

# ERDENES SILVER RESOURCE SALKHIT MINE CLOSURE PLAN PILOT

Newsletter Issue 4 January 2022

## INTRODUCTION AND PROGRESS

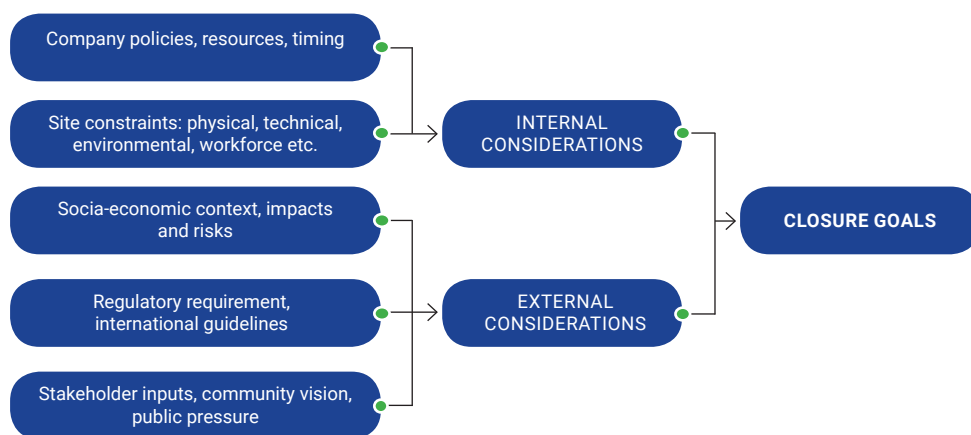
Since the start of the Erdenes Silver Resource (ESR) Salkhit Mine Closure Plan Pilot (the Pilot) in October 2021, the MERIT team (including QMC and CPP Environmental), has developed a regulatory concordance table for the mine closure plan, provided presentations on Canadian best practices in mine closure, and developed a close working relationship with ESR to prepare an environmental summary report for the Salkhit Mine (forthcoming in February).

January 2022 was a busy month for the pilot, as the team and stakeholders progressed into brainstorming and setting closure goals for the mine. Three multi-stakeholder meetings were held for the purposes of sharing best practices and developing key closure goals for the mine. Details follow in the subsequent sections of the newsletter.

## UNDERSTANDING MINE CLOSURE GOALS

During the first meeting, CPP Environmental provided a comprehensive overview of the importance of goal setting for mine closure, and the process by which goals are selected.

Closure goals, and the resulting, more detailed objectives, constitute the overall reclamation and closure vision for the mine, and therefore, guide the development of the mine closure plan. Ideally, the goals will be supported by the mining company, local communities, and all levels of government, and therefore stakeholder engagement is required early in the process. As ESR is the owner of the mine, they will make the final decisions on the final goals and objectives, based on stakeholder input. The role of government is to independently review the closure plan to ensure regulatory compliance. ESR



must demonstrate how stakeholder engagement feedback was incorporated into the plan.

Mine closure goal setting is important for many reasons:

- Goals help define a vision of the planned outcome of reclamation,
- Goals represent the legacy a company will leave behind after mining has ended,
- Goals define the end land uses for the mine,
- Goals help to align socio-economic plans for local communities and economies, and
- Goals reflect stakeholder and community input.

While developing closure goals, stakeholders should keep in mind that the goals need to follow laws and regulations, be financially and operationally feasible for the mining company, and in alignment with any regional or local plans. The figure below illustrates the many considerations for goal setting.

## ERDENES SILVER RESOURCES (ESR) CORPORATE OVERVIEW & APPROACH TO MINE CLOSURE

During the second closure goals multi-stakeholder meeting, ESR presented a corporate summary, an overview of the Salkhit Mine, and their current mine reclamation and rehabilitation process.

ESR was founded in May 2019 and is a subsidiary of the state-owned Erdenes Mongol LLC – a corporation established to position the Mongolian state in the development of the country’s mineral deposits. ESR was granted the right to mine silver and gold at the Salkhit

deposit in June 2019. In January 2020, the Government of Mongolia decided to use resource wealth from the Salkhit project to repay a portion of the pension loan of 230 000 senior citizens. After this repayment, ESR began financing its own operations through silver ore sales. Further geological exploration work, and facility retrofits and improvements have occurred since then, and silver ore has been sold to China and Europe. ESR continues with feasibility studies in an ongoing effort to optimize production. The images below illustrate the active mine pit, waste rock dumps, tailings dam, and ore processing facility



Recent view of the Salkhit Mine pit and waste rock dump



Recent view of the Salkhit Mine tailings dam



Recent view of the Salkhit Mine ore processing facility

#### Key facts on the mine's status:

- Pit depth – 70m;
- Pit area – 30 ha;
- Waste rock dump area – 28 ha;
- Waste rock dump volume – 6.3M m<sup>3</sup> ;
- Ore processing plant footprint– 18 ha
- Tailings dam volume – 550 000 m<sup>3</sup>
- Tailings dam area – 11 ha

Currently, ESR has a basic plan in place for mine reclamation and decommissioning. The pit and waste rock dumps will be rehabilitated in accordance with relevant laws, regulations, and standards. Production facilities will be demolished, relocated, or repurposed in consultation with local stakeholders. Further research is underway on the tailings dam. The mine will be closed in the following stages: machinery and infrastructure will be removed, or repurposed, technical and biological rehabilitation (reclamation) will take place and results monitored, a report will be issued to the government on the monitoring results, and finally, upon acceptance by the government, the mine land will be relinquished to the government. Currently, ESR is working with MERIT and a broad multistakeholder group to develop closure goals for the Salkhit Mine closure plan.

## END LAND USE OPTIONS FOR MINES

The International Council on Mining and Metals, through their Integrated Mine Closure Good Practice Guide, list nine factors influencing end land use at mines. Importantly, the goals set for the Salkhit mine should also consider these factors, listed below:

- Location of the assets
- Pre-mining and surrounding land uses
- Permanent alterations to the landscape due to mining activities
- Land capabilities (defines feasible land use)
- Regulatory obligations
- Socioeconomic context, including the desires of the community and other stakeholders
- Land ownership
- Economic feasibility
- Regional plans

## STAKEHOLDERS BRAINSTORM CLOSURE GOALS FOR THE SALKHIT MINE

MERIT then asked the multistakeholder group to provide their ideas and feedback on potential goals for the Salkhit mine. Almost 30 representatives from a wide variety of organisations attended and provided feedback. These included Erdenes Silver Resource LLC, Ministry of Mining and Heavy Industry, Ministry of Environment and Tourism, General Agency for Specialized Inspection, Water Agency, Dundgovi Governors' Office, Environment and Tourism Department and Inspection Department for the Dundgobi province, and Gurvansaikhan district.

CPP Environmental reviewed all ideas and feedback provided by the stakeholders and grouped the comments into eight key themes. The key themes resulting from the initial discussion on the possible end land use(s) for the Salkhit Mine are: agriculture, tourism, light industrial, education/training, conservation/ecological rehabilitation, health care/recreation, transportation, and water supply. CPP Environmental then drafted goal statements for each of the themes and presented them back to the stakeholder group. The second round of discussion focused organically on the agriculture, light industrial, and conservation/ecological rehabilitation themes.

To solicit further stakeholder input into the goals, MERIT will be distributing a survey via email, prior to the next stakeholder engagement session, at which time the results will be presented, and the final goals chosen.

In conclusion, upcoming stakeholder engagement sessions will finalize closure goals for the mine and start to develop objectives. The February issue of the newsletter will provide updates on this process.



Stakeholder Working Session #1 Reclamation Goals and Objectives