



Protecting clean water, healthy communities, and the Boundary Waters
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July 9, 2014

Re: Twin Metals project on shaky grounds?

Dear Commissioner Landwehr:

In case you were away, I want to make you aware of a development with respect to Twin Metals Minnesota LLC, a high-profile company that proposes to mine copper and other metals from sulfide ores at the edge of the Boundary Waters Canoe Area Wilderness and in its watershed.

On July 3, when many Americans were on vacation and U.S. financial markets were slow, Chilean mining giant Antofagasta PLC announced that it would not exercise its option to acquire an additional 25% interest in Twin Metals.

If Duluth Metals Ltd., the other investor in Twin Metals, wishes to proceed despite Antofagasta's rejection, it must find a source for the hundreds of millions of dollars of financing that would be required for the project to go forward.

While Duluth Metals has struggled to portray the Antofagasta decision in the best possible light, Antofagasta has obviously lost confidence in Twin Metals. In announcing the decision, Antofagasta's chief executive officer stated that the company intends to prioritize "projects with the highest value and the lowest risks . . ." We believe that Antofagasta's refusal to invest additional money in Twin Metals reflects its assessment that the costs associated with mining in the priceless Boundary Waters watershed far outweigh any potential economic benefit.

The market has responded by driving the value of Duluth Metals to a 52 week low. An independent analysis of Duluth Metals now rates it as a sector "underperformer." The newsletter ProactiveInvestors stated that "[t]he way forward for Duluth is unclear at this time." <http://www.proactiveinvestors.com/companies/news/55237/duluth-metals-sinks-to-52-week-low-as-cibc-cuts-price-target-55237.html>

Analysts Meyer and Galison observed that there have been "limited disclosures since the [Twin Metals] 2009 scoping study," and went on to write that "[t]he timing of Antofagasta's departure ahead of the public release of the pre-feasibility highlights also gives us pause." While Twin Metals previously claimed that its so-called prefeasibility study would be

released in June 2014, it now states only that "highlights" of a "Prefeasibility Study Technical Report" will be released in July.

Federal and Minnesota policy makers must carefully consider these latest developments. Antofagasta's decision and the financial bind that Duluth Metals now faces demonstrate plainly the hollowness of company promises to provide adequate financing to mine sulfide ore safely and to deal with the permanent pollution that sulfide ore mines generate.

The Twin Metals proposal fails all tests. It is not scientifically safe, and an adequate financial backstop is non-existent. Minnesota and U.S. policy makers must not (1) jeopardize the Boundary Waters Wilderness and its watershed and (2) expose taxpayers to billions of dollars of costs to clean up the disaster that a Twin Metals mine would be.

Very truly yours,



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