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Sent: Wednesday, November 14, 2012 3:33 PM
To: Ehl, Cameron JTST:EX; Bell, Pat JTST:EX
Cc: Minister, JTST JTST:EX
Subject: FW: Letter from HD Mining
Attachments: 2012.11.14.pdf

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Think Green! Please do not print this email unless necessary

From: info@hdminingintl.com [<mailto:info@hdminingintl.com>]

Sent: November-14-12 2:42 PM

To: Minister@cic.gc.ca; diane.finley@hrsdc-rhdcc.gc.ca; OfficeofthePremier, Office PREM:EX; Bell.MLA, Pat; Coleman.MLA, Rich; Lekstrom.MLA, Blair; Bob.Zimmer@parl.gc.ca; DWren@dtr.ca

Cc: Peng Gui Yan; jody.shimkus@hdminingintl.com; Janet Yan; Robert.Standerwick@mcmillan.ca; alex@vancouverlaw.ca; Joan.Young@mcmillan.ca

Subject: Letter from HD Mining

Enclosed please find a letter from HD Mining Intl. Ltd.

HD Mining Intl.
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HD Mining International Ltd.

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November 14, 2012

The Honourable Diane Finley
Minister of Human Resources and Skills Development
140 Promenade du Portage
Gatineau, Quebec K1A 0J9
Canada

The Honourable Jason Kenney
Minister Citizenship and Immigration Canada
365 Laurier Avenue West
Ottawa, Ontario K1A 1L1
Canada

Re: Murray River Project


I am writing to follow-up on HD Mining's approved Labour Market Opinion (LMO) for 201 Temporary Foreign Workers (TFWs) for the Murray River Coal Project. It is unfortunate that some of the remarks in the media last week suggested dissatisfaction with the process followed by staff at the Service Canada regional office that led to the approval of our LMO's. It is the goal of HD Mining to comply with the spirit and intent of all regulatory requirements and everything HD did regarding the LMOs was discussed, reviewed and considered by department staff before the formal application was submitted. HD Mining believes we met and exceeded all program requirements and our plans to develop training programs have been enthusiastically received by those in the BC North who recognize the need for and the lack of such programs.

In reliance of the validity of these LMO's HD Mining proceeded to commit a significant capital investment of \$15 million to secure housing in Tumbler Ridge for mine workers. This investment is in addition to the \$30+ million HD Mining has already spent on Canadian goods and services. No one within the Canadian system has indicated at any time, that the LMOs are not reliable.

The legal and financial implications associated with the delay or loss of this project, and the significant negative impact this would have on the local community of Tumbler Ridge and Northeast BC as a whole cannot be overstated. Any such outcome would have a chilling effect on the willingness of companies to invest in Canada.

We have attached some additional information regarding the project and the need for Temporary Foreign Workers. We trust that you will find this information useful and should you require any additional documentation please let us know.

Sincerely,


Penggui Yan
Chairman

HD Mining International Ltd.

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HD Mining International Ltd.

Attch.

Cc: Honourable Christy Clark, Premier of British Columbia
Honourable Pat Bell, Minister of Jobs, Tourism and Skills Training
Honourable Rich Coleman, Minister of Energy, Mines and Natural Gas
Blair Lekstrom, MLA Peace River South
Bob Zimmer, MP, Prince George-Peace River
Darwin Wren, Mayor, District of Tumbler Ridge

HD Mining Backgrounder

HD Mining has started to develop the Murray River Project, an advanced underground coal mining project in North East British Columbia. The project started with a one hundred thousand (100,000) tonne bulk sample for which permitting is in place. HD Mining will be utilizing a long-wall mining construction method. This method of mining is not being used in Canada. Currently British Columbia has only one underground coal mine, therefore there is a lack of experienced underground coal miners. Due to the current shortage of experienced underground coal miners, HD Mining will have to hire qualified foreign mining workers for its underground coal mine in Tumbler Ridge.

As a Canadian employer, HD Mining endeavors over time to employ a 100% Canadian workforce. It is a goal of HD Mining to where practicable and possible transfer this skill to local Canadians. This will however take time and HD is proposing a multi-year training process during which HD Mining can work with local training institutions to establish the required skills.

Project Information/Benefits

The project will have a mine life of 40 years. The Project will provide about 600 direct jobs and 700 indirect jobs per year. A report prepared by PwC estimates total tax revenue to government at \$91.2M. To date, HD Mining has spent over \$33M on Canadian goods, contracts and services for the Project. There is a significant shortage of affordable housing in the District of Tumbler Ridge and local Council is opposed to camps on the community. To address this, HD Mining has recently committed an additional \$15M to purchase housing for mine workers in the community.

BC Need for Temporary Foreign Workers

The shortage of skilled workers in the mining sector is significant and widely recognized. In a 2011 Report prepared for the Mining Association of BC by PricewaterhouseCoopers (PwC), PwC noted that "the most significant challenge to the growth of BC's Mining industry over the next five years will be to avoid a labour shortage brought about as a result of an aging workforce and a decline in human capital". Other reports like the *B.C. Labour Market Outlook: 2010 – 2020* and the Mining Industry Human Resources Council (MiHR), *BC Hiring Requirements and Talent Forecast, 2012*, confirm this shortage.

HD Mining made ongoing efforts to recruit a qualified workforce. However, our recruitment process showed an extreme shortage of Underground Coal Mining skills in Canada. This is compounded by the fact that HD Mining will be utilizing a mechanized long-wall mining construction method currently not being used in Canada. David Bazowski, chair of the B.C. Mineral Exploration and Mining Labour Market Task Force, which was established over three years ago by the federal government estimates that "over the next 10 years there could be anything from over 10,000 to 15,000 new jobs required to be filled in the mining industry".

Labour Market Opinion

HD Mining received a positive LMO for 201 Temporary Foreign Workers (TFWs) on April 25, 2012 from HRSDC. The HD Mining LMO package met all regulatory and information requirements and HD Mining voluntarily submitted a Training and Transition Plan as part of our LMO application. This plan was discussed and reviewed by senior officials from Citizenship and Immigration Canada, Service Canada and the Provincial Chief Inspector of Mines. HD Mining has discussed its training plan with the Northern Lights College and the BC Ministry of Jobs, Tourism and Skills Training on training and curriculum development. An LOU with Northern Lights College has been drafted.

HD Mining has responded to all inquiries made by officials and Service Canada staff have confirmed that HD Mining met all the requirements of the process. HD Mining has initiated quarterly meetings with Service Canada and the BC Ministry of Jobs, Tourism and Skills Training to provide updates on the progress of our Training and Transition Plan.

HD Mining TFW Policy

All the TFWs are employees on the payroll of Huiyong Holdings Group China, the parent company of HD Mining in China. HD Mining will not be sponsoring immigration by its workers to Canada. A condition of their employment is that they must return to their base positions in China. HD Mining does not use agents as was suggested by media reports and has no connection whatsoever with the company that was proposing to charge workers a fee to work at mines in Canada.

TFWs hourly pay will be competitive and consistent with the hourly rate for the same or similar positions as established by the InfoMine Benchmark Hourly Wages Scale, which is adjusted annually. HD Mining, will follow all Canadian and B.C. safety rules and will ensure that employees are treated fairly. The employment contract signed with each TFW and the benefit package includes WCB, MSP (including the commercial medical insurance during the transitional period), annual paid leave, optional dental insurance, and CPP.

The costs to use TFW's for HD Mining is significant and it would be more cost effective to use Canadians if the underground long wall mining skill set was available in BC.

HD Commitment to the Community

HD seeks to integrate with the local community. To achieve this objective, HD Mining has purchased 43 duplex houses in downtown Tumbler Ridge. HD Mining is committed to becoming an integral member of the community and to operate a safe and environmental-friendly mining operation.

While HD Mining requires TFWs experienced in underground mining, this project will and already has created new jobs for Canadians in the following areas:

Bulk Sample - ground surface construction preparation, design and environmental management and baseline information requirements for Provincial environmental assessment have been and will continue to be subcontracted to local Canadian companies.

Full Mine Production –when operational, mine site construction and operational mine jobs including: Mine Electricians, Mine & Equipment Operators, Office Clerks, and Support Workers.

For both of these activities, local jobs in the District of Tumbler Ridge and surrounding local communities have and will be created in areas such as: facilities/accommodations, food services, medical services, recreation/entertainment centres and downtown businesses.

HD Mining hopes to bring into British Colombia not only a safe and efficient mining method that would stand alone, but also a new and viable chain of industry activities. This new chain of mining activities will include the growth of local skills and local supplies, so that the entire British Colombia has a new opportunity to gain, and indeed to excel.