
FACTSHEET

Nov 18, 2016

Ministry of Energy and Mines

Mine reclamation security in British Columbia

- Mining companies in British Columbia are liable for reclamation costs of mine sites.
- As a condition of the Mines Act (Sections 10.4 and 10.5), a financial security is required for all or part of the outstanding costs associated with the mine reclamation and the protection of land, watercourses and cultural resources.
- It is important for our government to build greater public confidence in mining so that if a company defaults on reclamation and clean-up costs of a mine site, British Columbians are not left on the hook for an unreasonable amount of these costs.
- The action government has taken over the past decade to strengthen our environmental regulation has increased the amount of reclamation security mining companies need to post.
- Statutory decision-makers, not the minister, determine the amount of the security bonds required for each mine. The Ministry of Energy and Mines reviews and updates security amounts as project plans are reviewed and, in some cases, at the discretion of the Chief Inspector of Mines.
- Since 2011, the total amount of reclamation security held by the Ministry of Energy and Mines has more than doubled and the ministry now holds four times more in reclamation securities than it did in 2001.
- The Ministry of Energy and Mines accepts several forms of financial security. These include the forms allowed under the Bonding Act (certified cheques, Irrevocable Standby Letters of Credit, Guaranteed Investment Certificates with up to three-year terms backed by a Safekeeping Agreement, and surety bonds); and monies placed in the reclamation fund. Companies cannot remove or access the posted security without the approval of the Chief Inspector of Mines.
- In some situations, such as mine sites where the company's financial strength materially exceeds the estimated liability, the ministry may accept less than full security. The ministry reviews the liability status of such mine sites and reduces bonding liability short-falls over time, as determined by ministry analysis.
- Following the release of the Auditor General's report, government committed to reviewing its policy around reclamation security and that work is underway.

- As the first step, the Ministry of Energy and Mines commissioned Stantec Consulting Ltd. to examine how jurisdictions in Canada and abroad deal with the issue. The report is now complete and available here: https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/mineral-exploration-mining/documents/reclamation-and-closure/stantec_report_mine_reclamation_security_sept_30_2016.pdf
- The Ministry of Energy and Mines has commissioned Ernst and Young, a leading auditing firm with experience and knowledge of the mining industry worldwide, to undertake an in-depth examination of reclamation securities practice. This will include a comprehensive examination of the ministry's current approach and further analysis on how reclamation securities apply in other jurisdictions.
- Minister of Energy and Mines Bill Bennett has directed staff to have a plan in place by early 2017.

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