

**KENNECOTT PERMIT REVIEW UPDATE
PROPOSED EAGLE PROJECT MINE
NOVEMBER 14, 2006**

The Department of Environmental Quality (DEQ) is continuing its review and processing of applications for permits submitted by Kennecott Eagle Minerals Company (Kennecott) for the proposed Eagle Project mine. The Eagle site is located about 30 miles northwest of Marquette. The proposed mine represents the first application received under Michigan's new comprehensive mining law - Part 632, Nonferrous Metallic Mineral Mining, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. Part 632 provides a comprehensive framework to assess and evaluate the environmental impacts, operational controls, and closure activities proposed by the applicant to ensure that Michigan's natural resources are fully protected.

In addition to the Part 632 permit, the proposed Eagle Project mining operation would require several additional permits from the DEQ, including a groundwater discharge permit and an air discharge permit. In order to provide for a more comprehensive, integrated review of these permit applications, and to provide greater opportunity for meaningful public comment on the applications, the DEQ intends on scheduling one consolidated multi-day public hearing for all three permit applications. The consolidated public hearing process is specifically authorized under Part 632 (MCL 324.63206(15)) and will facilitate needed public review and public comment.

Part 632 required the DEQ to make a proposed decision by June 13, 2006. However, that deadline was delayed due to third-party legal challenges on the Kennecott application. While the legal proceedings were ongoing, the DEQ submitted a list of 91 technical deficiencies to Kennecott, identifying areas where additional information was needed in order to fully evaluate the permit application and the supporting information and data. In the absence of additional technical information, had the permit process proceeded without legal challenge, the DEQ would of necessity have to issue a proposed decision to deny the permit application because it would not have been based on further relevant technical information. The legal proceeding had the effect of altering the timelines for submittals that would have governed the application process. The legal proceeding also provided the applicant time to prepare additional information and data that the applicant believes is responsive to the 91 areas of technical deficiency. On October 27, 2006, Kennecott submitted its responses to the DEQ's 91 identified areas of technical deficiency. The public has not yet had sufficient opportunity to review and comment on these responses. Kennecott also submitted a letter waiving the deadline to issue a proposed decision to facilitate the coordination of the DEQ's review of Kennecott's applications and allow for additional public review.

In order to facilitate transparency in the permitting process and to afford the public with ample opportunity to review and comment on all information and data submitted to the DEQ in conjunction with the Part 632 application, the DEQ will provide additional time for public participation prior to the proposed decision to grant or deny the permit. The

DEQ will also ensure that the public is informed as to all applicable deadlines as the permit process proceeds.

Accordingly, the DEQ will accept public comments on Kennecott's response to the DEQ's questions for 42 days, until December 26, 2006. Kennecott's response can be accessed on the internet at www.michigan.gov/deqogs, then clicking on "Eagle Mine Info." Paper copies of the response can be reviewed at the following locations:

Peter White Library, 217 North Front Street, Marquette, MI 49855; contact the Resource Desk at 906 228-9510.

Michigamme Township Hall, 202 West Main Street, Michigamme Township, MI 49861; contact John Olsen at 906 323-6608.

Powell Township Hall, County Road 550, Big Bay, MI 49808; contact the Township Clerk at 906 345-9345.

Michigan DEQ, Upper Peninsula District Office, 420 5th Street, Gwinn, MI 49841; contact Ann Taylor at 906 346-8560.

Michigan DEQ, Office of Geological Survey, 525 West Allegan Street, Lansing, MI 48909-7756; contact Steven E. Wilson at 517-241-1542.

The DEQ will take 14 days after the close of the public comment period to review the comments and will thereafter make a proposed decision to grant or deny the Part 632 permit application on January 9, 2007. At that time, the DEQ will also issue notice of the consolidated public hearing, which is expected to be held in mid-February.

It is possible that the information and data submitted by Kennecott as well as the information obtained through public comment may result in the need of additional technical information and necessitate a further request for the same from the DEQ. The permitting process under Part 632 (MCL 324.63206(9)) allows for the submission of additional information by the applicant to address any further identified deficiencies. In the event that the DEQ requests supplemental information or data prior making its final decision on Kennecott's Part 632 application, it is the DEQ's intent to provide this additional information to the public for review and comment.