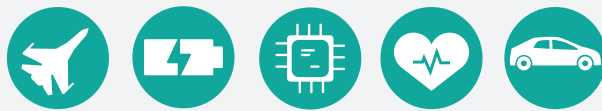


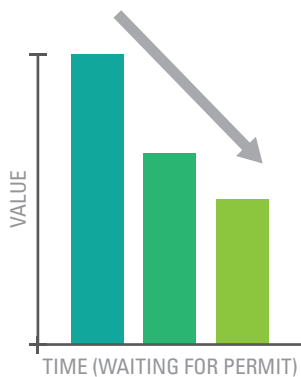
DELAYS IN THE U.S. MINE PERMITTING PROCESS IMPAIR AND DISCOURAGE MINING AT HOME

OF ALL THE DEVELOPED NATIONS, THE UNITED STATES IS AFFLICTED MOST SEVERELY BY PROTRACTED DELAYS IN OBTAINING MINING PERMITS. Meanwhile, the demand for minerals to supply the defense, advanced energy, high-tech electronics, medical, and transportation industries is rising. While the U.S. has a leading role in developing technologies, it is lagging in the production of the minerals required for high-tech manufacturing.



ABOUT THE REPORT:

SNL Metals & Mining in a new report quantifies how permitting delays that can last a decade or longer impair and discourage investments in mineral development projects. The report shows that **the longer the wait, the more the value of the investment is reduced**, even to the extent that the project ultimately becomes an unviable investment.



DECREASED VALUE OF MINE PROJECT OVER TIME

IMPACT OF DELAYS ON VALUE OF U.S. MINING PROJECTS

Mining companies accept that there will always be some element of delay during the development period and will build appropriate contingency and mitigation measures into their business plans. However, protracted delays are a real problem for the industry, and by extension, the U.S. economy as a whole.

A typical mining project **loses more than one-third of its value**, as a result of bureaucratic delays in receiving the numerous permits needed to begin production. The higher costs and increased risk that often arise from a prolonged permitting process can **cut the expected value of a mine in half** before production even begins. The combined impact of open-ended delays can lead to mining projects becoming altogether financially unviable.

U.S. MINE PRODUCTION

Mining is a long-term investment; from exploration to closure and site remediation, projects typically have a life span of several decades. Although geology and topography dictate where a deposit is located and how it is mined, economics determine whether the project proceeds or not. Even a large high-grade deposit will remain unmined if the revenue-cost balance and timetable are not advantageous to the mine stakeholders.

Despite being home to abundant mineral resources, **the U.S. only accounts for 7 percent of world-wide spending on mineral exploration**, and production is currently reliant on a population of mature mining projects. Moreover, the average remaining life of active mines in the U.S. and the share of projects in advance development have also fallen in recent years. The increasing likelihood of new mines stagnating at the exploration stage, with far fewer advancing to actual production, puts the security of the country's mineral supply at risk.

The U.S. only accounts for



of world-wide spending on mineral exploration despite being home to abundant mineral resources.

STREAMLINING THE MINERALS MINING PERMITTING PROCESS

In the U.S., the requirement for multiple permits and multiple agency involvement is the norm, as is the involvement of other stakeholders, including local indigenous groups, the general public and nongovernmental organizations. As a consequence of the country's inefficient permitting system, **it takes on average seven to 10 years to secure the permits needed to commence operations in the U.S.** To put that into perspective, in Canada and Australia, countries with similarly stringent environmental regulations, the average permitting period is two years.

In these countries, the timeline for the government to respond is more clearly outlined, the permitting agency leading the process is clearly identified from the outset, and the responsibility for preparing a well-structured environmental review is given to the mining company, not the government.

AREAS THAT NEED REFORM



1. Clearly defined timeline



2. Clearly defined agency roles



3. Shared responsibility between mining company and government

NUMBER OF YEARS TO OBTAIN A MINE PERMIT



THE PATH FORWARD

These findings further **confirm the need for legislation** that provides for a more predictable and efficient permitting process to support the mining industry, and the U.S. economy as a whole. Fortunately, there is legislation in both the U.S. House of Representatives and the Senate. Rep. Mark Amodei's (R-Nev.) "Strategic and Critical Minerals Production Act of 2015" and Sen. Lisa Murkowski's (R-Alaska) "American Mineral Security Act of 2015" aim to modernize the current U.S. mining permitting process and ensure access to our vast domestic mineral resources.

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Source: *The Impact of Permit Delays on the United States Mining Industry* by SNL Metals and Mining.

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