



By mail and by email

February 28, 2020

British Columbia Environmental Assessment Office
PO Box 9426
Stn Prov Govt
Victoria BC
V8W 9V1

Attention: Heather Noble
Project Director

**Re: Supplemental Information Request Respecting Application
to Extend Environmental Assessment Certificate (#M15-03)
for the Murray River Coal Project**

I am writing to follow up on our December 19, 2019 letter requesting an extension to the deadline specified in Environmental Assessment Certificate # M15-03 (the "**Certificate**") for the Murray River Coal Project (the "**Project**").

We confirm that our request for an extension is now subject to section 31(4) of the *Environmental Assessment Act*, S.B.C. 2018, c. 51 (the "**Act**"), which came into effect on December 16, 2019.

Following receipt of our letter, the EAO asked if we could provide further information in response to five questions, which are numbered and italicized below:

1. Why does HD Mining wish to extend the Certificate?

HD Mining wishes to extend the Certificate as the delays that have impeded us from continuing the Project have now been resolved. HD Mining is now ready to proceed with the additional planning required for further Project construction.

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2. *Why has the development of the Project been delayed?*

Several factors have delayed the Project since it received its provincial EA Certificate:

- (a) Delay in the federal environmental assessment process** - The federal environmental assessment decision for the Murray River Project was issued on December 13, 2017, more than two years after the provincial environmental assessment decision was issued on October 1, 2015.
- (b) Disruption to labour force deployment** - The nature of the development of an underground coal mine requires its workers to have the necessary experience to operate safely and efficiently. The Murray River Mine provides unique challenges as the coal seams are very deep in an area never accessed before. HD Mining applied for and received the necessary Labour Market Opinions from the Human Resources and Skills Development Canada agency that it needed to hire experienced underground foreign workers for the bulk sample program and the decline rock tunnel construction. When the company sought to employ foreign workers with the necessary skills to carry out underground coal mining, the Project was delayed by two legal challenges. The Courts rejected both challenges. Following completion of the construction of the decline in 2016, the temporary work permits expired. Given the delays that HD Mining experienced in the federal EA process, HD Mining did not apply for further work permits, but will consider doing so again if necessary. There is currently only a limited trained underground coal workforce in Canada.
- (c) Delays regarding federal decisions on the southern mountain caribou population.** In May 2018 the Minister of Environment and Climate Change Canada announced that the southern mountain caribou population was facing an imminent threat and that an emergency protection order was being considered, which led to a long period of intensive consultations. While the Draft Southern Mountain Caribou Bilateral Conservation Agreement (Section 11) and the Inter-Governmental Partnership Agreement for the Conservation of the Central Group of the Southern Mountain Caribou were drafted and released in 2019, these Agreements were not finalised and signed until February 21, 2020.

The foregoing matters caused significant delays and budget overruns which have impacted the ability of HD Mining to secure the additional financing needed to continue with the Project. An extension of the Certificate will give us the time to secure financing for full mine construction.

3. *What work has HD Mining done to advance the Project?*

HD Mining has spent over \$200 million on exploration work, the bulk sample program, the decline construction, environmental assessment, and permitting for the Project.

The bulk sample program included the construction of a decline rock tunnel, at a cost of \$50 million, that extends 1357 meters to the first mineable coal seam. This work was completed in 2016. Other work included the construction of facilities for waste rock storage, discharge facilities for the decline site and shaft site, and installation of the shaft site. These features are part of the certified Project description.

This is a significant volume of work at the mine site of a physical and permanent character, putting us in a position to say that we had “substantially started” the Project within the meaning of section 31 of the Act. We are proceeding on the basis that the work that we have done up until now would be taken into consideration if there were ever any need in the future to determine whether we had “substantially started” on the Project.

4. *What plans, including timelines, do you have for advancing the Project if the Certificate is extended?*

The following additional work is planned:

Finalize detailed design – Timeframe: Q1-Q3, 2021

- Select QPs and contractors that meet permit requirement issued for construction (IFC) plans;
- Identify equipment availability and sequencing
- Submit design for regulatory review
- Confirm design/build contracts

Construction – Timeframe: Q3 2021 to Q1 2023

- Earth works & clearing, for the production decline including pond and drainage installation
- Prep auxillary decline and shaft sites, including
 - Install hoist
 - Install heapstead
- Power
 - Equipment certification and approval
 - Engagement with BC Hydro for POI construction
 - Right of way clearing
- Railway track remediation

HD Mining has also received Provincial Mines Act Permit C-244, issued April 6, 2018, as well as all of the other provincial authorizations required to operate the proposed full mine development.

5. *Has new information come to light since the Certificate was granted that could impact the conclusions reached in the Certificate? For example:*

- *new scientific and technical information;*
- *physical changes to the airshed, watershed, or landscape;*
- *previously unknown or undetected effects; or*
- *new information regarding Aboriginal interests.*

HD Mining is not aware of any new information that has come to light since the Certificate was granted that would impact the conclusions reached in the Certificate.

Nor are we aware of any significant changes that have occurred to the environmental setting of the Project since the conclusion of the environmental assessment, including any physical changes to the airshed, watershed, or landscape. As a result, all prior environmental assessment conclusions and commitments remain valid.

With respect to caribou, the areas identified for protection of caribou pursuant to the agreements signed by Canada and British Columbia in 2019 and 2020 are outside the Project area. No high-quality caribou habitat was identified in the Project footprint. The provincial environmental assessment for the Project predicted that the Project would have negligible effects on low elevation caribou habitat.

HD Mining also continues to participate in the Murray River Watershed Aquatic Cumulative Effects Assessment Committee that is working to develop an aquatic CEA framework which can be used to inform future management decisions.

There is no new information regarding Indigenous issues. As noted in our December 19, 2019 letter, HD Mining undertook significant Indigenous consultation for the Project which resulted in impact benefit agreements with the West Moberly, Sauteau, and Halfway River First Nations. HD Mining also entered into a Protocol Agreement with the McLeod Lake Indian Band. Project support letters from the West Moberly, Sauteau, and Halfway River First Nations were provided to the BC Environmental Assessment Office and the Canadian Environmental Assessment Agency in February, 2018. HD Mining is continuing to engage with those First Nations and will send each of them a copy of this letter.

We trust this addresses the supplemental information requested and demonstrates the substantial work HD Mining has undertaken for the Project.

Should you wish to meet or discuss further, please contact Jody Shimkus at jody.shimkus@hdminingintl.com or at 250-812-3552.

Sincerely,

HD Mining International Ltd.

Per:

A handwritten signature in blue ink, appearing to read 'Penggui Yan', with a stylized flourish at the end.

Penggui Yan
Chairman

