PNWER Working Group Session Report

Working Group: Mining
Meeting Date / Time: Tuesday, July 23rd, 2019 from 9:15am - 11:30am

Co-chairs:
- Senator Keith Regier, Montana State Legislature
- Pamela Schwann, President, Saskatchewan Mining Association

Speakers:
- Kathleen Benedetto, Senior Adviser, Bureau of Land Management
- Hilary Morgan, Director, International Affairs and Trade Division, Policy and Economics Branch, Land and Minerals Sector, Natural Resources Canada
- Tammy Johnson, Executive Director, Montana Mining Association
- Cory Hughes, Executive Director, Mining Policy - Resource Development, Ministry of Energy and Resources Government of Saskatchewan
- Dale Huffman, Vice President, Health, Safety, Environment and Regulatory Relations, Orano

The agenda, speaker bios, and presentations from this meeting can be found at https://sched.co/MWdF

Summary of Meeting:

Opening Remarks and Introductions from Co-Chairs

- Pamela Schwann:
  - Minerals are critical part of Canada. There was action between President and PM regarding the expansion of mining and international trade.
- Keith Regier:
  - Mining impacts many aspects of daily life. It is a critical part of many components of the economy. It is a major contributor to tax revenue for Montana and other states in the U.S.

DISCUSSION TOPIC: US and Canada Critical Minerals Cooperation

Kathleen Benedetto: (REE: Rare Earth Elements)

Mrs. Benedetto stated that the Federal strategy was an executive order 13817 by President Trump. This critical mineral study was in the process for over 5 years. There were other critical minerals that needed to be included in the study, so discussions were made. The U.S. is vulnerable to supply...
disruptions as strict environmental regulations disrupt the processing of minerals. This gives China a competitive advantage. The executive order told the secretary of the interior to publish a list of critical minerals. The study also had to come up with recommendations related to improving conditions. Critical minerals also exist in acquired lands, which are then leasable commodities. There were over 130 people receiving documents from this committee. This committee was initiated in the previous administration when supply disruptions arose. Across the board, any natural resource industries lack the workforce capacity. We also have a lack of academic staffing to educate on these areas. The production of batteries and processing so that we can produce these minerals here and not have to ship minerals offshore. One of the recommendations is apart of the BLM strategy which was to establish a supply chain committee. Other examples show the positive effects of committee work. People are looking at going through the defense logistics industry. There is funding in this department to invest in critical mineral projects. The black hills region received a grant from this agency as well. The Canadian provinces are also able to do this. We are mostly dependent on China for mineral resources, but Canada is also abundant. Several other countries have done geophysical surveys to have a database that countries and companies can come identify key regions. They will target areas geared towards development. One example is the coal ash and acid rock drainage which has high concentrations of REE and it is easier to recover from already processed materials. Every single agency involved in this study identified the workforce as a critical factor in developing critical minerals. There were many individuals and agencies involved in this, so it was good to have the outcome.

- **How does that prospect of increased collaboration between Canada/U.S. square with the BA initiative by President Trump? Would Canada be subjected to this?**
  - Mrs. Benedetto said that I don’t think this is an issue. There are efforts to mitigate these problems. Many contradictory efforts exist in this area, as we need to maintain partnerships with our allies. We need to do business with Canada, and there are not as many problems in the future with the BA program.

- **What is the next step for the U.S. Is the deal to replace that source with China?**
  - Mrs. Benedetto said that “Yes, that is the intent.” The U.S. has reached out to other entities and jurisdictions to develop agreements to shift focus away from China. People are focused on this issue and making sure that we are not encumbering ourselves. Throughout Western Europe and NA there is a problem in processing minerals. It is about remaining competitive. In the U.S. we have a process whereby unfriendly states come in requesting the purchase of companies and/or land, there are protocols to study these requests. There are examples, such as Mountain Pass, that was a purchase that went through because of the un-strategic nature of Mountain Pass with respect to voting in the company. China has invested heavily in Hollywood and has begun to censure content related to film-making.

Hilary Morgan: Presentation titled - “Securing North American and Global Supply Chains”

Mrs. Morgan said that her department is working hard on critical minerals and cooperation with the U.S. is critical. This presentation will focus on domestic issues related to Canadian mineral development. The global economy is dependent increasingly on mineral development. This poses opportunities and challenges for Canada. In Canada we follow the work of the World Bank which has
published reports on mineral usage related to renewable energy and other similar topics related to Climate Change and the Paris Accord. We see REE demand going up with the production of energy efficient vehicles. Canada has a lot of bilateral relationships with other mining nations. These relationships also play into other advanced economies. Canada is seeing other initiatives related to the BA program in other countries. Canada and the EU through CETA has an annual dialogue related to critical mineral development. We have constructive relationships with Japan and South Korea. We are planning a trade mission to Japan and Korea with regional leaders. We have also engaged Australia and the U.S. to focus on critical mineral collaboration with focus on R&D. We need to better understand what Canada’s critical mineral supply actually is. Mining is critical to the Canadian economy. We are focusing on clean growth and modernizing the industry. We have a clean growth strategy. We have advanced stage projects in many critical minerals. We have private sector investment in the coming years. We have positioned ourselves to be a secure, safe mining industry. We have trade agreements with 2/3’s of the global economy. We have advanced collaboration with Indigenous people with mining development. We have recently launched a Canadian Minerals and Metals plan that will capitalize on Canada’s strength in mining. The government is also looking into a battery minerals strategy to promote downstream processing. There has been a lot of foreign interest in this area. Canada has major investments in research of geoscience and critical minerals. Given our global footprint in mining, we focus on the practices of Canadian firms abroad. We want to demonstrate Canadian leadership and mining practices abroad. We have created the IGF which has been supported by multiple funding countries to continue to research and discuss best practices. Trudeau and Trump recently committed to increased collaboration when it comes to critical minerals. This plan builds on a longstanding relationship between the two countries related to security, defense, safety, and economic exchange. The last study on import reliance is outdated and needs to be done again. We had a productive visit with U.S. administrative staff last week. We are also working with Government of Canada officials to increase trade ties and agreements related to mining. There are future possible areas of collaboration. Our trade and transport corridors are well established to accommodate increases in mining specific critical minerals. There are also many bilateral trade initiatives in this area. The U.S. is slightly unrepresented in Canada’s mining sector compared to Canadian representation in the U.S.

- **Do you have any thoughts on nuclear minerals and other bilateral opportunities?**
  - Mrs. Schwann said that it is recent that President Trump decided on 232. We are pleased with the president’s decision. Uranium is on the critical minerals list and we see further progress on this file. Uranium is a major export for Canadian firms. There is a working group progressing on the nuclear fuel file. They have a tight 90 day time frame for which they then need to report to the president's recommendations.
  - Mrs. Benedetto said that the primary reason Uranium is critical is the national dependence. There are only small deposits in the U.S. currently. The U.S. then needs to seek other countries cooperation in this mineral source.

**DISCUSSION TOPIC : Economic Benefit of Mining**

**Tammy Johnson: Presentation titled - “Economics of Mining”**

Mrs. Johnson said that last year, there was a need for a report regarding the economics of mining in Montana. This state studies Montana and analyzes if the economic activity regarding the lack of
mining and what does this do to future economic sphere. How does the impact other sectors. We wanted to find out the future without mining. The Montana mining association does not represent the coal sector. We produce many minerals and the communities surrounding these mines understand the impact. The state government realizes over 190 million in revenue annually. The study also looked at the incorporation of three new mines in Montana. This impacted employment, income, and revenue substantially. It is a critical industry in Montana, and it is becoming just as important as it was decades ago. The economic contribution of existing mines has significant impacts compared to other sectors of Montana’s economy. The platinum-palladium mine in central Montana, for example, employs over 1600 people. The spending power of great wage jobs speaks to the disposable nature. The earnings related to mining is almost double to other sector jobs. In terms of state revenue, without a mining economy you would lose resource specific taxes and a large portion of the workforce. A lot of state revenue does go to the general revenue fund, but some is dispersed to other departments. Particularly in rural areas, trying to stem the aging of rural areas and agricultural areas is aided by mining. Montana has a lot of ngo that are not fans of mining. The green energy revolution. There is the irony in that to make renewable energy, you need massive increases in the supply of minerals. This revolution will not be possible without the secure supply of minerals. We discussed the modeling of the study done. We need to understand the community impact related to mining. Other sectors will suffer the impacts related to the reduction of mining. The without mining scenario was added because of this.

- **Are you aware of Canadian companies involved in the Montana landscape?**
  - Mrs. Johnson said that there are Canadian companies involved. There are so many companies that have been incorporated into Canadian companies.

- **Are there environmental issues affecting Montana mines?**
  - Mrs. Johnson said that the state has not permitted or allowed a new mine to operate since 1986. The concern of the public and the social licence has been difficult to overcome coupled with state/federal nexus to operate on public land. In the state of Montana, citizens are allowed to bring legislation to the ballot box which is then voted upon in the election cycle. Last year, there was an initiative that talked about water quality and long term quality that would have closed two operations in Montana. Rather than work, the industry had to spend 5 million dollars to educate and get a no vote on the initiative. It took time out of production to affect this vote.

**Pamela Schwann: Presentation titled - “A secure source of Critical Minerals”**

Mrs. Schwann said that the PNWER region is strong with mineral development. The value of PNWER is substantial. BC, SK, and AK are big producers of minerals in the PNWER region. We cannot overlook the importance of a strong railway for transporting minerals. PNWER has strategic facilities for foreign markets. The value of minerals reflects the value related to Potash, with its up and down nature affecting prices. There is potential in all areas of PNWER for future development.

- **Is there difficulty getting people to move to rural areas?**
  - Mrs. Johnson said “No, because it is generational.” Our mines anchor the economy of certain regions, which is important for rural populations.
DISCUSSION TOPIC: Showcasing the Institutional Control Program

Cory Hughes: Presentation titled - “Saskatchewan Institutional Control Program”

Mr. Hughes said that once mining companies complete decommissioning, they are regulated to oversee and control that property. The institutional control program is a mechanism to allow companies to lease land or return land to the crown. It is a voluntary program. Institutional control is law, the money associated can only be intended for that specific purpose. IC has come from issues from the past. This program leads to benefits for local residents. There is a return to traditional land use for Indigenous people. Saskatchewan has 80% support for Uranium mining. The mining companies benefit because it releases future liability risks. Institutional Control starts with an environmental assessment. Once a decision to end operation is finalized, a plan is initiated and put into effect. After decommissioning, any site is required to be monitored for a period of time. The goal is to ensure stability or improving of the decommission process. An application is then made to the Ministry, except for uranium. Once a release is granted, IC can be used. Monitoring fund is provided by the companies, and is provided upfront before any inspection is initiated. This is a transparent program, the public is able to access reports and participating companies. The program has received positive attention because it returns land back to the crown with funding to ensure safety.

● Is the money paid upfront?
  ○ Mr. Hughes said that it is a one-time payment made in two ways. The costs are mainly travel and accommodations

● How long is financial assurance guaranteed?
  ○ Mr. Hughes said that once the decommission is completed, the financial assurance is returned to the company.

● How long do you hold the bond after the company has reported?
  ○ Mr. Hughes said that as time progresses, the financial assurance can decrease as the project nears completion.

Dale Huffman: Presentation titled - “Cluff Lake Project Path to Institutional Control”

Mr. Huffman said that the biggest impediment to mining in the future is mining’s past. There is a history of bad practices. Good policy is here, but it will take time. Orano has many sites worldwide. It operates uranium mines in Saskatchewan. Only in Saskatchewan is there a policy that protects the mine and other stakeholders all at one time. We maintained an early decommissioning plan throughout development and had stable funding to assure the government that it would be taken care of. At the time of permitting, it is legally required that a decommissioning plan be submitted. Decommissioning is a process that includes an environmental assessment which determines the end state expectations. We completed mining in 2002 and the physical decommissioning in around 2006. We have performed tests and reports stating the objectives met for the project. There is no need to restrict access to the surface of the site. Public safety is comparable to other wilderness sites. In the end there will be about 250 hectares out of 1400 hectares that will need institutional protection. We are now at the stage to apply for the
release of decommissioning. The Cluff lake project has benefitted from sustainable development policies by the province.

- **Was there contemplation about end of life reclamation. What did that report say?**
  - Mr. Huffman said that the enquiry laid the groundwork for these policies that exist today. It took a holistic view of mining. It all came together.

**Action Items : To be submitted at a later date**