



Date: June 21, 2016

File: 105809

Cobble Hill Holdings Ltd. (BC0754588)
Herald Street Law
101 - 536 Herald Street
Victoria BC V8W 1S6

Via email: marty.sia@shaw.ca & mike.sia@shaw.ca

Dear Cobble Hill Holdings Ltd. (BC0754588),

Re: Permit 105809 – Section 4. Security Requirements

The permit section 4 states security requirements including a closure plan, cost estimate, and provision of security. In October 2013, a closure plan and cost estimate (Active Earth Engineering Ltd., Closure Plan and Financial Security Posting, dated October 22, 2013, and Donaldson Engineering Ltd. review of estimated costs) were submitted to the ministry, and subsequently security in the amount of \$220,000 was provided in the form of an irrevocable letter of credit (ILOC).

The October 2013 closure plan and cost estimate included:

- Reference to the 1993 ministry Landfill Criteria for Municipal Solid Waste (LCMSW).
- An un-covered operational area of 2,000 m² was assumed as the final cover will be constructed progressively during operation of the facility.
- Monitoring for 25 years but not including post-closure inspections, operation and maintenance of facilities and works, including the final cover, water treatment system, surface water management works and settling pond.

Circumstances and items that have arisen since October 2013 include:

- The Ministry of Environment (MOE) developed the second edition of the LCMSW available on the ministry website at: <http://www2.gov.bc.ca/gov/content/environment/waste-management/garbage/landfills/landfill-criteria-for-municipal-solid-waste>. The second edition LCMSW includes updated design criteria for final cover design (s. 5.8), final contours (s. 5.9), closure and post-closure criteria (s. 7), financial security (s. 8) and closure plan (s. 10.3.4), and should be reviewed and used for guidance.
- South Island Resource Management (SIRM) recently indicated in its letter of June 09, 2016, that closure of the existing landfill cell is planned in July 2016. However, presently, it is understood that final cover has not been installed over any part of landfill Cell 1A or Cell 1B and the un-covered area is approximately 4,200 m². The western cell extension being

constructed would have an additional un-covered area of at least 1,000 m², for a total un-covered area of at least 5,200 m². The 2016 1st Quarter environmental quarterly report also indicates that as Cell 1 is not contiguous with the mine boundary, final cover placement will not include vegetation for several more years.

- The Active Earth Engineering Ltd. Bedrock Integrity Inspection and Risk Assessment, dated October 10, 2013, indicates that Cell 1 was constructed approximately 15 metres above the ultimate pit bottom and will be relocated in the future and the underlying bedrock will ultimately be mined. If relocation of Cell 1 to the ultimate pit bottom is still planned, the closure plan, cost estimate and security must address this.
- Revisions to facilities and works. In June 2015, the permit was amended to specify additional requirements, works and receiving environment monitoring. In late 2015/early 2016, an independent site engineering consultant (Stantec) prepared reports and recommendations for revisions to facilities and works that have been partially implemented. In May 2016, the MOE requested a proposed updated workplan and schedule, including for the non-contact and contact water management reviews by the independent site engineering consultant, that may result in additional revisions to facilities, works and monitoring. SIRM also recently indicated in its letter of June 09, 2016, that a second lined contact water retention pond will be constructed.
- Actual design, construction, operating, maintenance and monitoring costs for the facilities and works, including the water treatment system and settling pond, and removal of contact water for off-site treatment/disposal, should be available.
- Inflation and cost increases since October 2013.
- The BC Court of Appeal April 15, 2016 judgement states that South Island Resource Management and Cobble Hill Holdings Ltd. submitted that unless it can continue to conduct its business, it may be forced into bankruptcy, raising the spectre of an “orphan” contaminated soils site without proper management or regulation (paragraphs 40 & 41).

Considering the preceding, it is apparent that the closure plan, cost estimate, and corresponding security should be reviewed, reassessed and updated.

Pursuant to sections 4.1 and 4.2 of the permit, I hereby require review, reassessment and submission of an updated closure plan certified by a qualified professional, an updated cost estimate prepared or reviewed by a suitably qualified independent third party, and updated adjusted security in the form of an ILOC, **by July 29, 2016.**

The updated closure plan, cost estimate and security must satisfy the permit sections 4.1 & 4.2, including the requirements with regard to investigations, identification and assessment of any residual contamination, maintenance, monitoring, remediation and closure, including any necessary removal of contact water for off-site treatment/disposal, use the latest second edition LCMSW for guidance, and address the preceding bullets. Guidance regarding the ILOC is attached.

If you have any questions, please contact me at 250-751-3176 or AJ.Downie@gov.bc.ca.

Yours truly,

A handwritten signature in black ink, appearing to read 'AJ Downie', written on a light-colored rectangular background.

A.J. Downie
for Director, *Environmental Management Act*

Attachment: ILOC Guidance

cc: Via email: Todd@sirm.ca