DEPARTMENT OF NATURAL RESOURCES

PolyMet Permitting Update

November 1, 2018

DNR issues permits for NorthMet mining project in northeast Minnesota

The Minnesota Department of Natural Resources announced today that it has issued permits for Poly Met Mining, Inc.'s (PolyMet's) proposed NorthMet mining project in northeast Minnesota.

The DNR has issued the permit to mine, six water appropriation permits, two dam safety permits, a public waters work permit, and an endangered species takings permit for the NorthMet project. The permit to mine includes a financial assurance plan and wetland replacement plan. Additional details and links to those permits are included at the end of this notice.

Today's action completes the DNR's consideration of the major permits that the NorthMet project needs from the DNR in order to proceed. However, the project still requires water and air quality permits from the Minnesota Pollution Control Agency and a wetlands permit from the Army Corps of Engineers, in addition to other local permits and approvals.

No project in the history of Minnesota has been more thoroughly evaluated. In issuing the permits, the DNR has concluded that the project can be built, operated, and reclaimed in compliance with Minnesota's rigorous environmental standards, which are designed to protect human health and the environment.

The NorthMet project would create an open pit copper, nickel, cobalt and precious metals mine and would refurbish a portion of the former LTV Steel Mining Company processing plant. The project is located near the cities of Hoyt Lakes and Babbitt.

Comprehensive financial assurance package

The NorthMet permit to mine permit includes a comprehensive, PolyMet-funded financial assurance package designed to provide sufficient funds for the DNR to reclaim and close the mine and plant site in the event that PolyMet should fail to do so.

Prior to issuance of the permit to mine, the company provided $74 million in financial assurance for the construction phase of the project, which will last approximately two years. The total required financial assurance at the start of mining is currently estimated at $588 million. In the year of peak mining activities, the DNR currently estimates the required financial assurance at approximately $1.039 billion.

The DNR will review the company's financial assurance obligations annually and amounts will be adjusted as necessary to ensure that the state has sufficient funds to reclaim the site should it close unexpectedly at any point.

The financial assurance package has been thoroughly vetted by independent financial experts and provides comprehensive protections for Minnesota.

Public input resulted in changes

Since the project was first proposed in 2004, DNR and other state and federal agencies have thoroughly evaluated the NorthMet project, including multiple opportunities for public input on both the environmental impact statement and draft permits.

During the public's review of the proposed project's Supplemental Draft Environmental Impact Statement, the DNR and its federal agency co-leads held three public meetings and systematically reviewed approximately 58,000 comments.

During the permitting process, the DNR and MPCA held two public meetings and the DNR considered more than 22,000 comments on its draft permits.

Several tribal governments and stakeholder groups submitted extensive and substantive comments that resulted in important changes to the NorthMet permits.

Examples of changes include: additional surface and groundwater monitoring points, additional financial assurance, more specific timelines and approvals for submittal of final designs and project work plans, pilot and field testing for the tailings basin pond features, greater safety ratings for the high concentration wastewater pipeline, and additional seepage collection system requirements.

Additional steps

In issuing its permits, DNR has completed its decision making process on the NorthMet permit applications and is not taking further public comment on the applications.

Prior to DNR's permit decisions, PolyMet has obtained from mining company Cliffs Erie certain properties associated with the former LTV taconite facility. DNR has executed modifications to certain permits in connection with these property transfers to ensure that all permit obligations, including financial assurance, are maintained with the proper party.

Additionally, prior to making permit decisions, the DNR concluded it would not order a pre-decisional contested case hearing(s) regarding the permits. Detailed explanation of the agency's decision to deny the contested case requests is included in the DNR's findings for its permit mine decision.

Online public and permit information

DNR and MPCA have a joint web portal for the PolyMet project. Links to DNR's individual final permits and additional documents related to these permit decisions will be available later this afternoon via the portal.

Additional details on permits

Permit to Mine: This permit details the comprehensive terms and conditions, including financial assurance, developed to ensure that the NorthMet project is designed, constructed, operated, reclaimed, and closed in a way that meets the state's mining reclamation standards. The DNR completed a comprehensive review of PolyMet's permit to mine application, and then drafted special conditions. This included careful consideration of all public comments, objections, and petitions for a contested case hearing, as well as input from state, local, and tribal governments. The DNR modified the draft permit to mine based on input received. The approved permit to mine, consisting of the approved application, special conditions (including financial assurance), approved wetland replacement plan, and supporting documentation, will be posted on the DNR NorthMet Permit to Mine webpage.

Water Appropriation Permits: The NorthMet project requires six water appropriation permits for various construction and operation activities at the mine site and plant site. The DNR's comprehensive review of the company's six water appropriation applications included consideration of input from the public and state, local, and tribal governments. The DNR modified the draft water appropriations permits based on input received. The approved water appropriation permits and supporting documentation will be posted on the DNR NorthMet Water Appropriation webpage.

Dam Safety Permits: The NorthMet project requires two dam safety permits. One permit covers the flotation tailings basin, which will be located on the site of the existing tailings basin of the historic LTV taconite facility and will receive tailings (a mixture of finely ground waste rock and water) from the NorthMet project. The second dam safety permit covers the potential hydrometallurgical residue facility (HRF), which would receive residue (mostly gypsum) generated from a process that would use pressure and

temperature reactions to extract additional precious metals beyond what can be achieved by NorthMet's primary processing facility. The DNR's comprehensive review of the company's two dam safety applications included consideration of input from the public and state, local, and tribal governments. The DNR modified the draft dam safety permits based on input received. The two approved dam safety permits and supporting documentation will be posted on the DNR NorthMet Dam Safety webpage.

Public Waters Work Permit: The NorthMet project requires a public waters work permit for a culvert extension to widen Dunka Road, a private road that connects the NorthMet plant site and mine site. The DNR's comprehensive review of the company's public waters work permit included consideration of input from the public and state, local, and tribal governments. The approved public waters work permit and supporting documentation will be posted on the DNR NorthMet Other Permits webpage.

Endangered and Threatened Species Permit: The NorthMet project requires an endangered and threatened species takings permit because it will eliminate known occurrences of three state-listed plant species — floating marsh marigold (*Caltha natans*), upswept moonwort (*Botrychium ascendens*), and spatulate moonwort (*Botrychium spathulatum*). The takings permit includes mitigation requirements. Redacted versions of the approved takings permit and supporting documentation will be posted on the DNR NorthMet Other Permits webpage.