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## **Provincial Mount Polley LOU First Nations Funding Rational for 2016/17**

### **MOE Activities for 16/17**

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### **MEM Activities for 16/17**

Ministry of Energy and Mines has estimated the following commitments requiring First Nations participation consistent with the LOU for 2016/17 that are largely over and above what they might typically have expected had the Mine not had the TSF breach.

- Full-scale restart Mines Act permit application (continuing from 2015/16 to May/June 2016)
  - This application requires a detailed technical review related by a number of disciplines. Although the review work started in 2015/16, it will continue for several months into 2016/17.

- Collaborative work under the LOU has significantly increased technical and community meetings that require expert consultants and First Nations staff to attend.
- Mines Act permit application to extend conditions of the Restricted Restart permit
  - It is expected that the company will request an extension to the restricted restart permit to enable continued operations while the Full-scale restart application review is completed.
  - This application will require technical review and in person meetings.
- The Long Term Water Management plan (June 2016)
  - The company has proposed deferral of some Mines Act information requirements to submission of the Long Term Water Management Plan. This may result in the need for a Mines Act permit amendment following the review of the plan.
- Compliance Inspections
  - Following issuance of the Restricted Restart, MEM committed to including First Nations representatives on site visits and inspections.
- Community engagement on Mine Permitting
  - A commitment to monthly meetings throughout permit application review periods was made at the Senior Officials Committee. In addition to staff attendance, consultants working for the First Nations team are required to attend these meetings to respond to questions from the community.
  - A decrease to travel and meeting attendance budgets is not recommended as the province has been specifically requested to support ongoing meetings to share information with the communities.

While MEM anticipates some reduction in the Mt Polley permitting-related workload to approximately 70% of 15/16 in 16/17, this does not necessarily reflect a similar reduction for WLIB and SCIB given ongoing reliance of specialist consultants and demand for their attendance at increased meetings.

Considering the above it would seem reasonable that a small (25%) reduction to WLIB and SCIB's budget related to professional consultants and input regarding permitting issues is reasonable.

Other MEM activities required to implement the Recommendations associated with Mount Polley including the two completed investigations. These include the Code Review, implementation of the compliance, enforcement and investigations unit, increased transparency for mining information, and implementation of administrative penalties. As these initiatives relate to involvement with First Nations budget items are included in the Mining Dialogue estimates for Code Review and FNEMC projects.

### **LOU Oversight Committees**

#### **Senior Officials Committee and Principals Table**

The Seniors Official Committee and Principals Table continue to provide an avenue to discuss and manage First Nations concerns with Mount Polley Breach related activities, information share prior to public release of key decisions and collaborate to establish parameters for a dialogue on mining.

- The SOC has held 6 meetings since April 2015 and anticipates holding 2 additional prior to March 31, 2016 for a total of 8 meetings. The SOC have committed to monthly meetings and have found permitting and consultation issues escalate when there is a lag in SOC meetings.
- The Principals Table has committed to meeting quarterly to review SOC activities, provide advice and decisions on key issues.

- The Principals Table has held 2 meetings since April 2015 and has one remaining in March 2016.
- Continuation of regular meetings will be necessary to address communities concerns and interests surrounding the full mine restart application and long term water management planning.
- The SOC has also played a key role in managing Ministers interactions on Mount Polley and Mining dialogue issues.
- The need to maintain the current level of engagement will be key to ensure expedited consultation and review processes relating to the mine site.
- The SOC and Principals Table continue to provide an avenue for political leaders such as the FNLC, AFN, UBCIC and FN Summit to be informed and involved in the Mount Polley and mining dialogue discussions through FNEMC's and FNLC's participation in meetings.
- Agency staff recommend a 30 % reduction in the current SOC monthly meeting commitment (estimated 8 meetings from April 2016 to March 2017) and 30% reduction in Ministers meetings for 16/17 (2 meetings from April 2016 to March 2017)
- As Mount Polley moves into normal mine activity the need for LOU oversight committees should diminish and transfer to existing forums for engagement.

#### **LOU Mining Dialogue Activities for 2016/17**

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#### **Mine Code Review**

Continuing with the Mine code review is necessary to upholding public commitments as well as the LOU commitment to the mining dialogue. First Nations are full participants in all aspects of this review and will require continued funding. Proposed activities for 16/17 include:

- The review is now well underway and both the Code Review Committee and Tailings Technical Review Sub-committee continue to meet regularly.
- The Tailings Technical Review Sub-committee is now in the process of referring their recommendations to the Code Review Committee for consideration and approval.
- The Code Review Committee will refer their final recommendations to the Minister and Cabinet in order to have the recommendations in force by mid-2016.
- The Health and Safety portion of the Code Review is now commencing and the Health and Safety Technical Review Sub-committee is expected to be formed and meeting by April 2016.

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#### Environmental Assessment Review Process

Collaborative work that has been undertaken in 15/16 by EAO and FNEMC regarding Environmental Assessment process review will provide joint principles and recommendations for improvements to the EA process and will be presented to the Principals Table by FNEMC and EAO prior to March 31, 2016.

- Continuation of the EA review and First Nations community engagement workshops will assist in developing recommendation to improving the current EA process and increase First Nations understanding of policy review being undertaken at the provincial level.
- Further development of recommendations will be reported out on at the Sept 2016 All Chiefs Gathering and is consistent with the intent of the BC - First Nations proposed commitments document relating to EA process review.

#### Mineral Tenure Review

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#### Mine Resource Revenue Sharing

- It is not recommended that this dialogue continue at the Mount Polley LOU level but is incorporated into a broader provincial policy review of resource revenue sharing with First Nations.
- The interest paper provided by the FNEMC providing a summary of First Nations ideas and interests relating to mine resource revenue sharing will assist in developing an approach to First Nations engagement.

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## **Provincial Mount Polley LOU First Nations Funding Rational for 2016/17**

### **MOE Activities for 16/17**

s.16

### **MEM Activities for 16/17**

Ministry of Energy and Mines has estimated the following commitments requiring First Nations participation consistent with the LOU for 2016/17 that are over and above what they might typically have expected had the Mine not had the TSF breach. This is largely related to the volume of information requiring technical review on overlapping and short timelines.

- Full-scale restart Mines Act permit application (continuing from 2015/16 to May/June 2016)

- This application requires a detailed technical review related by a number of disciplines. Although the review work started in 2015/16, it will continue for several months into 2016/17.
- It is anticipated that follow-up after permit decisions will require additional technical review as a result of issues that have come up through review of the application.
- Collaborative work under the LOU has significantly increased technical and community meetings that require expert consultants and First Nations staff to attend.
- Mines Act permit application to extend conditions of the Restricted Restart permit
  - It is expected that the company will request an extension to the restricted restart permit to enable continued operations while the Full-scale restart application review is completed.
  - This application will require technical review and in person meetings.
- The Long Term Water Management plan (June 2016)
  - The company has proposed deferral of some Mines Act information requirements to submission of the Long Term Water Management Plan. This may result in the need for a Mines Act permit amendment following the review of the plan.
- Compliance Inspections
  - Following issuance of the Restricted Restart, MEM committed to including First Nations representatives on site visits and inspections.
- Community engagement on Mine Permitting
  - A commitment to monthly meetings throughout permit application review periods was made at the Senior Officials Committee. In addition to staff attendance, consultants working for the First Nations team are required to attend these meetings to respond to questions from the community.
  - A decrease to travel and meeting attendance budgets is not recommended as the province has been specifically requested to support ongoing meetings to share information with the communities.

While MEM anticipates some reduction in the Mt Polley permitting-related workload as permitting decisions are made, this does not necessarily reflect a similar reduction for WLIB and SCIB given ongoing reliance on specialist consultants and demand for their attendance at increased meetings and time-sensitive review work that is required during the first half of 16/17.

Considering the above a 10% reduction to WLIB and SCIB's budget as compared to 15/16, related to professional consultants and input regarding permitting issues is reasonable.

Other MEM activities required to implement the 26 recommendations associated with Mount Polley's two completed investigations; the Expert Panel and the Chief Inspector of Mines. These activities include the Code Review, implementation of the compliance, enforcement and investigations unit, increased transparency for mining information, and implementation of administrative penalties. As these initiatives relate to involvement with First Nations budget, items are included in the Mining Dialogue estimates for Code Review and related FNEMC projects.

### **LOU Oversight Committees**



### **Senior Officials Committee and Principals Table**

The Seniors Official Committee and Principals Table continue to provide an avenue to discuss and manage First Nations concerns with Mount Polley Breach related activities, information share prior to public release of key decisions and collaborate to establish parameters for a dialogue on mining.

- The SOC has held 6 meetings since April 2015 and anticipates holding 2 additional prior to March 31, 2016 for a total of 8 meetings. The SOC have committed to monthly meetings and have found permitting and consultation issues escalate when there is a lag in SOC meetings.
- The Principals Table has committed to meeting quarterly to review SOC activities, provide advice and decisions on key issues.
- The Principals Table has held 2 meetings since April 2015 and has one remaining in March 2016.
- Continuation of regular meetings will be necessary to address communities concerns and interests surrounding the full mine restart application and long term water management planning.
- The SOC has also played a key role in managing Ministers interactions on Mount Polley and Mining dialogue issues.
- The need to maintain the current level of engagement will be key to ensure expedited consultation and review processes relating to the mine site.
- The SOC and Principals Table continue to provide an avenue for political leaders such as the FNLC, AFN, UBCIC and FN Summit to be informed and involved in the Mount Polley and mining dialogue discussions through FNEMC's and FNLC's participation in meetings.
- Agency staff recommend a 30 % reduction in the current SOC monthly meeting commitment (estimated 8 meetings from April 2016 to March 2017) and 30% reduction in Ministers meetings for 16/17 (2 meetings from April 2016 to March 2017)
- As Mount Polley moves into normal mine activity the need for LOU oversight committees should diminish and transfer to existing forums for engagement.

### **LOU Mining Dialogue Activities for 2016/17**

s.13,s.16,s.17

### **Mine Code Review**

Continuing with the Mine Code Review is necessary to upholding public commitments as well as the LOU commitment to the mining dialogue. First Nations are full participants in all aspects of this review and will require continued funding. Proposed activities for 16/17 include:

- The review of the tailings portion is well underway and both the Code Review Committee and Tailings Technical Review Sub-committee are meeting regularly to finalize their recommendations for changes to Section 10 of the Code.
- The Tailings Technical Review Sub-committee will be referring their recommendations to the Code Review Committee for consideration and approval.
- The Code Review Committee will be referring their final recommendations to the Minister and Cabinet in order to have the recommendations in force by mid-2016.
- The Health and Safety portion of the Code Review is now commencing and the Health and Safety Technical Review Sub-committee is expected to be formed and meeting by April 2016.
- It is expected this committee will require two contracted First Nations in addition to the two members of the Code Review Committee. The expected cost in order to ensure First Nations continue to participate, as committed, in completing the work on the Code Review is \$300,000 for fiscal year 2016/17. These committee members are contracted with directly.

#### Environmental Assessment Review Process

Collaborative work that has been undertaken in 15/16 by EAO and FNEMC regarding Environmental Assessment process review will provide joint principles and recommendations for improvements to the EA process and will be presented to the Principals Table by FNEMC and EAO prior to March 31, 2016.

- Based on feedback and direction from the SoC in March, FNEMC and EAO to refine the proposed EA process and prepare a detailed consultation package.
- EAO & FNEMC to undertake collaborative consultation activities with stakeholders, industry and First Nations as necessary to refine the recommendations.
- Return to SoC for further direction with the aim of developing a final package for joint presentation at the All Chiefs Gathering in September, 2016.

#### Mineral Tenure Review

s.13,s.15,s.16

#### Mine Resource Revenue Sharing

- It is not recommended that this dialogue continue at the Mount Polley LOU level but is incorporated into a broader provincial policy review of resource revenue sharing with First Nations.

- Funding provided to the FNEMC in 15/16 for an interest paper summarising First Nations ideas and interests relating to mine resource revenue sharing will assist in developing an approach to First Nations engagement.

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**MINISTRY OF ENERGY AND MINES  
MINES AND MINERAL RESOURCES DIVISION  
ESTIMATES BRIEFING NOTE 2016/17**

**ISSUE:** Mount Polley Permitting ~~Re-Start~~ Return to Full Operations

**KEY MESSAGES:**

- The Mount Polley Mine Corporation has submitted an application for an amendment to its *Mines Act* permit to allow the mine to continue operations beyond the parameters authorized under its restricted re-start.
- This application is currently undergoing a technical review process with the Cariboo Mine Development Review Committee, as well as a public comment period.
- A key component of the application includes the company's proposal to use the existing tailings storage facility (TSF) for tailings storage going forward, if the application is approved.
- Staff with the ministries of Energy and Mines and Environment, with representatives from the Williams Lake Indian Band and Xat'sull First Nation, and the community of Likely, conducted a technical screening review of the application ~~to ensure it is as complete as possible~~ contains all appropriate information before detailed review by the Cariboo Mine Development Review Committee.
- Based on the technical review, the Mine Development Review Committee (MDRC) chair will provide recommendations to the statutory decision makers at the Ministry of Energy and Mines and Ministry of Environment.
- *Mines Act* permitting decisions are made by the Chief Inspector of Mines, or delegate, and are statutory decisions - completely independent of any political influence.

**Comment [TD1]:** I do not agree with this edit, and it would be inaccurately reflecting the process if we recommended that the Minister say this.

Could instead say "...technical screening review of the application to identify critical questions in advance of detailed review..."

**BACKGROUND:**

- On November 6, 2015, the Mount Polley Mining Corporation (MPMC) submitted an application for amendment to its *Mines Act* permit to allow the mine to continue operations beyond the one-year term and four million tonnes of ore authorized under its restricted re-start. MPMC has informed MEM staff and the MDRC, that they require approval for this application by ~~March 31~~ April 20, 2016 in order to continue operations as they will have processed the permitted four million tonnes of ore.

Contact: Peter Robb  
Cell Phone: 250-812-7392  
Date: March 8, 2016

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- This application is undergoing a technical review process with the Cariboo Mine Development Review Committee and a 30 day public comment period started on February 17 will be held.
- In the application, MPMC proposes:
  - To use the TSF to an elevation of 970 metres above sea level. This would require raising the repaired breach area by a further 20 metres and raising the remaining embankments by approximately two metres. The company has said they will require approval to use the TSF no later than March 31, 2016 April 20, 2016 to prevent disruption to mining operations.
  - A four-year mine life, mining from the existing Cariboo -Springer pit, Boundary pit, Wight pit and the boundary zone underground and processing of stockpiled ore. There exists a reserve for up to 10 years depending on economic conditions. A mining rate of approximately 70,000 tonnes per day and a milling rate of approximately 22,000 tonnes per day.
  - An updated Reclamation and Closure Plan for the mine, and associated reclamation liability information required to inform an updated reclamation security.
- The technical review to date includes consideration of the TSF to ensure consistency with recommendations of the Independent Expert Review Panel and the Chief Inspector's Investigation and Recommendations. The company has implemented their own independent Engineering Review Panel, as per recommendations of the investigations.
- The company has submitted an application for continued mining under the conditions of their restricted restart permit while review of the return to full-operations application proceeds. If approved this will ensure continuance of operations while allowing the time required for a fulsome review of the return to full operations application.
- The application states the company is taking steps to develop a long-term water management and discharge application, which must be submitted to Ministry of Environment (MOE) by June 30, 2016. The full-scale restart application to MEM does not include a long-term water management plan.
- Under the proposal, the mine would continue operations for roughly four more years based on current economic conditions and the detailed design of the TSF. The company's projected reserves are for 10 years of production.
- Mines Act permitting decisions are made by the Chief Inspector of Mines, or delegate, and are statutory decisions - completely independent of any political influence.
- The company must also seek approval from the Environmental Assessment Office to ensure compliance with their EA certificate for future operations and they are in discussions with EAO on this topic.
- In January, MPMC provided a report to the Ministry of Environment meet the requirements of their EMA permit to provide alternative systems to the discharge at Hazelton Creek.

**Previous permitting:**

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**Comment [MCH2]:** Peter noted there was a permit issued by MOE very recently – can we provide details

**\*\*** This was not a permit, it was a letter to the company indicating that they did not need to implement an alternative to the short-term water discharge, instead staying with the current discharge plant while the long-term plan is developed.

## Mount Polley

- On October 22, 2015, MEM issued a permit amendment for Mount Polley to allow construction of buttressing on the Main Embankment and a small portion of the Perimeter Embankment. This work must be completed to ensure that the required factor of safety of 1.5 is achieved under existing conditions and to an elevation of 967 metres above sea level, which is the pre-breach elevation. The permit amendment does not authorize use of the tailings storage facility for operations.
  - On July 9, MEM and MOE conditionally authorized the Mount Polley Mine Corporation to begin restricted operations. The amended *Mines Act* permit authorizes the company to mine and mill at roughly half the rate of normal operations for up to one year. The tailings facility is not being utilized during the operation. Mount Polley Mine is using Springer Pit, an existing open pit on the mine site, to manage the tailings.
  - On November 30, 2015, MOE issued a short-term water treatment and discharge authorization for treated mine effluent to Quesnel Lake. The application went through a public and First Nations consultation and review by the Ministry and other agencies. A statutory decision maker made the final decision based on detailed information and input from subject matter experts, including biologists, environmental protection officers, geoscientists and hydrologists, free from any political interference.
- In January, MPMC provided alternative short-term options a report to the MOE Ministry of Environment meet the as per requirements of their EMA permit to provide alternatives systems to the current discharge to at Hazelton Creek. Following community and First Nations consultation it was determined to be more appropriate to maintain the exiting discharge while the long-term plan is developed and discussed. The short-term authorization is in place until November 2017.
- The permit is for treated water to be discharged for up to two years but includes a key condition requiring that the water discharge be moved out of Hazelton Creek by November 30, 2016.

Attachment: Gantt chart

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**Comment [MCH3]:** Peter noted there was a permit issued by MOE very recently – can we provide details

\*\* This was not a permit, it was a letter to the company indicating that they did not need to implement an alternative to the short-term water discharge, instead staying with the current discharge plant while the long-term plan is developed.

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**Comment [MCH4]:** Peter has asked for the permitting Gantt chart (simplified to be included in this estimate note)

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**Mount Polley Permitting at a Glance Summary**

<u>Permit Application</u>	<u>MAP</u>	<u>EMA</u>	<u>EAO</u>	<u>February</u>				<u>March</u>				<u>April</u>				<u>May</u>				<u>June</u>
Full-scale restart (application submitted November 6, 2015; referral of decision to SDMs expected May 23, 2015)	x	x <sup>1</sup>	x																	
Upstream TSF Construction and TSF freshet water management (applications submitted November 2015 and February 2016; decision issued on February 23)	x	-	-																	
Water by-pass request (request submitted February 18, 2016; this is not a permit amendment; decision expected early March)	-	x	-																	
Springer Pit Lake elevation increase request (application submitted February 22; technical information submitted March 8; decision expected late March)	x	x	-																	
Bridging Solution for continued operations (application submitted February 23; technical information submitted March 9; referral of decision to SDMs expected early April)	x	x	x																	
Long-term water discharge plan (due to MOE June 30, 2016)	x	x	?																	
MAP = Mines Act Permit; EMA = Environmental Management Act Permit; EAO = EA Certificate Amendment																				

<sup>1</sup> MOE – not a permit amendment but written authorization to start using the TSF again

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