

ERDENES SILVER RESOURCE SALKHIT MINE CLOSURE PLAN PILOT

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MERIT AT THE PROSPECTORS AND DEVELOPERS ASSOCIATION OF CANADA (PDAC) 2023 CONVENTION



Figure 1. Jennifer Adams, Catalyste+’s Country Director (Mongolia) (second from right) at the Inter-Governmental Forum on Mining, Metals and Mineral’s panel discussion on Gender Impact Assessments during PDAC 2023. Photo courtesy of IGFMining.

The Prospectors and Developers Association of Canada (PDAC) held its 2023 convention in Toronto, Ontario, Canada from March 5 to 8. Jennifer Adams, Catalyste+’s Country Director (Mongolia) represented MERIT at the convention. She delivered a presentation at the Inter-Governmental Forum on Mining, Metals and Mineral’s panel discussion on Gender Impact Assessments, highlighting the Ministry of Mining and Heavy Industry’s (MMHI) work on the sector-wide gender impact assessment and gender policy.

A briefing note on the Salkhit Mine Closure Plan Pilot was shared with senior MMHI representatives attending PDAC to inform

discussions on responsible mining. Representatives of Erdenes Mongol LLC and Erdenes Copper LLC also attended PDAC, along with a contingent from the Ministry of Mining and Heavy Industry and the Mineral Resource Petroleum Authority (MRPAM).

Responsible mining was a theme at this year’s convention. The briefing note demonstrated how the Salkhit Silver Mine Closure Plan Pilot supports the modernization of the mining sector’s regulatory framework. Key messages shared are:

- MERIT promotes shared responsibility and accountability for the success and outcomes of mineral development all stages of the mine life-cycle. The Salkhit Silver Mine Closure Plan is the largest component of the MERIT project with the potential to contribute to strengthening the regulatory regime.
- The framework for the pilot is informed by the International Council on Mining and Metals’, Integrated Mine Closure Good Practice Guide (2019) and by Canadian practical experience.
- The project’s capacity-strengthening efforts delivered by Canadian technical advisors, enhance the knowledge of local consultants and Mongolian government organizations responsible for the oversight of mineral development. This capacity-strengthening will provide knowledgeable technical support in Mongolia for future mining projects.
- Engaging key stakeholders early and meaningfully in the feasibility study stage is highly valuable in fostering a high level of collaboration, agreement, and ownership. It also informs the mining company of local communities’ potential concerns and expectations.
- Well-planned and executed community engagement sessions, to inform community members and herders about the mine closure plan progress strengthen relationships, and built trust between the company and citizens, which is a critical aspect of business success.
- Incorporating mine closure planning into the feasibility planning process enables mining companies to proactively budget for the cost of closure as required by law.
- Greater clarity and standardization in the regulatory regime will reduce regulatory risk in exploration, development, and operational application. Demonstrable transparency and honesty in stakeholder engagement efforts will help to legitimize the industry in the communities in which mining occurs.

Mongolia offers an opportunity for mining investors and suppliers. The Salkhit Silver Mine Closure Plan Pilot demonstrates progress toward the government’s priorities of mitigating the impacts of mining on the environment, improving exploration efficiency, and modernizing the regulatory regime.

LESSONS LEARNED THROUGH THE SALKHIT SILVER MINE CLOSURE PLAN PILOT

The pilot is operating using the fundamentals of project management, where budget, schedule, and product quality are tracked. Adjustments are made through the course of the project to maintain the team’s focus on the completion of the Salkhit Mine Closure Plan and delivery to the regulator.

Part of effective project management is documenting and acting on lessons learned. The MERIT team documents lessons learned throughout the project, and conducts periodic project reviews, to discuss successes, challenges, and areas for improvement. Below are some highlights of lessons learned to date:

- **Project Manager:** International best practice has repeatedly shown that complex projects require dedicated Project Managers. The appointment of a Project Manager to oversee the Salkhit Mine Closure project is an important success. The Project Manager, who coordinates project activities, is the central point of contact for the consultants, MERIT staff, and international advisors. They manage the schedule and follow-up with consultants on deliverables, coordinate technical reviews between the international and Mongolian technical advisors, schedule all workshops and meetings (from which they document the outcomes), and escalate issues to MERIT's senior management when needed.
- **Project charter:** Establish a project charter, and within it identify corporate sponsors whose role is to provide oversight, assign resources, and make decisions throughout the project.
- **Processes:** Establish processes early in the project for tasks such as chapter submissions, technical reviews, and communication protocols. Document these processes and clearly communicate them to the team. Remind the team regularly of the processes and help them to understand if there is confusion.
- **Communication within teams:** Promoting regular and informed communication within consulting teams is critical. Each technical expert needs to understand what other experts are doing in their chapters, to ensure alignment across the plan.
- **Capacity-building as an agent of change:** Currently, capacity building efforts for the Salkhit Silver Mine Closure Plan are only specific to and relevant to the planning team (consultants and Erdenes Silver Resources). Large-scale change in the Mongolian mining sector will require a different strategy such as national availability of training to industry, government, and consulting representatives, focussed on the changes the government wants to promote. This can result in positive outcomes faster than legislative changes.
- **Community engagement:** Community engagement sessions should be planned early and in detail. Ensure the presentation and hand-out materials are accessible to the audience. Ask for feedback from the participants and report back on that feedback at the next sessions and include community input into the mine closure plan.

These are a few of the many lessons learned MERIT has documented over the course of the project. Additional lessons learned, and further recommendations for the implementation of mine closure planning in Mongolia will be summarized and submitted at the end of the pilot.

WORK PROGRESSES ON KEY MCP WORK PRODUCTS: CLOSURE COST ESTIMATE AND CLOSURE MONITORING FRAMEWORK

Closure and reclamation cost estimation:

The second and third working sessions on cost estimation were held on March 1st and 16th, involving the closure planning and ESR finance teams. According to the guidance and template provided by the cost estimation team, team members have been working on estimating costs and schedules for landform design, reclamation, decommissioning, and rehabilitation. The finance team of ESR LLC is involved throughout the closure cost estimation process, working closely with the cost estimation team. An additional working session will be organized, and the detailed cost estimate is expected to complete in April for ESR's review and acceptance.



Figure 2. Third working session on closure and reclamation cost estimation

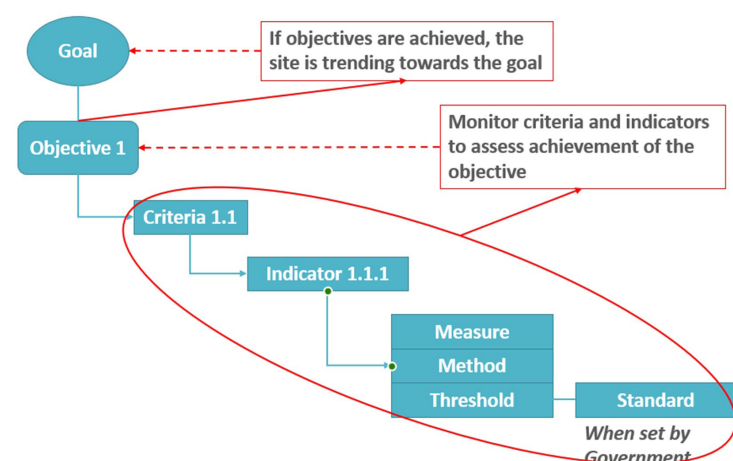


Figure 3. Closure monitoring framework hierarchy employed in the Salkhit Mine Closure Plan

Closure Monitoring Framework and Indicators Workshops:

The fourth working session for the closure monitoring framework took place on March 2nd and presented the revised draft monitoring framework and discussed the indicators which need to be clarified and reviewed with the team.

The closure monitoring framework with goals, objectives, criteria, and indicators, all of which form the reclamation planning and monitoring details, are required in mine closure plans to guide closure activities and to assess the progress of those activities. The illustration shows how the framework is organized.

The framework will be finalized in April.

CONTACT INFORMATION

Merit aims to provide engaging and relevant content on the Salkhit mine closure plan project. We value our stakeholders feedback and would like to hear from you on how we can improve our newsletter.

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