

**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: Suspension of Operations at Imperial Metals' Mount Polley mine

III BACKGROUND:

On January 7, 2019, the Mount Polley Mining Corporation (MPMC), a subsidiary of Imperial Metals Corporation, announced that operations at the Mount Polley mine will be suspended by the end of May 2019 as a result of declining copper prices and low-grade ore currently available at the mine. The suspension of operations will impact approximately 200 of the 220 employees. Monitoring and remediation will continue at the mine with an estimated 10-20 employees retained for this work. Impacted workers reside in various communities including: Quesnel, Ashcroft, 100 Mile House, Williams Lake, Horsefly and Likely. Of the 220 employees currently working at Mount Polley, 103 of them live in Williams Lake.

Imperial Metals wholly owns and operates, three metal mines in British Columbia which include Mount Polley (see Appendix 1 for further information). With copper prices declining since July 2018, low copper ore grades have had a significant impact on MPMC's financial status. Since the 2014 tailings storage facility (TSF) breach, MPMC has focused its financial resources on repairing the TSF and remediating damages. As a result, the company has not had the financial means to expand operations and access higher-grade ore at the mine site.

IV DISCUSSION:

Workforce Supports

The Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNR) is the lead agency in coordinating an integrated provincial response to industrial events involving significant job loss. FLNR actions to date include:

- Alerting WorkBC and Service Canada of the event so they are prepared for an increase in telephone and in-person traffic to their offices.
- Organizing a worker transition team comprised of key stakeholders.

Confirmed worker transition team attendees include representation from the Mount Polley Human Resources Department, the United Steelworkers Local 1-2017, local governments (Williams Lake, 100 Mile House, Cariboo Regional District), First Nations (Williams Lake Indian Band, Xatsill First Nation), as well as WorkBC and Service Canada. Staff from the Ministries of FLNR, EMPR, Social Development and Poverty Reduction and Advanced Education, Skills and Training will also participate on the worker transition team. The first worker transition team meeting will be held in Williams Lake during the week of January 28.

Imperial Metal's Ongoing Regulatory Responsibilities

When Mount Polley suspends operations in May 2019, the mine will go into care and maintenance. MPMC currently estimates that 10-20 employees will continue to monitor and maintain the site. Once in care and maintenance, Mount Polley is obligated to remain compliant with the *Mines Act*, the Health Safety and Reclamation Code for Mines in BC (the Code), and their *Mines Act* permit. The company will also be responsible for the monitoring and maintenance of the mine site as per requirements set under their *Environmental Management Act* permit. In particular, their approved Comprehensive Environmental Monitoring Plan must continue to be implemented and results reported as per the permit.

Imperial Metals Financial Situation

Recent financial reporting has shown that Imperial Metals is struggling to earn enough revenue to cover the costs associated with operating and maintaining other mines. The company has been accumulating an increased amount of debt to keep their mines operating and have failed to keep up their financial obligations to BC Hydro and the Province. On September 17, 2018, Imperial announced that they have started financial and business restructuring. As part of this, the company was able to extend the due dates required on \$276 million worth of debt to February 2019. s.17,s.21

s.17,s.21

Amounts owing by Imperial Metals to BC Hydro and the Province were higher prior to the company receiving a settlement in November of \$108 million from a lawsuit they filed in the British Columbia Supreme Court in 2016. The company filed the lawsuit alleging negligence and breach of contract by the engineering firms that designed Mount Polley's TSF. s.17,s.21

s.17,s.21

There is a risk that Imperial Metals could go into insolvency. In this scenario, the Province would likely become responsible for the monitoring, maintenance and reclamation requirements for Mount Polley. Funding to conduct this work would be obtained by confiscating the mine's reclamation security. The Province currently holds \$31 million in security for Mount Polley. The Ministry of Energy, Mines and Petroleum Resources (EMPR) estimates that it will cost an annual amount of \$3.5 million to monitor and maintain the site.

V NEXT STEPS:

- FLNR will engage with WorkBC, Service Canada and Mount Polley Human Resources Department to develop and deliver worker information sessions. FLNR will also engage with United Steelworkers Local 1-2017 on job recruitment information for BC projects such as Site C and LNG Canada.
- FLNR will continue to monitor the impacts of the suspension on workers and communities and liaise with the worker transition team to develop responses as appropriate.
- EMPR will be requiring that the MPMC submit a care and maintenance plan to the Ministry.
- Following the suspension of operations at Mount Polley, EMPR will continue to assess and enforce compliance with their authorizations.

- BC Hydro, EMPR and Finance will continue to meet with the executive team at Imperial Metals on a monthly basis to discuss their plan to pay amounts owed and how they will meet their long-term mine reclamation and environmental obligations.

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Appendix 1: Imperial Metals owned mines
s.17,s.21

Appendix 1: Imperial Metals Owned Mines

Project	Current Employment	ECDA First Nations	Mine Life	2017 Mineral Sales	Current Reclamation Security held by Province
Mount Polley	220	<ul style="list-style-type: none"> Williams Lake Indian Band (18.5%) Xats'ull (16.5%) 	2026	\$136M (5.1% of BC Metal Mines)	\$31M
Red Chris	381	<ul style="list-style-type: none"> Tahltan (35%) 	2043	\$247M (9.3% of BC Metal Mines)	\$12M
Huckleberry	20	<ul style="list-style-type: none"> Cheslatta (5.2%) Nee Tahi Buhn (4.2%) Skin Tyee (4.3%) Westsuweten (4.7%) 	2022	N/A in care and maintenance	\$32M
Total	750			\$383M	\$75M

¹ BC Hydro's Mining Customer Payment Plan was introduced in February, 2016 to allow mining companies in B.C. to defer a portion of their BC Hydro bills until commodity prices recovered.

**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: BC Mining Jobs Task Force Final Report

III BACKGROUND:

The Minister of Energy, Mines and Petroleum Resource's mandate letter included a commitment to establish a BC Mining Jobs Task Force (Task Force) to create and sustain good jobs in this important industry. In February 2018 the Task Force was established.

The Task Force mandate was to work with the mining industry, workers and mining communities to make jobs secure and mines viable as commodity prices fluctuate. The Task Force was asked to identify measures to make BC the most attractive jurisdiction for investment in Canada while ensuring a sustainable sector that provides training and employment opportunities for British Columbians along with fulfilling the government's commitment to lasting reconciliation and implementation of the United Nations Declaration on the Rights of Indigenous Peoples.

The 12-member Task Force was chaired by the Ministry of Energy, Mines and Petroleum Resources Assistant Deputy Minister, Peter Robb and included representatives from industry, First Nations, municipal government, environmental non-governmental organization, labour, post-secondary/training, and the financial sector.

IV DISCUSSION:

In December 2018, the Task Force submitted its final report to government, including 25 actions for government to support a thriving, competitive and sustainable mining sector. Government has accepted all actions contained in the report and developed a plan to implement Task Force actions in response.

The development of the report's actions was driven through a consensus-based process and guided by a Strategic Framework created by the Task Force. The Strategic Framework describes the desired future state for mining in British Columbia – *British Columbians are proud of our growing mining industry as the backbone of an inclusive, progressive and low carbon economy* – along with five areas of focus for realizing the desired future state. The Task Force actions support all five areas of focus:

- Supporting a healthy and diverse workforce
- Realizing community benefits
- Enhancing BC's fiscal and regulatory competitiveness

- Fostering innovation
- Building awareness of mining's role in a prosperous BC

The suite of actions endorsed by the Task Force reflect the complex and intertwined nature of the mining sector – there is no single lever that immediately creates a growing, competitive and inclusive mining sector envisioned by the Task Force. These actions reflect the full development cycle of a mining project, from grassroots exploration to a mature, operating mine. They also reflect the diverse nature of the constituents represented by the Task Force. Actions put forward by the Task Force are designed to be reflective of current market opportunities, but also enable the Task Force's desired future state.

The Task Force met in person for ten full day sessions, in-addition to regular teleconference calls. Ernst and Young were commissioned to develop baseline data metrics and conduct a jurisdictional review to inform the Task Force's work. The report was also informed by constituent engagement carried out by Task Force members.

V CONCLUSION:

- The Task Force report contains 25 actions for government to support a thriving, competitive and sustainable mining sector.
- The actions in the final report were developed through a consensus process and all Task Force members are in support of them.
- Government received the Task Force report on December 19, 2018 and has accepted tacking action on all recommendations.
- Government has developed a plan to implement the Task Force actions, including allocating new funding to support implementation.

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MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: Meeting with Ratnesh Bedi, President of Pacific Oil and Gas and
David Keane, President of Woodfibre LNG

III BACKGROUND:

Woodfibre LNG (Woodfibre) is proposing a 2.1 million tonnes per annum facility on privately owned land in Howe Sound that will utilize electrically driven liquefied natural gas (LNG) trains.

The Project is owned and operated by Woodfibre LNG Limited, a privately held Canadian company headquartered in Vancouver. The company is a subsidiary of Pacific Oil and Gas Limited, which is part of the Singapore-based Royal Golden Eagle group of companies.

In November 2016, Woodfibre announced the project received board approval to proceed. ^{s.21}

s.21

Woodfibre LNG will create an estimated 650 direct jobs during the construction phase and up to 100 full time jobs during full-capacity operations. Additional employment opportunities will be created in the construction period for the FortisBC Eagle Mountain pipeline that will be servicing the facility.

During construction and expected 40 years of operation, government revenues have been estimated at \$1.6 - 2.6 billion.

Woodfibre has achieved significant milestones in working towards a Notice to Proceed:

- Received environmental approvals from the BC Environmental Assessment Office, Canadian Environmental Assessment Agency, and a Squamish Nation Environmental Assessment Agreement;
- Fully permitted on major Federal permits, permit plan in place for the issuance of supporting provincial and federal permits;
- s.13,s.17,s.21
-
- Commenced decommissioning, pre-construction work onsite with completion scheduled for January 2019. The contract was awarded to Sukwi7 Contracting Ltd., a Squamish First Nation (SFN) owned company; and,

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Woodfibre intends to use clean energy from the BC Hydro grid for compression resulting in a LNG project with the lowest global emissions profile. s.13,s.17
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s.12,s.13,s.16,s.21

IV DISCUSSION:

s.13,s.16,s.21

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V CONCLUSION:

Woodfibre LNG is set to play an integral role in BC's energy system, and would represent one of the single largest private sector investments in the greater Vancouver area. The Ministry of Energy, Mines and Petroleum Resources will continue to work closely with Woodfibre LNG and their parent company Royal Golden Eagle as the project moves into the construction phase.

Appendix: Appendix A - Project Profile

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LNG Project Fact Sheet

WOODFIBRE LNG

December 2018

Recent Announcements

- Sep 2018** Announced that a Heads of Agreement (HoA) had been signed with CNOOC Gas and Power Trading & Marketing Limited, a wholly-owned subsidiary of CNOOC concerning the potential offtake of 0.75 million tonnes per annum for 13 years starting in 2023.
- Aug 2018** David Keane, formerly the head of the BC LNG Alliance was announced as President of Woodfibre LNG.
- Aug 2018** Announced that SUKWI7 Contracting Limited Partnership was selected as the contractor for the Woodfibre LNG site cleanup. Under the contract the company will be removing old pulp mill structures and infrastructure along the foreshore of the old pulp mill site.

Facility Concept



Major Permits and Authorizations

Export License:	40-year license issued June 2017.
Provincial Environmental Assessment Status:	EAC issued October, 2015.
Federal Environmental Assessment Status:	EADS issued March, 2016.
LNG Facility Permit:	Pre-Application

Summary Table

Shareholders:	Pacific Oil & Gas (100%)
Facility Type:	Liquefied Natural Gas Facility and Marine Terminal
Location:	Squamish—Former Woodfibre pulp mill site
Output Capacity Total:	2.1 MTPA
Feedstock Pipeline:	Eagle Mountain—Woodfibre Gas Pipeline
LNG Buyers:	HoA's signed with Guangzhou Gas (1 MTPA) and CNOOC (0.75 MTPA)
Pre-FEED Contractor:	KBR Inc.
FEED Contractor:	KBR, Inc. and JGC America, Inc.
EPC Contractor:	KBR Inc. (contract yet to be signed)
Capital Expenditure (est.):	\$1.6 billion
Operating Expenditure (est.):	\$542 million / year
Construction Jobs (est.):	650
Operations Jobs (est.):	100

Contact: Oil and Gas Division

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

- I PREPARED FOR:** Honourable John Horgan, Premier of British Columbia
- II ISSUE:** Meeting with Canadian Vehicle Manufacturer's Association and Global Automakers of Canada to discuss the Zero-Emission Vehicle Standard

III BACKGROUND:

Transportation accounts for 39 percent (%) of greenhouse gas (GHG) emissions in British Columbia (B.C.). Meeting our legislated targets under CleanBC will require switching transportation to electricity and hydrogen wherever possible, with any remaining liquid transportation fuels switching to the lowest carbon content. Benefits of this transition in the market include: lower transportation fuel bills for British Columbians; using made-in-B.C. electricity, hydrogen and renewable fuels; economic growth and high-paying jobs in clean technology and fuels; and new markets for B.C. minerals. The Clean Energy Vehicle (CEV) Program's suite of activities, along with the Renewable and Low Carbon Fuel Requirement Regulation and various other policy initiatives led by the Ministry of Energy, Mines and Petroleum Resources, have set a strong foundation for supporting the transition to a decarbonized transportation sector in B.C.

Provincial investments in the CEV Program of over \$104M have stimulated a strong consumer market for ZEVs in B.C., leading to the highest ZEV sales rates in Canada. In 2018, zero-emission vehicles (ZEVs) accounted for 4% of new light-duty vehicle sales in B.C., and in the past three months ZEVs accounted for 15% of passenger car sales (a subset of light-duty vehicles).

In the December 2018 CleanBC plan, the Province committed to bring forward a legislated ZEV Standard by 2020, requiring automakers to meet increasing annual levels of ZEV sales reaching 10% of new light-duty vehicle sales by 2025, 30% by 2030, and 100% by 2040. The purpose of the proposed ZEV Standard is to ensure greater supply and availability of ZEVs at more affordable prices in B.C. The Province also committed to expand the CEV Program by making further investments in incentives for consumers and infrastructure, and to invest in pilot projects, incentives and infrastructure for transitioning medium and heavy-duty vehicles to ZEVs. The Province is taking a balanced approach, addressing consumer demand and supply barriers, and providing regulatory certainty for achieving the CleanBC targets, by continuing the CEV Program and implementing a ZEV Standard.

The Canadian Vehicle Manufacturers Association (CVMA) is the industry association that represents Canada's manufacturers of motor vehicles: Fiat-Chrysler; Ford; and General Motors. The Global Automakers Association (GAC) is the industry association that represents Canadian manufacturers (Toyota and Honda) and importers (e.g. Volkswagen, BMW, Hyundai, etc.) of motor vehicles into Canada.

IV DISCUSSION:

A ZEV Standard provides a progressively increasing regulatory “backstop,” to ensure market penetration levels achieved through incentive programs are maintained, and to prepare the auto industry for the eventual removal of government incentives. The intended impact of the legislation is to obligate automakers to ensure sufficient vehicle supply and a variety of makes and models are provided in B.C., and to facilitate accelerated adoption by consumers and fleets. s.12,s.13

All jurisdictions that have adopted a ZEV standard continue to offer vehicle purchase incentives after regulations are implemented, along with continued investments in charging infrastructure deployment and outreach and education campaigns. s.13

s.13 ZEV mandates combined with consumer programs have had significant positive market impacts in California (adopted in 1990, with subsequent updates), nine other US states (adopted in 2013), and Quebec (adopted in January 2018).

In the summer 2018 public consultation on CleanBC, there was high public interest in the transportation proposals - 70% of online comments and 60% of individual submissions were related to transportation. On a ZEV Standard, the general public was highly supportive, with some asking for higher targets sooner. s.13

s.13 However, since that time, GM and Honda have come out in support of ZEV standards, as long as they are harmonized across North America, s.13

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Status of Proposed ZEV Standard

The proposed ZEV Standard would be based on legislation already in place in Quebec, California, and nine U.S. states. The Province will be consulting with stakeholders on key components of a ZEV Standard, building on lessons learned from other jurisdictions, with the goal of bringing forward legislation in spring 2019. Targeted, technical consultations on considerations for the ZEV Standard need to start in February 2019 to inform the ZEV Standard legislation. In the February 2019 consultations, the Ministry will issue a request for written submissions from targeted stakeholders (automakers and select stakeholders) requesting their views on elements of the Quebec and California systems (e.g. compliance targets, credits, reporting systems, etc.) and considerations for B.C. s.13

s.13

Direction on Government’s preference for the overarching framework of the legislation is still being sought, but at a high-level the proposed ZEV Standard is proposed to encompass the following:

- Targets and requirements for motor vehicle manufacturers on light-duty vehicle sales and leases, such that the CleanBC ZEV targets and emissions reduction targets are met.
- Flexible compliance options in how manufacturers meet the targets, while encouraging them to adopt the cleanest ZEVs possible. This would notionally involve a credit

system and permit credit trading between regulated parties, whereby the highest-range battery electric and hydrogen fuel cell electric vehicles would receive the most credits. Manufacturers who sell ZEVs above their regulated targets would have credits that they could sell to other manufacturers, such that the industry as a whole can meet the CleanBC targets.

- Reporting requirements, and other authorities would enable compliance verification and enforcement of the ZEV Standard.

Automaker Considerations and Suggested Responses

Both CVMA and GAC, and some of their members, have been providing input to Ministry staff to help inform the discussion points of the consultation and considerations for the proposed legislation. ^{s.13}

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V CONCLUSION:

- The CleanBC plan committed to ensure there is more supply of ZEVs, to bring down the price of these vehicles by continuing to provide rebates, and to also expand the charging and hydrogen fueling network.
- The Province is taking a balanced approach, addressing consumer demand and supply barriers, by continuing the CEV Program and implementing a ZEV Standard.
- Legislation will be developed that provides the high-level authorities required for Government to implement a ZEV Standard, while regulations will contain the program design specifics.
- Targeted consultations with stakeholders on the framework and considerations for the proposed legislation will begin in February 2019.

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MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

- I PREPARED FOR:** Honourable John Horgan, Premier of British Columbia
- II ISSUE:** Meeting with Andy Calitz, Chief Executive Officer and Susannah Pierce, Director of External Relations of LNG Canada; Russ Girling, President and Chief Executive Officer and Tracy Robinson, Senior Vice President and General Manager, Canadian Natural Gas Pipelines, of TransCanada Ltd., and David Pfeiffer, President, of Coastal GasLink Ltd. to discuss opportunities to have an aligned approach to respective activities on the Coastal GasLink project.

III BACKGROUND:

LNG Canada, and the associated Coastal Gaslink pipeline projects have their Environmental Assessment Certificates and major permits in place, which required consultation with affected First Nations (including the Office of the Wet'suwet'en).

Since 2013, the provincial government, LNG Canada and Coastal GasLink have been engaging affected First Nations about the impacts and benefits of the projects (see Appendix A for status of provincial pipeline and facility benefits agreements).

In addition to consultation requirements, the Province applied a three-pillar approach to ensure First Nations communities can participate and benefit from British Columbia's LNG opportunity: providing financial benefits that encourage financial growth in First Nations (Pipeline Benefits Agreements, LNG Benefits Agreements, Coastal Fund Agreements); enhancing environmental stewardship opportunities; and, offering skills training so First Nations members can access employment and training opportunities.

On Dec. 14, 2018, the Supreme Court of British Columbia granted Coastal GasLink an interim injunction against members of the Unist'ot'en camp where a gate is restricting access across the Morice River Bridge. There is an enforcement order in place providing direction to the RCMP to enforce the terms of the injunction.

Construction has commenced on the facility and the pipeline. Pre-construction activities for the pipeline include surveying, road-clearing and camp preparation, including clearing for a planned 200 person camp located approximately 14 kms from the Morice River Bridge.

IV DISCUSSION:

The enforcement of the temporary injunction order has resulted in an increase in public action opposing the Coastal GasLink project and LNG development in general. It has impacted Nations who have signed agreements and expressed support for the Projects. It has also complicated early reconciliation efforts with Wet'suwet'en Nation.

Provincial Reconciliation Approach

The Province has committed to engage in a respectful, long-term dialog on reconciliation with the Wet'suwet'en which is not contingent upon support for any particular project.

As per direction from the Premier, Minister Fraser has advanced direct engagement with the Office of the Wet'suwet'en. In November 2019, the Province engaged a mutually-approved third party to serve as an intermediary between the Province and the Office of the Wet'suwet'en. s.13,s.16

s.13,s.16

Interests of LNG Canada and Coastal Gaslink

The Chief Executive Officers have requested to meet with Premier Horgan to discuss opportunities to have a better approach for diffusing concerns about the Coastal GasLink project, with the goal of not requiring an injunction to proceed with the project.

This is a critical time for the Coastal GasLink project, given the upcoming legal deadlines and the construction timelines for the industrial camp located near the injunction area.

There are two key areas of interest for discussion:

1. How can the companies best support government's reconciliation efforts in a way that is helpful and assists in addressing the concerns about the project.
2. How can the companies work with the provincial government to develop a coordinated and coherent strategy for dealing with project-related issues as they arise, considering the different roles of the parties, and the quickly evolving situation on the Coastal GasLink project.

V CONCLUSION/PROPOSED RESPONSE:

The provincial government remains committed to the LNG Canada project and is supportive of working together with LNG Canada and Coastal Gaslink to implement an effective approach to these complex issues.

While we have different roles and mandates we all share the goal of reconciliation with the Wet'suwet'en Nation and certainty for all.

During these times, it is important that companies continue to work with First Nations, including the Office of the Wet'suwet'en, to meet their requirements and commitments.

I support our Ministries in continuing to work with you and my office to further develop and implement the ideas we've discussed today.

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LNG Canada Implementation

s.17

APPROVED BY:

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Appendix A: Status of Provincial Benefits Agreements with First Nations

To date, seventeen of twenty affected First Nations have signed Pipeline Benefits Agreements with the Province, including four of five Wet'suwet'en *Indian Act* Bands (Hagwilget is the only Wet'suwet'en Band that has not signed). Two of the agreements (with Nadleh Whut'en and Nak'azdli Whut'en) are signed but are not ratified. Blueberry River, Hagwilget and Haisla have not yet signed.

BC has signed Facility Benefits Agreements with two of the five eligible First Nations (Kitselas and Gitgaat) and with Coastal First Nations (a higher level Coastal Fund agreement covering LNG Canada).

s.12,s.13

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