



To: Todd Goodsell, BCEAO  
Andrea Raska, IAAC

January 21, 2020

Cc: Greg Ashcroft BCEAO, Elise Matzanke BCEAO, Janet Shaw, IAAC

*RE: Michel Coal Project Update Addendum to Revised Project Description August 2018 - Tent Mountain Deposit*

*The Michel Coal Project, Revised Project Description* was submitted on August 22, 2018, and subsequently posted to the websites of the BC Environmental Assessment Office and the Impact Assessment Agency of Canada (formerly Canadian Environmental Assessment Agency). The *Revised Project Description* included details on North Coal's plans to develop three metallurgical coal deposits known as Loop Ridge, Michel Head and Tent Mountain, collectively the Michel Coal Project.

This letter is provided to formally advise BCEAO and IAAC of an update to the Michel Coal Project Revised Project Description. Specifically, North Coal Limited, after extensive consultation with the Ktunaxa Nation Council (KNC) and engagement with other local land users, has removed the Tent Mountain deposit from the proposed Michel Coal Project.

While the Tent Mountain deposit will be excluded from the Michel Coal Project Environment Assessment, the asset may be developed and mined in the future under a separate project plan and associated regulatory applications. At this time, North Coal has no plans to mine the Tent Mountain deposit as part of the Michel Coal Project and requests that the scope of the environmental assessment be amended to exclude this component of the Project Plan. As the Tent deposit was to be mined last in the Project schedule the removal has little impact on the overall Project design or execution plan.

Tent Mountain related environmental data may still be reported as part of the Michel Coal Project Environmental Assessment but any and all references to the development plan for the Tent Mountain deposit will be removed from future documentation and submissions.

**Rationale for the Project Change** - The decision to remove the Tent Mountain deposit from the Michel Coal Project was made after extensive engagement with a variety of local land users and stakeholders. During the course of these conversations, supported by environmental studies conducted by the Project team and local Knowledge Holders, including Ktunaxa knowledge holders, it was identified that the proposed development plan for the Tent Mountain deposit had the potential to affect wildlife connectivity, ecologically sensitive areas, and cultural and recreational use of the land. By deferring the development of this area, the Michel Coal Project reduces its overall disturbance and potential terrestrial and aquatic effects with minimal impact on the overall project economics.

The following provides a brief summary of the effects the removal of the Tent Mountain deposit will have on the Michel Coal Project mine plan and the scope of the Environmental Assessment:

**Mine Plan** –The project sequencing of the mine development plan will remain the same with the Loop Ridge deposit being developed first. Later in the mine life, the Michel Head deposit will be developed to permit the annual coal production rate to be sustained throughout the mine life. As the Tent Mountain deposit was to be developed towards the end of the mine life, its' removal from the project plan will shorten the estimated project duration from approximately 30 years to approximately 25 years. The measured and indicated resources quoted in the *2018 Revised Project Description* will be reduced from 92.6 million tonnes to 87.4 million tonnes for the Loop Ridge and Michel Head deposits. However, this change will not affect the proposed annual production rate of 2.3 to 4 million tonnes of raw coal or the Loop Ridge processing plant design or related infrastructure.

**Disturbance Area** – The removal of Tent Mountain from the development plan reduces the overall project disturbance footprint by 502 ha or approximately 26%. This reduces the initially proposed total Project disturbance of 1926 ha to approximately 1424 ha. The Loop Ridge and Michel Head disturbance areas will remain the same as described in the *August 2018 Revised Project Description*. This reduction in the total Project disturbance area is expected to reduce the potential environmental effects of the Project and improve local land user access to the area during the mine development and operation phases. The suitability of the Tent Mountain asset as a biodiversity offset will be explored during the environmental assessment process and during future environmental studies of the land base.

**Effect on the Proposed Project Valued Components List** – After considering the current VCs proposed for the project, North Coal has concluded that the VC list will be unaffected by the removal of the Tent Mountain deposit from the Project. All of the VCs proposed by the Michel Coal Project Working Group remain applicable for the study areas. It is anticipated that the potential effects to the environmental, social, health and heritage components of the Project will be unchanged or positively impacted with a negative impact to the economics of the Project resulting from the five-year decrease in the mine schedule.

### **Study Boundaries**

Geographically, the Tent Mountain deposit lies between the Loop Ridge and Michel Head sites and all three study areas overlap, so the removal of the Tent Mountain deposit does not alter or impact the proposed Local Study Areas or the Regional Study Areas for the Project.

It is our sincerest hope that this proposed change will be accepted by both BCEAO and IAAC as we believe these changes demonstrate the effectiveness of the environmental assessment process, address some of the Project-related concerns raised by the KNC and are in the best interest of the local communities, the region and the Michel Coal Project.

Sincerely,

<original signed by>

Bill Arling  
Director of Environment  
North Coal Limited