
NEWS RELEASE

For Immediate Release
2017MEM0008-000420
Feb. 28, 2017

Ministry of Energy and Mines

Government actions renew B.C. as a leader in mining

VICTORIA – Minister of Energy and Mines Bill Bennett outlined government's actions today, including new policies and funding, to increase competitiveness, strengthen First Nations involvement, and enhance responsible resource development in British Columbia's mining sector.

"Today we have more than 30,000 people working in mineral exploration, mining and related sectors, double the number employed in 2001," Bennett said. "After a particularly long and difficult commodities downturn, the mining industry is on the road to recovery and well-positioned to take advantage of strengthening prices. Our mining industry is environmentally responsible and a great job creator for our rural communities and also creates many jobs in Vancouver's 700 head offices."

Over the last four years, government has taken steps to keep the industry competitive, including:

- Ministry of Energy and Mines budget increase of \$18 million over three years for mines permitting and oversight, announced in Budget 2017. This is in addition to the \$4.85 million budget lift in 2015.
- Eliminating provincial sales tax on electricity over the coming two years.
- Allowing mining companies to temporarily defer a portion of their hydro bills when the sector was experiencing a slowdown due to low commodity prices.
- Extending the B.C. mining flow-through share tax credit to Dec. 31, 2017.
- Adding community engagement as a deductible expense in B.C.'s mining exploration tax credit program.
- Establishing the Major Mines Permitting Office to improve the coordination of major mine permits across government.
- Reducing turnaround time for Notice of Work permits to under 50 days, down from 110 days in 2011— surpassing the goal of 60 days set out in the BC Jobs Plan.
- Providing Geoscience BC with \$10 million in funding over two years to further support its work in encouraging mineral, coal, and oil and gas exploration investment in the province – this is in addition to the more than \$60 million government has provided to Geoscience BC since 2005.

"We commend government's commitment to improve industry competitiveness and look forward to working collaboratively to continue these efforts in order to attract investment, protect and create jobs, and build healthy communities across the province," said Karina Brino, president and CEO, Mining Association of BC. "As the outlook for mining continues to improve, we have the potential to grow our industry and provide family-supporting jobs across B.C., and to continue our long-standing commitment to environmental stewardship and positive

partnerships with communities and First Nations.”

Bennett also outlined actions government has implemented that improve safety in the mining industry, strengthen compliance and enforcement and increase openness and transparency.

“Mining is essential to our economy and to all regions of the province, but it can only happen with the confidence of the public,” Bennett said. “To that end, our government has made significant changes to how mining is done in British Columbia, including new policies, additional resources and funding to improve permitting processes and strengthen compliance and enforcement.”

Actions include:

- Completion of health and safety portion of mining code review – updates to the code based on the unanimous recommendations from the Code Review Committee chaired by the chief inspector of mines which includes an equal number of representatives from First Nations, mine labour unions and industry.
- Major changes to the management and oversight of tailings storage facilities.
- Administrative monetary penalties (AMP) regulations brought into force – regulations and related penalties for non-compliance with the Mines Act and Mining Code.
- A new Compliance Board and a new strategic plan for compliance and enforcement of mining in B.C. that outlines government’s three-year vision for mining oversight in the province.
- Completion of a cross-jurisdictional review of reclamation securities and release of Ernst and Young reclamation securities report.

Launching the B.C. Mine Information website that provides greater openness and transparency around mining operations in B.C.

“This has been a new approach to try to include more First Nations perspectives in the review of mining legislation – efforts which need to continue to expand and deepen as the essential work of reconciliation continues directly with First Nations,” said Nalaine Morin, principal, ArrowBlade Consulting Services and member of the Code Review Committee. “This has been a positive step forward that will hopefully lead to deeper collaboration with First Nations on mining in British Columbia.”

Government has now addressed all of the recommendations from Independent Expert Panel and most of the chief inspector of mines’ recommendations from their investigations into the Aug. 4, 2014, tailings pond breach at the Mount Polley Mine. Additionally, government has made significant progress on the 17 recommendations from the Office of the Auditor General’s May 2016 report on compliance and enforcement of the mining industry. Work to implement the remaining recommendations will be completed by the end of 2017.

“With these and other measures implemented in the last couple of years, compliance and enforcement for mining is more robust and, with the recently announced budget increase for the Ministry of Energy and Mines, British Columbians can have confidence that these actions are fully funded,” Bennett said. “B.C. now has a path to ensure a safe, modern mining industry that is the envy of the world.”

Additionally, government has taken steps to strengthen First Nations involvement in British

Columbia's mining industry. B.C. is the first province to share royalties payable by new mines and major mine expansions with First Nations – helping to enhance the governance, social, economic and cultural well-being of First Nation communities. Since August 2013, more than \$26 million in direct mineral-tax revenues from new mines and major mine expansions has flowed to First Nations as a result of Economic Community Development Agreements.

Learn More:

A complete list of the combined 26 recommendations from the independent expert panel and the chief inspector of mines is available here: http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/mineral-exploration-mining/documents/health-and-safety/code-review/mp_recommendationstable_feb2017_update_final.pdf

A list of the 17 recommendations from the Office of the Auditor General is available here: http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/mineral-exploration-mining/documents/health-and-safety/code-review/mp_ag_recommendationstable_february2017.pdf

The strategic plan for compliance and enforcement of mining in B.C. is available here: http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/mineral-exploration-mining/documents/compliance-and-enforcement/bc_mines_compliance_and_enforcement_strategy_web.pdf

The Ernst and Young report on British Columbia's mine reclamation financial security policy is available here: http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/mineral-exploration-mining/documents/reclamation-and-closure/bc_mem_ey_report_on_mine_reclamation_security_final.pdf

Information on mining operations in B.C. can be found on the B.C. Mine Information website: <http://mines.nrs.gov.bc.ca/>

Three backgrounders follow.

Media Contact:

Suntanu Dalal
Media Relations
Ministry of Energy and Mines
250 952-0628

Connect with the Province of B.C. at: www.gov.bc.ca/connect

BACKGROUND 1

For Immediate Release
2017MEM0008-000420
Feb. 28, 2017

Ministry of Energy and Mines

Major progress during a downturn

Mining is a cornerstone of British Columbia's economy and, during the recent drop in commodity prices, B.C. continued to see new investment in its mining sector. British Columbia's mining policies, strong economy and competitive tax policies mean that B.C. is well-positioned to take advantage of the next upswing in commodity prices.

Since 2011, seven new mines have been permitted in British Columbia, creating over 2,000 new jobs:

- Mount Milligan
- Copper Mountain
- New Afton
- Red Chris
- Brucejack
- Silvertip
- Barkerville Gold's Bonanza Ledge

Expansions of nine major mines have also been approved:

- Highland Valley Copper
- Elkview
- Huckleberry
- Quinsam
- Line Creek
- Gibraltar
- Endako
- Greenhills
- Fording River

Since 2001, the number of British Columbians employed in mineral exploration, mining and related sectors has more than doubled from 14,700 to approximately 30,000. The recent rise in commodity prices has resulted in the restart of mines in the province. Conuma Coal recently restarted the Brule and Wolverine coal mines near Tumbler Ridge creating 390 well-paying jobs that support families in that region.

Industry growth is expected to continue as commodity prices improve. There are currently 23 major mines and expansion projects in British Columbia in the Environmental Assessment and permitting processes.

Spending on advanced mine development projects remains strong, which is a positive sign that investors remain confident in the long-term potential of mining in B.C. Mineral exploration in

British Columbia has grown exponentially from \$29.1 million in 2001 to \$205 million in 2016.

Media Contact:

Suntanu Dalal
Media Relations
Ministry of Energy and Mines
250 952-0628

Connect with the Province of B.C. at: www.gov.bc.ca/connect

BACKGROUND 2

For Immediate Release
2017MEM0008-000420
Feb. 28, 2017

Ministry of Energy and Mines

Mine reclamation securities: update and next steps

Following the release of the Auditor General's report on compliance and enforcement of the mining sector in May 2016, government committed to reviewing its policy around reclamation security.

As the first step, the Ministry of Energy and Mines (MEM) commissioned Stantec Consulting Ltd. to examine how jurisdictions in Canada and abroad deal with the issue. The report, completed in September 2016, is available here:

https://www2.qa.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

For the next phase of the review, MEM and the Ministry of Finance 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 work is now complete and includes a comprehensive examination of the ministry's current approach and further analysis of best practices.

In its review, Ernst and Young found MEM utilizes a financial security program based on sound principles that include elements of a risk-based approach. It also found that because of the considerable variability in the financial security programs of similar jurisdictions, there are few easy answers in dealing with reclamation securities.

Key findings of the Ernst and Young review are:

- MEM has already established a carefully-considered and systematic financial security approach for mine reclamation that includes elements of a risk-based approach and is tailored to the context of mining in B.C.
- Many aspects of the ministry's current practice are sound but should be formalized into a well-defined policy that is clear to industry and the public.
- There are opportunities for the ministry to enhance its current program, including:
 - Improving the rigour of its risk assessment process for determining required security.
 - Leveraging policy tools to better incentivize strong environmental performance.
 - Basing key factors such as discount rates on independent standards.

The Ernst and Young report provides a good foundation and offers the ministry some potential policy components to consider moving forward. This will require further analysis before the ministry can finalize its reclamation securities approach. This work is currently underway and will be completed in 2018. The Ernst and Young report is available here:

http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/mineral-exploration-mining/documents/reclamation-and-closure/bc_mem_ey_report_on_mine_reclamation_security_final.pdf

Media Contact:

Suntanu Dalal
Media Relations
Ministry of Energy and Mines
250 952-0628

Connect with the Province of B.C. at: www.gov.bc.ca/connect

BACKGROUND 3

For Immediate Release
2017MEM0008-000420
Feb. 28, 2017

Ministry of Energy and Mines

New policies and tools strengthen compliance and enforcement

Government has implemented changes to the Health, Safety and Reclamation Code for Mines in British Columbia and brought into force administrative monetary penalties (AMPs) – regulations and related penalties for non-compliance with the Mines Act and Mining Code.

On March 15, 2016, government passed legislation that enabled government to include AMPs as a much more flexible and nimble compliance and enforcement tool under the Mines Act. The legislation also increased penalties available for court prosecutions under the act from \$100,000 and/or up to one year imprisonment to \$1 million and/or up to three years imprisonment.

Recently, AMP regulations and related penalties for non-compliance with the Mines Act and Mining Code were brought into force. The maximum penalty the chief inspector of mines may impose under these regulations is \$500,000. Full details of the AMP regulations and related penalties are available here: <http://www2.gov.bc.ca/gov/content/industry/mineral-exploration-mining/compliance-enforcement/amp>

In June 2015, Energy and Mines Minister Bill Bennett appointed a Code Review Committee pursuant to section 34 of the Mines Act with a mandate to review the Health, Safety and Reclamation Code for Mines in British Columbia. The Code Review Committee, chaired by the Chief Inspector of Mines and consisting of an equal number of representatives from First Nations, mine labour unions and industry, was given two separate tasks:

- Provide a review of the tailings storage facility (TSF) section of the code and determine how to best implement the Independent Expert Panel's seven recommendations.
- Provide a focused review of the health and safety section of the code.

The review of the TSF section of the code was completed in 2016 and updates to the TSF section of the code came into force July 20, 2016. Updates to TSF regulations include:

Enhanced validation of safety and regulation of all phases of a TSF:

- All existing mines in British Columbia with TSFs must have an Independent Tailings Review Board.

Improved dam safety guidelines:

- The Mining Code now includes design standards for TSFs that are tailored to the conditions encountered in British Columbia and that emphasize protecting the public and environment including:
 - TSF design requirements for the steepness of downstream slopes.

- A minimum static factor of safety.
- New seismic and flood design criteria.
- Defined roles and responsibilities for the engineer of record, including a duty to report any safety concerns to the regulator.
- Additionally, section 10 of the code now requires mines operating in B.C. to:
 - Designate a TSF-qualified person for safe management of all TSFs.
 - Have a water balance and water management plan prepared by a qualified person.
 - Have in place quantifiable performance objectives developed by the mine's engineer of record and the TSF-qualified person.
 - Establish an Independent Tailings Review Board.
 - Ensure all staff involved in the operations of the TSF or dam are trained and qualified, based on the Operations, Maintenance and Surveillance Manual for the TSF.

The review of the health and safety section of the code is complete and updates include:

Supervisor's certification

- All personnel in a supervisory role of workers at a mine or mine exploration site, other than office employees, must hold a supervisor or open pit shiftboss certificate.
- Individuals must pass an examination on sections of the Mines Act, the regulations, and the code in order to be issued a supervisor or open pit shiftboss certificate.
- This certification ensures that individuals in a supervisory role at a mine have comprehensive knowledge of the code and its requirements pertaining to worker safety and mine operation.
- Supervisor and open pit shiftboss certificates are issued by the chief inspector of mines and are valid for five years.

Occupational health: exposure limits

- Updated threshold limit values set for carbon disulfide, lead, nitrogen dioxide, silica and welding fumes. The new standards meet or exceed the levels set out in the American Conference of Governmental Industrial Hygienists 2016 guidelines.

Mine Emergency Response Plans

- A mine's tailings storage facility emergency preparedness and response plan must now be integrated with its Mine Emergency Response Plan (MERP).
- First Nations and communities must be included in the planning and annual testing of a mine's MERP.
- A record of the annual MERP testing must be included in the mine's annual report to the Chief Inspector of Mines.

Qualification and certification requirements for skilled trades

- All work under section 5.1.1 (electrical) of the code and mechanical work on braking and steering systems of tracked and rubber-tired mobile equipment must be performed by, or under the supervision of, a certified person.
- Operators of mobile cranes, boom trucks, folding boom and tower cranes performing critical lifts are required to have valid certification.

- Workers performing occasional hoisting operations using mobile cranes, boom trucks, folding boom and tower cranes with a rated capacity equal to or greater than five tons or with a boom length of 25 feet or greater at a mine site must be certified to a minimum Level D or equivalent of the British Columbia Crane Safety Association.

Underground coal equipment certification

- All underground electrical equipment must be certified as suitable for use in an underground coal mine by an accredited laboratory.

First Aid requirements

- Companies are now required to have minimum of two first aid certified personnel on all exploration sites.

Roll-over protection for ATVs and UTVs

- All side-by-side ATVs and UTVs operating on a mine site must have roll-over protection that meets OSHA and CSA standards.

Existing mines in British Columbia must immediately make any and all necessary changes to comply with the code, with the following exceptions:

The following requirements come into force on June 1, 2018:

- Supervisor's certification
- Requirement for certified persons for electrical, mechanical and crane operations

The updated Health, Safety and Reclamation Code for Mines in British Columbia is available here: http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/mineral-exploration-mining/documents/health-and-safety/code-review/health_safety_and_reclamation_code_2017.pdf

Following the July 2016 updates to the TSF section of the Code, the Ministry of Energy and Mines commissioned international engineering, geoscience and environmental consulting firm Klohn Krippen Berger to complete a third-party comparison of mining legislation and guidelines in British Columbia, Montana and Alaska. The comparison found B.C.'s requirements for mining to be equal to or more stringent than those in Montana or Alaska. The Klohn Krippen Berger analysis is available here: <http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/mineral-exploration-mining/documents/health-and-safety/code-review/161125I-miningcodereview.pdf>

With these updates to the health and safety section of the code, along with the July 2016 updates government made to the TSF section, British Columbians can have confidence that B.C.'s standards are as good or better than exists anywhere in the world.

Media Contact:

Suntanu Dalal
Media Relations
Ministry of Energy and Mines
250 952-0628

Connect with the Province of B.C. at: www.gov.bc.ca/connect