intake End-of-Pipe Fish Screen Guidelines (Department of Fisheries and Oceans, 1995). Please refer to the Fisheries and Oceans Canada Web-site (www.dfo-mpo.gc.ca/Library/223669.pdf) for this publication.

Section 92 of the Water Act gives the recipient of this notice the right to appeal my decision. You may file an appeal within 30 days of the date indicated on this letter. Information on filing an appeal can be found on the Environmental Appeal Board WEB site at <http://www.eab.gov.bc.ca/>.

If you have any questions or concerns regarding the document issued, please contact Ken Sehn, at (250) 784-1290.

Yours truly,

A handwritten signature in dark ink, appearing to read "Robert Kopecky".

Robert Kopecky
Regional Water Manager
Northeast Region

/mm

Enc.

p.c. Ministry of Environment, Conservation Officer Service – Chetwynd, BC
Susie Anderson, Compliance & Enforcement Supervisor, Dawson Creek, BC

Ministry of Forests,
Lands and Natural
Resource
Operations

Water Stewardship
Mailing Address:
9000 – 17th Street
Dawson Creek, BC V1G 4A4

Telephone: (250) 784-1200
Facsimile: (250) 784-0143

Approval

Section 8 (1)
Short Term Use of Water

Cardero Coal Limited – Suite 1812, 1177 West Hastings Street, Vancouver, BC V6E 2K3 is hereby authorized to divert and use water as follows:

- 1) The streams on which the rights are granted are tributaries in the Peace River watershed.
- 2) This Approval does not authorize entry onto privately held land.
- 3) The points of diversion are located at existing access points at the following co-ordinates submitted by the applicant:

Site #	Stream Name	WSC	Latitude, Longitude, Elevation	Location of intake	Total volume of Water	Start Date	End Date
1	Seven Mile Creek	230-847000	55° 59' 19" 122° 47' 6.2" 900 m	20 m above the intersection with Burns FRS	750000 litres	Aug 10-2012	Sept 30-2012
2	Nine Mile Creek	230-846900-04000	55° 57' 59" 122° 41' 58" 920 m	10 m above the intersection with Exploration Trail	1020000 litres	Aug 10-2012	Sept 30-2012
3	Ten Mile Creek	230-846900-07000	55° 56' 33" 122° 41' 52" 850 m	10 m above the intersection with Exploration Trail	750000 litres	Aug 10-2012	Sept 30-2012
4	Eleven Mile Creek	230-846900-10700	55° 57' 59" 122° 41' 25" 830 m	5 m above the intersection with Exploration Trail	1280000 litres	Aug 10-2012	Aug 15-2012
5	Five Mile Creek	230-847200	56° 1' 15" 122° 46' 6" 1025 m	10 m above the intersection with Burns FRS	1300000 litres	Aug 10-2012	Sept 30-2012
Option 1	Seven Mile Creek	230-847000	55° 59' 05" 122° 42' 53" 780 m	20m above the intersect with exploration road	According to item # 4	Aug 10-2012	Sept 30-2012
Option 2	Nine Mile Creek	230-846900-04000	55° 58' 13" 122° 40' 57" 790 m	20 m above the intersection with Burns FRS	According to item # 4	Aug 10-2012	Sept 30-2012
Option 3	Ten Mile Creek	230-846900-07000	55° 57' 25" 122° 40' 22" 780 m	20 m above the intersection with Burns FRS	According to item # 4	Aug 10-2012	Sept 30-2012
Option 4	Eleven Mile Creek	230-846900-10700	55° 56' 24" 122° 39' 34" 780 m	20 m above the intersection with Burns FRS	According to item # 4	Aug 10-2012	Aug 15-2012

- 4) Total volume extracted is calculated on a stream basis. As an example, the total volume of water extracted from Site #1 and Site Option 1 is combined from both sites.
- 5) The purpose for which water is to be used is for mining equipment.
- 6) The total maximum quantity of water which may be diverted is listed in the table located in item 3. The maximum rate of diversion shall not exceed 20 liters per minute.
- 7) The maximum quantity of water which may be diverted is not to exceed 10% of the current flow.
- 8) No diversion is permitted from any stream where stream (wetted) depth is less than 0.30 metres (12 inches) at the withdrawal location.
- 9) No water will be diverted or removed from any beaver pond.
- 10) Approval has been granted to use the water according to the start and end dates listed in the table located in item 3.

PICTURES WERE
TAKEN BY SOMEBODY
ELSE. NOT TAKEN BY
HACK WALDON.

Hack Waldon
MARCH 25 2013.











