



**Julie Padilla, Chief Regulatory Officer
Twin Metals Minnesota**

March 31, 2022

U.S. Senate Energy and Natural Resources Committee
304 Dirksen Senate Building
Washington, DC 20510

Chairman Manchin, Ranking Member Barrasso and Members:

Thank you for the opportunity to highlight the vital importance of the Twin Metals Minnesota underground copper, nickel, cobalt and platinum group metals mining project, in addition to the vast domestic supply of critical mineral resources available in our region. I write to you to urge immediate action to ensure our nation's ability to produce its own critical minerals, which is currently jeopardized.

Northeast Minnesota, where Twin Metals is proposing to mine, contains the largest known undeveloped copper-nickel deposit in the world. The geologic formation in this region – called the Duluth Complex – contains a stunning 95% of the United States' known nickel resources, 88% of its cobalt, 75% of its platinum group metals and about a third of its copper. It also happens to be in a region with a more than 130-year mining history.

I know this committee has a deep understanding of why these minerals are fundamental for fighting climate change with technologies like electric vehicles, for our national security and bringing our supply chains home, and for creating American jobs.

Minerals from the Twin Metals project alone would support the production of 7 million electric vehicles, preventing 57.5 billion pounds of CO2 emissions from entering the atmosphere, over the mine's 25-year operating life. The Twin Metals project is designed to responsibly develop critical minerals in the least impactful way possible, ensuring that the environment is protected, and our workforce is safe.

For more than 10 years, we have worked to incorporate the latest innovations in sustainability, technology and safety measures to put forward a model mine – which is lauded by mining experts as a state-of-the-art mining project.

Throughout this time, Twin Metals has supported local contractors, full-time staff members and local businesses and services in an area of northeast Minnesota that has been on

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economic decline for several decades. Once operational, we would employ 750 workers full-time and create another 1,500 spinoff jobs. The mine will be constructed entirely with union labor, under a Project Labor Agreement that is already in place. The capital investment and construction labor hours would be on par with the development of a professional sports stadium.

Despite the need and urgency for these minerals, the Twin Metals project has been put on hold by a regulatory process that is subject to political pressures to the point that it circumvents laws passed by Congress and contradicts the commitment to scientific inquiry at the foundation of those laws. The union labor groups poised to build this mine share in the frustration of this lost opportunity of a \$1.7 billion investment in a rural area, where citizens feel like Washington has left them behind.

After 10 years and more than \$550 million of exploration, scientific research, and design of a mining project, we submitted a proposal for environmental review in 2019. Since then, our project has been subject to regulatory delays and now, 27 months later, review has not yet begun and in fact, has been halted. Our situation is not an isolated case, in fact delays and cancellations are regular occurrences for mining projects in this country. The process that takes five years right across the border in Canada, takes upwards of 16 years here in the U.S.

The Twin Metals mine is the type of project that is held up as a model in the mining industry, and it is the type of project that should be advanced in the U.S., not halted based on political whims. It has a host of additional built-in environmental protection measures and innovations that set the project apart. First, it will be an underground mine, not an open pit mine like historic mining in the region. We have adopted dry stack tailings management, considered by over 140 groups worldwide as the most environmentally sustainable tailings storage method, and have committed to investing in research to allow for sequestration of carbon in our tailings. Because of our unique geology and project design, we have eliminated the risk for acid rock drainage, which is often cited as a number one concern for copper-nickel mines. We have also shifted from a diesel to an electric fleet with a goal of becoming a net zero, and potentially carbon negative, operation.

While President Biden has said we should build domestic supply chains and source more critical minerals here at home, the Departments of Agriculture and the Interior have instead taken actions to deliver a series of recent blows that could completely lock up this area's massive mineral resources at a time when we need these materials more than ever.

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In October of 2021, the U.S. Department of Agriculture proposed the withdrawal of hundreds of thousands of acres of federal lands from mineral exploration and mining development, which could ultimately result in a 20-year mining ban in this area. Should the withdrawal be enacted, it will cause Minnesota to lose the potential for thousands of mining jobs, billions of dollars in revenues for the state's K-12 education system and billions in economic investment in the region. This decision was made without even reviewing the mine plan our company put forward.

The current Superior National Forest Plan, citing previous environmental studies and Congressional directive, includes mineral development as a "Desired Condition" within the Superior National Forest. The Forest Service has also stated that generic, or programmatic environmental reviews, are ineffective. This withdrawal study goes against its own agency's directive.

We have never asked for anything but a fair process – a thorough review of our mine plan. To proceed with a mining ban means that the government isn't going to consider the best information available to determine whether mining can be done safely in the region. When the permitting process works well, U.S. scientists rigorously test a mine plan and we work together to make a project the safest and best possible.

In addition, our mineral leases have been the subject of a political back-and-forth. The Department of the Interior took action in January of this year to cancel Twin Metals' federal mineral leases that the company and its predecessors have held in good standing for more than five decades. This most recent action represents the third time a presidential administration has changed course on its decision making related to Twin Metals' mineral leases. This decision has further delayed our project and discussions we've had with domestic automobile and battery manufacturers who are interested in the direct purchase of our nickel and cobalt.

These actions by the departments of Agriculture and the Interior are decisions to prevent access to these minerals. And these decisions were made without the scientific evidence produced by an environmental review. We aren't asking for special treatment; we simply ask that our project be scientifically reviewed through the fair process as outlined under law through The National Environmental Policy Act (NEPA).

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These decisions have real-world impacts. Instead of expanding our team as planned, this month we had to lay off a third of our workforce and end millions of dollars in local contractor work while we seek to have these decisions reversed. As the project is stalled, so are jobs for local labor unions and the region's economic development.

The United States is no longer considered to have a stable regulatory climate. The precedent set by these actions shows that a company can invest hundreds of millions of dollars in this country, create good paying, reliable jobs, earn the support of its local communities, and spend a decade developing a project only to see it be arbitrarily cancelled without any environmental review.

It is not just mining at risk here. Political battles are created for projects ranging from recycling facilities to natural gas pipelines to solar arrays and wind farms. Project opponents sow distrust in the very regulatory system that these projects depend on for fairness and certainty.

A convergence of alarming global issues is demonstrating that now is the time to advance sustainable mining projects like ours to ensure America's independence. The climate crisis and supply chain volatility due to the COVID-19 Pandemic and Russia's invasion of Ukraine are raising increasing concern about our nation's ability to secure the minerals it needs, yet the United States' dependence on foreign sources of critical minerals has not lessened.

Our ability to fight climate change and produce electric vehicles is in the hands of foreign powers, including Russia and China. Unless the United States fosters a reliable, fair and timely process for environmental review for domestic mines—as it has in the past-- we will be required to get these resources from foreign sources.

According to Citizens for Responsible Energy Solutions (CRES) Forum: "China is the dominant supplier for multiple critical minerals and is likely to remain so. In the case of minerals, it does not supply—such as cobalt— China has near-monopolistic control of refining capacity through its state-owned enterprises."

We must not assume that we can continue to rely on others to supply us with these resources. It is not a question of if – but when – critical mineral supplies will be jeopardized. As Wood Mackenzie recently reported, the push for electric vehicles is driving massive increases in demand for the raw materials needed for electric vehicle batteries. Yet, at the

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same time, they stated that mineral supply gaps will be inevitable if we fail to accelerate our investment in mining and refining capacity here in the United States.

The United States has an opportunity to access its domestic mineral resources in an environmentally safe way and under the highest of labor standards. We also can't move the minerals to a more "acceptable" place, we can only mine where they are located, and the regulatory standards are in place to do this safely.

We can mine here better than anywhere else in the world. But the United States will not be able to do that under the current regulatory process that is unpredictable, subject to political manipulation with changing rules in each administration, and in conflict with the priorities of our nation.

We already have a system for determining whether projects like ours can operate safely and protect the environment. NEPA is exhaustive, it's science-based, and it's prescribed in law. Twin Metals should be undergoing that process right now.

It's past time for Congress to act. I ask that you rescind the proposed mineral withdrawal and bring stability, fairness, and predictability back to the regulatory process for mining in this country.

Sincerely,

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