

Alyssa Bryant

From: Jeff Cox
Sent: Thursday, September 08, 2016 2:03 PM
To: Alyssa Bryant
Subject: FW: Information regarding the foreign Penny Stock Company PolyMet's attempts to establish sulfuric acid-generating open pit mining in Minnesota's environmentally sensitive northland
Attachments: Duty to Warn PolyMet, TwinMetals and Their Investors.docx

From: Gary Kohls [mailto:ggkohls@gmail.com]
Sent: Thursday, September 08, 2016 11:47 AM
To: Council <Council@duluthmn.gov>
Subject: FYI: Information regarding the foreign Penny Stock Company PolyMet's attempts to establish sulfuric acid-generating open pit mining in Minnesota's environmentally sensitive northland

To members of the city council:

Kudos to that portion of the council (Anderson, Westerlund and Sipress) that has had the courage to stand up to the penny stock mining company (PolyMet) that has been propagandizing the iron range, the bulk of the distracted population of the state and Minnesota's regulatory agencies (not to mention the Duluth Chamber of Commerce and the Fargo Forum-based media conglomerate's subsidiary, the Duluth News-Tribune) to ignore the high potential for environmental catastrophes for the downstream living things (wild rice, aquatic life, fish, fowl, animals, humans and Lake Superior) that are downstream from the northern Minnesota sources of the St Louis River waters.

Of course a penny stock company like PolyMet or Duluth Metals can't afford to spend the millions of dollars on propaganda, green-washing TV commercials, hockey tournament sponsorships and what is presented as "public service announcements" on Channel 10/13's Mining Today shows. Those expenses are largely borne by major multinational mining corporations [including the Switzerland-based Glencore and Chilean-based Antofagasta] and other out-of-state investors that are behind the propaganda/media blitz phase of their campaign to exploit our previously pristine state).

Please make use of any of the following testimony in support of your resolution on Monday night. Gary

PS: Two other items that are pertinent to the mining issue will be emailed to you soon. You have my permission to forward any or all of them to others (especially the mayor).

Duty to Warn

Foreign Penny Stock Companies Like PolyMet and Duluth Metals in Charge of Public Policy at the MN PCA? Since When?

Vital Information Concerning the Sulfide (Copper/Nickel) Mining Projects Proposed for Northern Minnesota ("sulfide" = sulfuric acid-generating)

Gary G. Kohls, MD

FACT: Minnesota's Mainstream Media, the Iron Range Resources and Rehabilitation Board (IRRRB), the Minnesota Department of Employment and Economic Development (DEED), the Department of Natural Resources (DNR), the Minnesota Pollution Control Agency (PCA) and Minnesota's congressional leadership are all being led around by the nose by two foreign penny stock companies who have hidden financial help from two foreign multinational mining corporations, to the detriment and near certain disaster for northern Minnesota's pristine environment, especially its water, its aquifers, its streams, rivers and lakes, particularly those lakes that are adjacent to or within the Boundary Waters Canoe Area or the rivers that are upstream from North America's crown jewel, Lake Superior.

Therefore, because I am part of the large group of pro-environmental whistle-blowers that consider it their duty to warn others of vital information about this serious issue, I submit the following information that Minnesotans need to know about PolyMet (a Canadian penny stock company), NorthMet (a Canadian penny stock company), Duluth Metals (a Canadian penny stock company), Twin Metals (a Toronto, Canada penny stock company-owned project), Glencore (a polluting Swiss multinational mining company) and Andofagasta (a polluting Chilean multinational mining company). (1,200 + words)

Minnesota Minerals: Not Just for Minnesotans (Published in 2014)

Posted at: http://www.ruralmn.org/rmj/rmj_winter2014/rmj2014q1miningsidebars/

In the 1890s, Louis W. Hill, the son of Great Northern Railroad Company founder James J. Hill, began buying mineral rights on the Mesabi Range. For numerous legal and regulatory reasons, the mineral rights owned by the Hills and related companies were put into trust in 1906. Today, Great Northern Iron Ore Properties is a publicly traded trust that owns more than 67,000 acres of property in northern Minnesota, according to the trust's website.

The trust is scheduled to dissolve in April 2015, 20 years after the death of the last survivor named in the original document. After final distributions to certificate holders, the mineral rights and active leases, will be transferred to Glacier Park Company, a wholly owned subsidiary of ConocoPhillips Company.

At the turn of the 20th century, several Mesabi Range mines merged. "The consolidation of mines," according to Miningartifacts.org, "led to the formation of U.S. Steel in 1901." A century later, U.S. Steel sold 760,000 acres of mineral rights in more than a dozen states to RGGS Land & Minerals Ltd. LP, according to media reports. Minnesota-specific information about the 2004 sales isn't available, but the privately held Texas-based company is considered to be one of the largest owners of mineral rights in Minnesota.

Junior and Major Mining Companies

Mining companies fall into two categories. Juniors are exploration companies that raise millions of dollars in venture capital to prospect for new mineral deposits. Because Vancouver and Toronto have emerged as venture capital centers for the mining industry, juniors are often headquartered in Canada.

Majors are the mine owners and operators. When juniors have enough evidence to indicate substantial mineral reserves, the majors step in with the money and expertise to turn a *find* into a *mine*. For example:

- NorthMet is a proposed open pit copper-nickel mine. PolyMet Mining Corporation, a mine development company based in Toronto, Ontario, Canada, is the junior. Poly Met Mining Inc. is the Minnesota subsidiary. GlencoreXstrata, headquartered in Switzerland, owns about a third of PolyMet stock and would be the major at a future NorthMet mine.
- Twin Metals Minnesota LLC is a Minnesota-based joint venture created to develop an underground copper-nickel mine. The junior is Duluth Metals, a Toronto, Ontario, Canada company that owns 60% of Twin Metals as well as other mineral rights in Minnesota. Antofagasta PLC, the Chilean copper giant, owns 40% of Twin Metals and would be the major of the future mine.

Ed. Note: New information since 2014: *Twin Metals was once a Toronto-based exploratory and development mining company owned by Duluth Metals, Inc, prior to being bought out - in 2015 - by South American copper mining corporation Andofagasta, PLC. Duluth Metals no longer exists as a publicly-traded company, but the northern Minnesota project is still called Twin Metals. The sole reason for its existence was to develop an underground copper-nickel mine in the iron range of northern Minnesota. Andofagasta, the multinational giant from Chile, bought out all the stock and now owns all the mineral rights and property. It will be the operator of any future mine. The IRRRB (Iron Range Resources and Rehabilitation Board) and the Minnesota Department of Employment and Economic Development each lost a quarter of a million dollars in the investment deal that went sour.*

These relationships aren't secretive. The information is readily available on company websites. But for mining opponents, the complex relationships raise red flags about maintaining financial assurances and responsibility for environmental damages.

"State level regulation of multinational corporations is extremely challenging," said Kathryn Hoffman, an attorney with the Minnesota Center for Environmental Advocacy. "Even the juniors are only kind of local."

DNR officials indicate that in most instances the parent company, the major, will be responsible for the financial assurance. Regardless of who holds the responsibility, the law dictates that financial assurances meet several criteria, among them being "fully valid, binding, and enforceable under state and federal law," and "not dischargeable through bankruptcy," according to Minnesota Administrative Rules, Chapter 6132, Part 1200.

An Overview of Minnesota's Mineral Lease Sales

The price of metallic mineral leases in Minnesota seems pretty reasonable. Annual rates on 50-year leases begin at just \$1.50 per acre, increasing to \$30 an acre after 12 years. But leases are awarded to the highest bidder, based on royalties offered above established base rates. That's where the big money comes in—if it comes in.

More than 99% of the time, a leaseholder lets the lease lapse without drilling a single hole, according to DNR statistics.[i]

The Division of Lands and Minerals in the Department of Natural Resources manages the lease sales. Not everyone can bid. Participants must be licensed to do business in Minnesota, qualified to conduct exploratory borings, and be both technically and financially able to fulfill the terms of the lease. So the bidding pool is small. In mid-2013, just 11 companies held nonferrous leases to state mineral rights.[ii]

The process begins with letters to potential bidders, who, along with state geologists, offer data and recommendations on areas of interest. The DNR evaluates these areas, taking into account other land uses and special considerations, then creates a map indicating the parcels (approximately 40 acres per parcel) being offered for lease.

Next, the DNR issues a public notice of the intent to hold a sale, followed by a seven-week public comment period. After public comments are compiled, the DNR opens the sale, giving companies 30 days to submit bids.

Four months have passed since that first letter to potential bidders before DNR officials open the bids and post the results. But the sales aren't final until the State Executive Committee—the governor, lieutenant governor, attorney general, secretary of state, and state auditor—approves them.

In most cases, the state owns both the surface and mineral estates. When a lease runs beneath a privately owned surface estate, however, the owner is notified after the bids are opened but before final approval by the Executive Committee.

Complaints by surface owners in 2011 and 2012 prompted the DNR to revise lease sales. The new process, which will stretch roughly nine months, provides more detailed information at the outset, includes interactive maps on the DNR website, and offer a longer public comment period.

[i] Minnesota Department of Natural Resources, Division of Lands and Minerals. (2013.) Statistics accessed October 2013 at http://www.dnr.state.mn.us/lands_minerals/metallic_nf/leasing.html#F

[ii] Ibid. Statistics accessed October 2013 at http://www.dnr.state.mn.us/lands_minerals/mineral_faqs.html

Dr Kohls is a retired physician from Duluth, MN, USA. He writes a weekly column for the Reader, Duluth's alternative newsweekly magazine. His columns mostly deal with the dangers of American fascism, corporatism, militarism, racism, malnutrition, psychiatric drugging, over-vaccination regimens, Big Pharma and other movements that threaten the environment or America's health, democracy, civility and longevity. Many of his columns are archived at http://duluthreader.com/articles/categories/200_Duty_to_Warn,

http://www.globalresearch.ca/authors?query=Gary+Kohls+articles&by=&p=&page_id= or at
<https://www.transcend.org/tms/search/?q=gary+kohls+articles>
