



August 13, 2014

Pierre River Mine Project - Joint Review Panel
Canadian Environmental Assessment Agency
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Attention: Mr. Alex Bolton – Joint Review Panel Chairman

**RE: Quarterly Update for the Pierre River Mine Project
Canadian Environmental Assessment Registry No: 59539**

Dear Mr. Bolton:

The following is Shell Canada Energy's ("Shell") second quarterly update for the Pierre River Mine project ("PRM"), as per the Joint Review Panel's ("JRP") February 13, 2014 letter to Shell. This update provides an overview of current progress on the following:

- Our internal evaluations to support our responses to the 26 questions raised by the JRP in its March 18, 2014 Round 2 PRM Supplemental Information Requests ("SIRs"); and
- Our collaborations with regulators and stakeholders on methods to determine Regional Study Area ("RSA") sizing, and assessing effects to Aboriginal culture and heritage.

As noted in the May 13, 2014 update to the JRP, Shell is presently gathering field information in support of the inclusion of Lease 14, and the additional area of Lease 352 into our current PRM application and Environmental Impact Assessment ("EIA"). This information will also inform revisions to the PRM mine development plan, associated development timing, and external tailings area and assist Shell in addressing the JRP's Round 2 SIRs. Field crews are expected to continue collecting EIA information from these leases for the remainder of 2014, and into early 2015.

In regards to obtaining feedback from regulators on the appropriate methodology to develop an RSA, and assess effects to Aboriginal culture and heritage, Shell has met with representatives from the Canadian Environmental Assessment Agency ("CEAA") on the assessment of effects to Aboriginal culture and heritage. Based on this meeting with CEAA, Shell is now developing its plans to obtain feedback from Aboriginal groups potentially impacted by PRM on an appropriate methodology to assess effects to Aboriginal culture and heritage. Shell is seeking to hold these meetings before the end of 2014. In

addition, Shell will continue to pursue engagement with the Alberta Energy Regulator (“AER”) and Environment Canada to discuss RSA sizing methods to assist Shell in responding appropriately to the JRP’s Round 2 SIRs. Once Shell has met with the AER and Environment Canada, Shell intends to obtain feedback from potentially affected Aboriginal groups on this topic.

If you have any questions or concerns regarding this quarterly update, please do not hesitate to contact Gary Millard via e-mail (gary.millard@shell.com) or telephone (403-691-2954).

Yours truly,

<original signed by>

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