

HD Mining International Ltd.

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Construction and Specialized Workers' Union, Local 1611
3542 Kingsway
Vancouver, B.C. V5R 5X7
Attention: Mark Olsen, Business Manager

International Union of Operating Engineers, Local 115
4333 Ledger Avenue
Burnaby, B.C. V5G 3T3
Attention: Brian Cochrane, Business Manager

February 7, 2013

Open letter to the Construction and Specialized Workers' Union, Local 1611 and the International Union of Operating Engineers, Local 115

Dear Sirs and Mesdames:

Over the last several months, our company has been caught up in litigation between your unions and the federal government related to the Temporary Foreign Worker Program. There are strongly held views on all sides, and the matter has received a great deal of media attention. But the dispute has not created a single job and it is causing considerable strain on our proposed Murray River Project. On the strength of government approvals, we have spent millions of dollars and hired or contracted many Canadians for above ground work, construction of housing and other things. We have strong support from the Tumbler Ridge community and have made a real contribution to the local economy. While the federal government is doing a policy review of the Temporary Foreign Worker Program, we do not believe the goal posts should be changed or that our plans should be disrupted many months after approvals were granted, and almost two years after we publicly announced our intention to use temporary foreign workers.

Yesterday, the Mayor of Tumbler Ridge publicly urged the parties to work together to find a solution to advance the project in a way that everyone can be proud of. We have received similar messages from provincial representatives and we also note that a union representative has recently been quoted in the media as saying it is time for the parties to work together to make the project work.

While our company is fully prepared to continue defending this litigation, and while we believe the court will ultimately conclude our approvals were validly issued under the existing law and policy, we are prepared to engage in a dialogue with the unions if there is a mutual interest in doing so. We believe there is potential to move forward with such discussions based on the following principles:

1. Our company must be allowed to complete its two-year bulk sample work (to determine if the mine is viable) with the 201 temporary foreign worker authorizations issued to date, and the litigation would need to be discontinued.
2. We would invite the unions to join us in implementing our recent Memorandum of Understanding with Northern Lights College to develop a training curriculum for long-wall underground mining

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(recognizing that this is a highly specialized type of underground mining and very different than any other underground mining technique).

3. We would invite the unions to participate in a review and revision of our training and transition plan, with a view to expediting the transition to Canadian workers if our project moves beyond the bulk sample phase.
4. We would commit to consulting the unions before making any further applications to use temporary foreign workers. Our hope is this would maximize opportunities for Canadian workers, and if any further temporary foreign worker applications are required that could be done with the full support of the unions.

We ask for your serious consideration of these points, as they are put forward in good faith and with a view to building bridges. We cannot see any other practical way in which the workforce requirements for the bulk sample phase can be addressed in a manner consistent with our development and financing constraints, and we believe this approach would provide meaningful commitments to ensure opportunities for Canadian workers are realized as quickly and effectively as possible.

Yours truly,

Penggui Yan 
Chair
HD Mining International