

Canada Coal Inc.

**ABANDONMENT and RESTORATION PLAN
Fosheim Peninsula Coal Project
Nunavut Canada**

Abandonment and Restoration Plan prepared Nov 4th, 2012

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Fosheim Peninsula Coal Project Nunavut, Canada Abandonment and Restoration Plan

1. Preamble

This Abandonment and Restoration (A&R) is in effect through the life of the proposed Land Use Permit for Canada Coal Inc.'s work on its Fosheim Peninsula Coal Project and applies to the work areas that are proposed by Canada Coal Inc. during their 20013-2015 exploration programs on the Fosheim Peninsula Coal Project area, Nunavut, Canada. The project is located on Ellesmere Island in the Qikiqtaaluk Region of Nunavut, approximately 370 kilometres northwest of Grise Fiord, and 594 km northeast of Resolute Bay.

Questions or concerns regarding this Plan can be directed to Braam Jonker, President & CEO, Canada Coal Inc., at 604 638-0971 (Phone) or 604 638-0973 (Fax).

2. Introduction

This A&R plan has been prepared for a proposed exploration program including geological mapping, sampling, prospecting, diamond drilling, geophysical studies, heritage studies, environmental studies, and logistical studies. Field work will either be based out of: 1) a temporary exploration camp, 2) the Eureka Weather Station, or 3) some combination thereof. The setup of a temporary exploration camp is being considered for both safety and economic reasons due to the distance between the existing Eureka Weather Station and the discovered coal zones of interest. The approximate location of the proposed temporary exploration camp is 79° 51' N, 85° 00' W. An existing historic airstrip is located in the vicinity of the proposed camp area, and is thought to have been constructed in the 1980s. Canada Coal Inc. may opt to restore the historic airstrip for current project use.

3. Schedule

The final restoration of the drill sites and camp sites will be completed by the time the program is fully completed and will be finished prior to the expiration of the land use permits and water licence unless renewals are applied for. As Canada Coal Inc. practices progressive reclamation such as filling drill sumps, and removing garbage, equipment and empty fuel drums to an approved facility as the program progresses, the final restoration effort will be minimal.

4. Infrastructure

Temporary Exploration Camp

| <u>Description</u> | <u>Size</u> | <u># Required</u> |
|-------------------------------------|-------------|-------------------|
| kitchen/dry | 16' x 60' | 1 |
| recreational facility/work stations | 16' x 24' | 1 |
| Patco toilet block (4 units) | 16' x 16' | 1 |
| medic facility | 14' x 16' | 1 |

| | | |
|---------------------------------------------------|-----------|---|
| office/project manager | 14' x 16' | 2 |
| core cutting facility | 14' x 16' | 1 |
| core logging facility | 16' x 24' | 1 |
| sleepers | 14' x 16' | 8 |
| equipment storage area | 16' x 60' | 1 |
| fuel storage areas (bermed, conceptual) | 60' x 60' | 4 |
| core storage racks (outside) | 60' x 60' | 1 |
| ultraviolet water treatment system | | 1 |
| A400 incinerator model (or similar) | | 1 |
| small bobcat or similar (for runway re-surfacing) | | 1 |

5. Seasonal Shutdown

Seasonal shutdown will be applicable only if Canada Coal Inc. is certain of its ability to return the following season, otherwise complete site restoration will be in effect.

Buildings and Contents

All canvas tents will be removed from site for winter storage. Wooden structures (generator shack, latrine and tent frames) and Weatherhaven style tents will be kept secured if possible. All empty propane and fuel drums as well as the generator will be removed from site at the end of each season.

Water System

Pumps and hoses will be drained and dismantled. Pumps will be removed from site for servicing and storage. Hoses will be stored in the dry or generator shack for the winter months or removed from site for winter storage.

Fuel Caches and Chemical Storage

An inventory of all fuel caches will be made prior to camp demobilization at the end of each season as well as a thorough inspection of all full drums. Empty drums are constantly backhauled to Resolute Bay (only if their landfill is in compliance with their community water licence, or you have to backhaul all your waste to an approved facility which likely could be Southern Canada) or similar during the course of the program. Chemicals will be backhauled or stored in the dry's which are completely enclosed by plywood and secured over the winter months.

Waste

Combustible Waste: All combustible waste will be incinerated as the program progresses. The incinerator may be stored on site over the winter, or may be removed from site for storage. Non-combustible Waste: All non-combustible waste will be sent to an approved facility via chartered aircraft to be disposed of by contract expeditor. All carriers and receivers of this material will be informed of the need to register with the Government of Nunavut, Department of Environment as well as having the proper documentation in the form of a waste manifest. Greywater will be incinerated as the program progresses. Blackwater will be incinerated as the program progresses.

Drill and Trench Sites

The drill(s) will be dismantled at the last drill collar and all equipment will be flown via helicopter to a suitable airstrip for demobilization. The drill and all ancillary equipment will be flown offsite via charter. All drill sites will be inspected immediately upon completion of each drill hole. All waste will be collected and flown to camp for incineration or removal to an approved disposal location. All sumps or settling ponds will be backfilled. Sampling programs will involve minimal hand excavating (non mechanical) of trenches generally no larger than 6 inches in diameter occurring vertically across coal seam exposures. Photographs of each drill and trench site will be taken at the completion of clean up at each site.

Contamination Clean Up

Any soil at the camps or at the drill sites that has become contaminated will be treated as per the Fuel Spill Contingency Plan. All non-combustible waste will be sent to appropriate disposal facility via chartered aircraft to be disposed of by contract expeditor. All carriers and receivers of this material will be informed of the need to register with the Government of Nunavut, Department of Environment as well as having the proper documentation in the form of a waste manifest.

Inspection and Documentation

A complete inspection of all disturbed areas (drill sites, camps and fuel caches) will be conducted prior to seasonal closure of the project with a full inventory taken for each location. A photographic record will be kept of each work area and campsite before, during and after the project is complete.

6. Final Abandonment and Restoration

Buildings and Contents

All buildings and structures will be dismantled and removed. Wooden structures will be burned and ashes sifted to retrieve non-burnable items which will be removed from site.

Equipment

All equipment including generators and pumps will be removed from the project site.

Fuel Caches and Chemical Storage

All fuel drums and chemical containers will be removed for disposal at an approved facility. All sites that contained fuel cached will be inspected and any contamination will be dealt with according to the Fuel Spill Contingency Plan. All debris will be removed to an approved facility. Final photos of fuel caches will be supplied.

Sumps or Water Settling Ponds

All sumps/ponds will be inspected and backfilled. Final photos will be taken and supplied to the QIA/NWB/NIRB/AANDC.

Camp Site

A final inspection of the camp sites will be made to ensure no waste remains. Final photos will be taken.

Drill Sites

The drills will be dismantled at the last drill collar sites and all equipment will be flown via helicopter/fixed-wing aircraft to airstip for demobilization. The drill and all ancillary equipment will be flown off-site via larger aircraft.

All drill sites will be inspected immediately upon completion of each drill hole. All waste will be collected and flown to camp for incineration or removal to an approved disposal location. All sumps/settling ponds will be backfilled. Photographs of each drill site will be taken at the completion of clean up at each site.

Contamination Clean Up

Any contamination will be treated as per the Fuel Spill Contingency Plan. Any contamination and subsequent clean-up will be reported immediately and documented with photographs. All non-combustible waste will be shipped via chartered aircraft to be disposed of by our contract expeditor. All carriers and receivers of this material will be informed of the need to register with the Government of Nunavut, Department of Environment as well as having the proper documentation in the form of a waste manifest.

Aircraft Landing Strips

If temporary twin otter landing strips are utilized they will be located on eskers which are composed of coarser sand and gravel and are well drained. These strips will only be used for supplying fuel and equipment to drill sites if necessary. Due to the coarse nature of the esker material only minimal rutting will occur and will be repaired by the freeze/thaw cycles. Any backfilling of ruts on these areas will also occur upon final abandonment and restoration.

If the existing historical runway is re-surfaced to service the temporary exploration camp, backfilling of ruts will occur upon final abandonment and restoration.

Inspection and Documentation

A complete inspection will be conducted of all areas prior to closure. Photographs will be taken to document the conditions of each site prior to final demobilization for use in the final plan/report. All appropriate agencies will be contacted once final clean-up is complete.