

EAGLE PROJECT – UPPER PENINSULA, MICHIGAN KENNECOTT MINERALS COMPANY

Frequently Asked Questions (FAQs)

1. Who is Kennecott Minerals Company?

Kennecott Minerals is a private mining company based in Salt Lake City that owns and operates several base and precious metals mines in the United States including Greens Creek Mine in Alaska and the Rawhide Gold Mine in Nevada. Recently, Kennecott Minerals has successfully closed and reclaimed the Ridgeway Gold Mine in South Carolina and the Flambeau Mine in Wisconsin. Kennecott Minerals is a wholly owned subsidiary of Rio Tinto plc, which is a dual listed company in London and Australia.

2. What is the Eagle Project?

The Eagle Project is a high value nickel/copper deposit located approximately 25 miles northwest of Marquette, Michigan. Kennecott has been exploring for nickel deposits in Marquette County since 1994. Kennecott Minerals is currently in the process of conducting environmental, economic and engineering studies to determine the feasibility of developing the deposit into an underground primary nickel mine. If feasible, the Eagle Project would be the only primary nickel mine in the United States. Preliminary evaluations estimate the capital investment will exceed \$100 million.

3. How many jobs would this mine provide?

Preliminary estimates indicate that an underground mine would directly employ 120 to 140 personnel. This does not include pre-operation construction jobs, truck drivers or indirect jobs that have been estimated to be in excess of 300 additional jobs. Kennecott Minerals will commit to hire local residents to fill the majority of these positions.

4. What is nickel used for?

Nickel is a strategic base metal for the United States and is mostly used in the creation of stainless steel and Ni-Cd (nickel/cadmium) batteries. Currently, more than 65 percent of world nickel production is used in making stainless steel, demand for which has increased substantially in recent years. Nickel is also needed for advanced batteries critical in gasoline-electric hybrid, environmentally friendly cars as well as many other products that are critical to our nation's economy.

5. What is a sulfide mine?

A sulfide mine is a mine where the orebody and metals of interest were formed in the presence of sulfur creating sulfide type minerals such as pentlandite (a nickel mineral) and chalcopyrite (a copper mineral).

6. Why are sulfide mines important?

Sulfide mines are important because the overwhelming majority of base metals such as copper, nickel, silver, lead and zinc come from sulfide orebodies. These metals are essential to a healthy economy as they provide the foundation for the production of basic construction materials, electronics and power distribution. For example, copper is used to conduct electricity in every home and office building that uses power. Nickel is an essential component of stainless steel that is used in everything from medical equipment to high strength steel applications to batteries for gasoline-electric hybrid cars.

7. Why are people concerned about sulfide mining?

People are concerned about sulfide mining because the sulfide minerals can, in certain cases, generate sulfuric acid over time when exposed to air and water. The result of this oxidation process is more commonly known as acid rock drainage (ARD). If left uncontrolled or unmitigated, ARD could degrade local surface and/or ground water quality. The legacy of historic mining operations involving sulfide orebodies has resulted in environmental issues that the mining community are actively working hard to address. However, mining in the 21st Century utilizes state of the art engineering design and materials to prevent, mitigate and/or treat ARD. New mines have not presented – and will not present, if properly designed, constructed and operated – the same environmental issues associated with historic mining operations.

8. Can sulfide mining be done in a manner that protects the environment?

Yes! Not only can sulfide mining be done safely from a theoretical sense, Kennecott Minerals has **demonstrated** that it can be done. Kennecott Minerals operated the Flambeau Mine in Wisconsin from 1993 through 1997. This was a sulfide orebody with copper as the primary metal of production, parts of which produced ARD that was contained and treated. This mine operated within 140 feet of the Flambeau River. Based on monitoring results during operations, as well as monitoring since closure, the Flambeau River remains fully protected and the mine continues to meet all environmental permit conditions. This mine also was awarded the first Sustainable Development Award for a mine from the U.S. Department of the Interior.