

PolyMet Mining Corporation and U.S. Forest Service Proposed Exchange of Superior National Forest Lands

Brief Overview of Land Exchange Implications

A Minnesota state agency invests in and promotes a suspect mining venture while ignoring potential pollution

The Board of Iron Range Resources approved a secured loan of up to \$4 million to PolyMet Mining Corporation on 12/16/2010. The funding will be provided from the Taconite Area Environmental Protection Fund to purchase lands for trading with the U.S. Forest Service for surface rights on land on which to create an open pit, strip mine at the NorthMet site in the Lake Superior watershed. These 6700 acres of mixed wetlands would eventually be destroyed as natural habitat and a source of clean surface and ground water.

The land is currently protected from surface mining by the federal Weeks Act. The proposed land swap would not only remove this protection but also set a precedent for future such land transactions between the U.S. Forest Service, corporations and local units of government.

PolyMet will also issue warrants giving IRR the right to purchase up to 400,000 shares of PolyMet common stock at \$2.50 per share at any time until 12/31/2015. The State of Minnesota would be investing in a company currently applying for permits to strip mine in valuable wetlands and pollute the state's waters.

A Minnesota State Agency, the IRR, would then have a financial stake in a junior Canadian corporation that has been unable to produce a mining plan acceptable to the U.S. EPA. Hundreds of technical specialists and independent mining experts commented on the pollution potential inherent in the mine design described in the Draft Environmental Impact Statement on the PolyMet NorthMet Project a year ago. These problems remain even after 5 years of mine design work by the company and their hired engineering experts with assistance from the Minnesota Department of Natural Resources staff. The MNDNR is conflicted by having responsibility for both promoting mineral extraction and protecting the state's natural resources.

The land exchange would provide leverage for the first mining project in the creation of a new mining district next to the Boundary Waters and extending far into the Lake Superior watershed.

PolyMet NorthMet would be the first project in a copper-nickel mining district proposed for a large portion of the land between Duluth and the Boundary Waters. The potential for water and air pollution is immense. Much of the advertised billions of tons of low-grade sulfur-bearing ore would be ground into a fine, talc-like powder using huge quantities of power generated by burning sulfur and mercury bearing coal and other carbon fuels. The ecology and environment of the so-called mining district would be

devastated, not revitalized. There would be few greater sources of carbon emissions world-wide were this and the other low grade ore mines permitted.

The company now actually promotes the need for the supplemental environmental review and has us anticipating unspecified “key improvements, modifications, alternatives and mitigation measures to “minimize environmental impacts”. They do not promise not to pollute ground and surface water in Minnesota's Lake Superior watershed. They previously testified that they would pollute the states’ waters for thousands of years. The best our state representatives and senators have promised is that this mining will be done “responsibly”. They continue to pursue long-term financial guarantees from the company for mine discharge water treatment that would be “ongoing forever”. There are no financial vehicles available to finance perpetual water treatment.

The loan has been granted in violation of the Minnesota Environmental Policy Act

SLSA has joined with other state and national environmental organizations in asserting that the loan to PolyMet from IRR is a violation of state law. The environmental review of the project has not been completed as required by MEPA statute. We have seen nothing that would suggest that the mine would not pollute from this company or any other company proposing a similar mining venture in a water-rich environment anywhere else in the world. There is little to support the MNDNR in deeming PolyMets’ Environmental Impact Statement adequate to protect the waters in the Lake Superior watershed. There was a similar attempt between PolyMet and St. Louis County in 2006, when St. Louis County entered into a Wetland Restoration Agreement with PolyMet on the same project and was subsequently sued in Minnesota District Court where the agreement was ruled illegal.

Cleanup and public health costs would overwhelm the state and local residents

The economic benefits of the project do not include the new health clinics and medical staff that would be required to care for developmentally disabled children and mentally impaired adults who would be exposed to poisoning from drinking water and eating fish and wild rice polluted with mercury, sulfates, manganese, nickel and other toxins leaching out from copper-nickel sulfide waste piles. As a low-ball estimate, over time 1000 cases at \$100,000 each per year would cost society \$100,000,000 per year in today's dollars. This will not be affordable in the future after these companies use “cap-and-run” tactics to bury waste and run away with the mining profits before the problems reach full impact.

The new mining profits and job benefits are not discounted for the long-term social and public health costs associated with pollution from copper-nickel mining

The metals extracted from the metallic sulfide ores would be owned by a Swiss financial corporation and sold on the open market most likely to countries that do not share our beliefs in fair labor practices, standards for a sustainable environment and basic democratic principles. Over the past 30 years the U.S. has allowed corporations to send

most manufacturing jobs that depend upon these materials to the same foreign countries that would now receive these metals. Most of the jobs producing products incorporating these metals have been out-sourced from the U.S. We have become a resource colony exporting raw materials and importing finished products.

The best use of these Superior National Forest lands is to provide natural habitat, clean water, clean air and a natural legacy of what we value so highly for our heirs. The NorthMet public lands are federally protected lands, somewhat like the BWCAW. The Superior National Forest land was to be held forever. The Weeks Act of 1911 authorized the purchase of land by the federal government for the protection of watersheds. Strip mining is not allowed on Weeks Act land. This land exchange would effectively remove these environmental protections in order to open a strip mine. The ecosystem could not be recreated. For now the land is serving its best use as it is.

Save Lake Superior Association
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