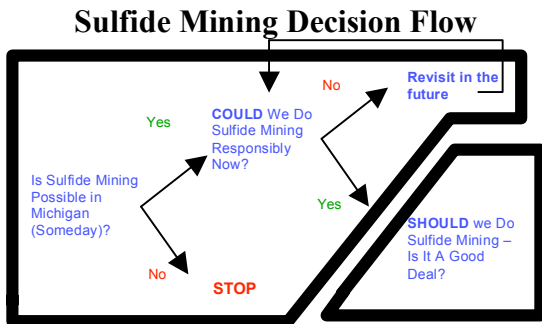


Straight Talk About Sulfide Mining In Michigan

By Rusty Gowland

The issue of whether sulfide mining will take place in the Michigan Highlands is one that requires in-depth analysis. There is a temptation to bypass the analysis and take a position on the mine based on biases drawn from an ownership or employment relationship, an emotional or recreational attachment to the area, or fundamental spiritual or environmental beliefs.

There are three critical decisions that require unbiased “straight talk” and analysis.



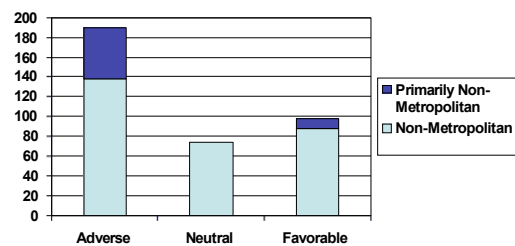
The first decision is whether you believe sulfide mining will ever be safe, and whether the mine should ever be considered. It is impossible to be sure one way or another. To date, there is no example of a metallic, hard rock mine that has been fully reclaimed to its natural state. However, if performed in an area with a diverse and healthy enough economy, and done with future technologies that are part of reusable solutions and implemented with sound management oversight, it is conceivable that sulfide mining could be done safely and fairly at some time in the future.

The second decision is whether the Eagle prospect could be done safely and fairly today. As has already been alluded to, sulfide mining is neither safe nor fair today. This is based on an analysis of recent experiences with

mines similar to the Eagle prospect, including Flambeau, Louvicourt, Green’s Creek, Voicey’s, and others. Flambeau is most frequently offered as an example of a safe and fair mine. Although Flambeau has largely operated within permit levels, it is by no means a safe or fair operation and neither is it comparable to the technology planned for the Eagle prospect. It is an above ground mine that was permitted a “pollution zone” that was not subjected to pollution controls and it had ample opportunity for dilution of its toxic releases into the nearby Flambeau River. The Eagle Prospect is at the headwaters of multiple, low volume, pristine rivers that would not likely survive the same levels of toxic releases.

Rusk County, Wisconsin is a rural area surrounding the Flambeau mine that also did not fare well as a result of the mine. Today, Rusk County has the lowest per capita income in the state and it’s unemployment rate is the highest in the state – over three times the state average.

Freudenberg and Wilson Study of Economic Implications of Mining on Nonmetropolitan Regions



This result is not unique to Flambeau. Professors Freudenberg and Wilson combined the results of 21 known studies from various fields to present the collective view of research on the socio-economics of mining. It shows that the claims of economic prosperity from mining are untrue and that towns are more than twice as likely to suffer economically from mining. Most of the

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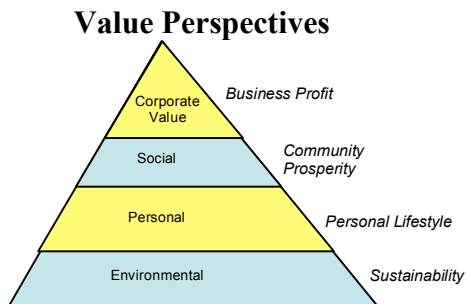
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mining successes identified in the study are from coal mines that closed at the peak of coal prices in the boom period of the 1980's.

Since there is no example of a fair and safe sulfide mine, one would have to conclude that it is not likely to be a safe or fair undertaking today.

The third decision is, assuming that someday sulfide mining can be done safely and fairly, SHOULD it be done. In other words, would it be a "good deal".

The answer to this question depends on what the reader's perspective is.



A business person's consideration must be included. Some people would benefit financially from the mine. But it must also be considered what kind of taxes and fees go to the local towns and governing authorities. Will those fees cover the cost of permitting and enforcement of rules? Will they cover the cost of maintaining required infrastructure for the long term? What if there are cleanup costs and what if there is not enough money withheld to complete the cleanup?

How much of the value of the mine will ever be recognized by those that stand to lose recreation opportunities? Or to

those that may be exposed to elevated levels of toxins in their water? Or those who may experience degraded value of their property? These questions deserve continued analysis, but it is safe to say that today, those that bear the risks of these negative outcomes do not participate adequately what value may be derived from the mine.

Is sulfide mining likely to be a good deal for Michigan? In the words of Janet Smith of the US Department of the Interior, *"Even if the mining company makes substantial financial commitments for restoration of the site, there will more than likely be damages not provided for..... the neighbor... that will receive a relatively meager proportion of the short-term economic benefit, but by virtue of the location of their lands, will inherit the brunt of the environmental problems and economic bust cycle..... [and they] cannot reasonably move from the area to escape long-term costs."*

A final analytical requirement may be to seek alternatives to sulfide mining as a source of value growth. Most recent examples of successful growth strategies involve the attraction of "new economy" members using the lifestyle advantages that a rich urban core with a natural ecosystem barrier would offer. This is the best bet for sustainable, optimal lifestyle and economic growth for the region.

Rusty Gowland is a management consultant and private investor that lives in the northern lower peninsula of Michigan during the summer and visits the UP for frequent fishing and camping trips with friends and family. (Email: rustygowland@comcast.net)