PNWER Working Group Session Report

Working Group: Mining
Meeting Date/Time: Monday, July 23, 9:15am

Co-chairs:
- Rep. Dave Talerico, Alaska State Legislature, House District 6
- Lindsay Kislock, Vice President of Corporate Affairs, Mining Association of BC

Speakers:
- Stephen Quin, President, CEO & Director, Midas Gold Corporation
- Laurel Sayer, President & CEO, Midas Gold Idaho, Inc.
- Rick Honsinger, Senior Vice President, eCobalt Solutions, Inc.
- Lindsay Kislock, Vice President of Corporate Affairs, Mining Association of BC
- Terry Van Horn, Executive Director, Trail & Area Regional Economic Development Office, Lower Columbia Initiatives Corp (LCIC)

The agenda, speaker bios, and presentations from this meeting can be found on the PNWER website under ‘Past Events’ http://www.pnwer.org/past-events.html or at http://sched.co/DWx5

Summary of Meeting:
Opening Remarks and Introductions

Showcasing redevelopment of legacy mines
- Midas Gold presentation about Stibnite Gold Project in Idaho
  - Presented by Stephen Quin and Laurel Sayer
    - Slides can be found here: https://sched.ws/hosted_files/2018pacificnorthwesteconomicregi/82/Stephe
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poration%20Presentation.pdf
  - $36 million dollars in permitting to date, around $70 million anticipated
  - Strong social license practice within the company
- Pressing questions:
  - Terry Van Horn: is this a typical timeframe and cost for a new mine, or is it more?
    - Quin
      - This project is more complicated by the brown site. Here, there will always be a net positive because the land is already contaminated. New mines take just as long, if not longer. US permitting process is not integrated in the way that others might
be, there is not a single permitting process and that makes it take a long time

- Eric Schroff: What is the business case for this? What makes you interested in doing this?
  - Quin
  - This is one of the largest independently owned gold mine in the lower 48, there are good margins for gold, and lots of room for exploration for growth.

- Does the state hold liability for the pollution of the area, and is it being transferred to Midas Gold?
  - Quin
  - The liability is on the federal government of the US, as the pollution was caused by the US government during WWII and Korean War. Part of the permitting process is to judge the situation because we inherit liability once the company touches the site, so that's why you want to integrate the clean up with the mining

- Are you taking advantage of benefits of Good Samaritan Mining Act of 2013?
  - Sayer
  - We are in conversations, but because we own the site, we cannot apply for that. But we are still exploring our options

**Demand for new technology driving new mines in North America**

- eCobalt Solutions, Inc. establishing a new cobalt mine in Idaho
  - Presented by Rick Honsinger
  - 20 years and $120 million dollars → began drilling in 1997
  - Cobalt is used for rechargeable batteries → lithium-ion batteries are about 60% cobalt content by weight
  - There is not enough cobalt out there for the demand, and many companies are sourcing it from the DRC. This cobalt is the result of child labor → eCobalt is creating a more transparent, ethical process from the US for the cobalt market

- **Pressing Questions:**
  - Talerico: Cobalt is typically a byproduct, correct?
    - Honsinger:
      - Yes, they’re usually a nickel or copper byproduct. We’re the second permitted primary cobalt mine in the world. Our project is permitted as if in a greenfield area, but the site actually is in a brownfield area.
  - The cobalt source from Cuba, is that also a byproduct?
    - Honsinger:
      - Yes, they have a nickel mine.
  - Myers: Are there any byproducts from this mine?
    - Honsinger:
      - Yes, there is about 2:1 copper from the mine. But we will likely scalp half the copper off, and maybe do something with the gold
  - Kislock: are you feeling a lot of support from the state?
    - Honsigner
Yes, we are. There was a fall out in 2011 when the market tanked and the price of cobalt dropped, but we have been doing things on-site since 2014.

Current update on Mining and Outlook for 2019

- Lindsay Kislock: Mining in British Columbia
  - Mining brings benefits to communities
  - 14 mines are operating in British Columbia, with lots of support from rural communities, but not so much in the lower areas (more urban populations). The Mining Association of BC is trying to spread awareness of where the wealth from the mining is coming from, and how it benefits BC as a whole
  - Exploration investments are down for the third consecutive year, which is concerning and telling about investor confidence → why is this?
  - Mining is necessary to creating a low-carbon economy and future
    - Solar panels utilize minerals and elements only found when mining
    - Electric cars take 4x the amount of copper than a standard fuel combustion vehicle
    - We need more copper, demand is growing by about 2% per year
  - Miners are heavily invested in technology, new innovations, etc.

- Terry Van Horn: Metal Tech Alley
  - Metals production community and region
  - Discussion of the Social License of Metal Tech Alley, and how members of the community have worked to bring innovation and investment into Trial, BC, Canada beyond the smelting factory
    - How the community used the available resources to attract outside investment
  - There is a stigma against mining communities because they have been dirty in the past, but they didn’t know any better, and they’re doing better now

- Pressing Questions:
  - What is the fiber speed in the alley right now?
    - Van Horn: We have broadband, and have Columbia Basin Trust broadband. We are high speed, broadband connected.

Roundtable

- Talerico:
  - We’re going to talk about the economy. The most important resource is our young people, and the mining community is good for the local school districts. The mining companies give to the districts, and the schools reflect that. Well funded districts create good opportunities for students. They’re not the only ones with impacts on the school districts, but they have an impact on the economy. Mining is usually a long-term process, so miners move into the community and stay for a long time. Mining companies tend to take care of their employees, and they also provide resources for the community. They live in the community, so
they’re participants there (schools, medical services, etc. are funded in part by mining companies in communities where they live)

- There is a lot of spin-off to the good jobs from mining. Mines make for a very strong economy
- Legislatively, Alaska has a major legislation group that was created to streamline the mining process, but that has made things even more complicated, and everything is taking a long time. Every organization set up to control mining does not necessarily have the same end goal
- Legislators and departments should focus on their individual piece of the permitting process

How can we make the permitting process operate better for people?

- Sayer:
  - We have had a lot of the same issues with permitting in Idaho, but there was a single point person, which helped a lot. We have been pleased with how things have progressed in Idaho, and the legislators have kept each of the agencies within their own box

- Quin:
  - Investors often say that they will not want to invest in US mining projects because they know that they’ll never get the permitting
    - In comparison to Canada, Australia, etc. where the process is easier/cheaper, there is more willingness to invest in mining there
  - Exploration in the US is also very far behind, again b/c of permitting and investment issues

- Honsinger:
  - Community involvement is important, but it’s a matter of give and take too
  - You have to make something better than it was, so that opens up the space for give and take with the community. Personalities are also a huge roadblock

- Peck
  - How do we better organize the state legislature for this? Montana is struggling to bring stakeholders together in an organized fashion. The opposition side is well organized, and this is making things difficult
  - Local government are at the mercy of the state legislators, but they’re the ones trying to implement the directions
  - Talerico
    - The Mining sector traditionally doesn’t like to draw attention to itself, good or bad. In Alaska, it’s safer to work in the open pit mines than in the lumber yards
    - There might need to be a better public effort to promote the benefits of the mine → hopefully this is changing, and there are examples like Midas Corp that are promoting the benefits of mining to the community
    - In the state of Alaska, miners make about $104,000/annually
    - 27 or 28 critical minerals are located in the PNWER region, so there is opportunity for expansion of mining
    - People are really worried about what happens when the mines are shut down, especially because in the past, old companies would walk away from old mine sites → this is not the case anymore, and mining companies are held responsible for clean-up
• Schroff:
  • Availability of key minerals and materials doesn’t matter if we cannot access it from an administrative perspective
  • The Social License needed is important to continue developing these things
  • Have to talk about how we’re going to build and operate the mine, from a social perspective
  • People are becoming increasingly urban, and distant from the initial creation of their products
  • How can we deal with these issues facing mining more collectively?

• Myers:
  • Highlighted the Western Governors’ Association policy resolution on National Minerals Policy
  • Some headway has been made in the US gov’ts at the federal level

1. Encourage best practice of developing transparent economic benefits and environmental remediation investments of mining projects in order to streamline permitting
2. Identify best practices for doing community outreach on economic benefits of mining to the community (secondary impacts for the community)
3. Identifying community members who will be willing to partner with and support the mining projects
4. Idaho review process for mining permitting was identified as a best practice for a streamlined

Notes taken by Elizabeth Mayer

**Action Item: TBD**