
January 27th, 2014

Ms Lesley Griffiths, Joint Review Panel Chair
Marathon Platinum Group Metals and Copper Mine Project
Canadian Environmental Assessment Agency
160 Elgin Street, Place Bell Canada
Ottawa, Ontario K1A 0H3

Dear Ms. Griffiths:

**RE. Project Feasibility and Development Timeline
Proposed Marathon Platinum Group Metals & Copper Mine Project**

Thank you for the positive response to our letter of December 13th, 2013 expressing concerns about the timelines and timing of the hearing as outlined in the Notice of Public Hearing on December 17th. We appreciate the Joint Review Panel's adjustment of the hearing schedule, as announced on December 20th.

We are writing today to bring to your attention recent media reports describing Stillwater Mining Company's intentions – or lack thereof – with respect to the Marathon PGM Copper Mine Project.

As reported on January 23, 2014 in Northern Ontario Business (see attached) Stillwater Mining Company CEO "Mick" McMullent told industry analysts in a January 21 conference call on its Marathon PGM Copper mine project that the "best case scenario" would be that mine construction would be three years away and that it was unlikely that Stillwater would "do anything on this in the very near term." The news story also described how Stillwater was simultaneously working through a feasibility study and the federal-provincial environmental review of the project, and that the company was focusing resources on its US properties and limiting spending at the Marathon project even after the feasibility study and permitting work is done. Given that the media report was based on a Stillwater information sharing, we assume that this report is reliable.

Of key interest are Stillwater's statements that an updated mineral resource will not be available until after the feasibility study is done, "likely within six months". This is despite work described as part of the feasibility study having commenced many years ago, as has been entered into the evidence for this review.¹ The feasibility study - now "coming soon" - could radically alter information within the EIS with regard to need for the project and the ability of the project to meet commitments re. socio-economic benefits.

From an EA perspective, when it is a private proponent, the need issue is determined by feasibility (i.e., will it be a viable business opportunity for the proponent). Therefore, without an up-to-date feasibility study we don't have this fundamental foundation for the hearing decision (Sec 2.2.1 of the EIS guidelines).² Interestingly the guidelines pasted in below include the phrase "rationale for proceeding with the development **at this time**" (emphasis added). Stillwater does not seem to be meeting that standard.

We are writing to express our concern that the hearing scheduled to commence in less than a month increasingly appears to be premature, particularly in light of the revelations of the January 21st Stillwater conference call. Prior to the proponent having determined that the Project is feasible, proceeding to a Panel Review hearing is a questionable use of resources. Further, these recent statements by Stillwater cast information already provided to the Joint Review Panel in a questionable light.

For example, in Information Request 1.1 the Joint Review Panel directed Stillwater to "Provide a discussion of how the do nothing alternative does or does not fulfill the purpose of and need for the Project..." to which Stillwater replied with what we read to be a strongly worded statement of commitment to bringing the project to development, i.e. *"Stillwater, and subsequently Mitsubishi, would not have made the investment in the Project if the do nothing alternative was in any way realistic from their perspective."* Statements by Stillwater more recently - including but not limited to those of January 21 - raise questions about the currency of the Stillwater response to IR 1.1.

Clearly, Stillwater's commitment to the Project is under review, placing the timeline and even the likelihood of the mine being brought to the operational stage in question. Less clear are the benefits of using considerable public resources – fiscal resources, but also the time and effort of the Review Panel and participating government departments and agencies, Aboriginal communities, the Town of Marathon, public interest intervenors and other review participants – to convene a public hearing for a proposed mine for which there is not yet a completed feasibility study or mineral resource estimate.

We are writing today to share our concerns and to request that you consider all options, including requiring Stillwater to file its completed feasibility study and mineral resource estimate prior to the hearing's commencement. We appreciate that this may involve an additional delay, but understand that under the rules under which the Panel is required to operate, such delays are permissible when required to allow time for the proponent to provide required information.

Thank you for your consideration of these concerns. We wish you well in your deliberations.

Sincerely,

<original signed by>

Brennain Lloyd
Northwatch

<original signed by>

John Jackson
Lake Superior Bi-National Forum

<original signed by>

Ramsey Hart
MiningWatch Canada

<original signed by>

Charlene Rogers
Environment North

att.



cc. Dr. Phil Byers, Panel Member
Dr. David Pearson, Panel Member

Colette Spagnuolo, Panel Co-Manager, Canada
Jeff Sewell, Panel Co-Manager, Ontario

Tabatha LeBlanc, Environmental Manager, Stillwater Canada Inc.

Brad Maggrah, President, Ontario Coalition of Aboriginal People

Cam Burgess, Region 2 PCMO Councilor, Metis Nation of Ontario

Donelda DeLaRonde, Executive Director, Red Sky Metis Independent First nation

Jamie Michano, Director of Lands and Resources, Ojibways of Pic River First Nation

Theresa Bananish, Bananish Law, Pic Mobert First Nation

John Szura, CEO, Pays Plat First Nation

Endnotes

¹ "Technical Report on the Updated Feasibility Study for the Marathon Project, Marathon, Ontario, Canada", posted as "Supporting Document 31" as part of CEAR # 227

² **EIS Guidelines, Section 2.2.1, Need for and Purpose of the Project**

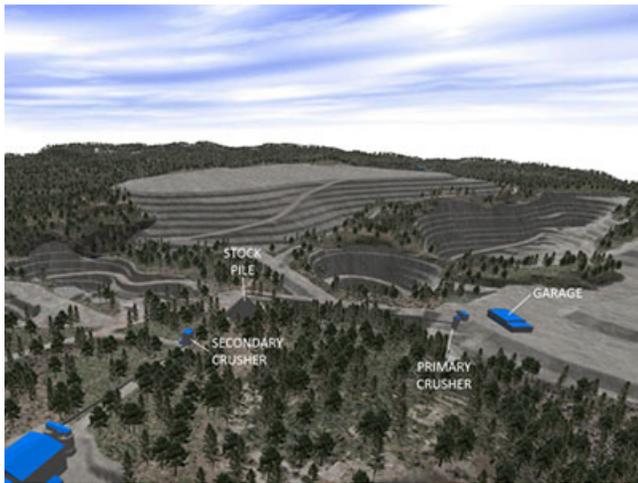
The Proponent shall clearly describe the rationale or need for the Project. This description shall define the problem or opportunity the Project is intending to solve or satisfy. The EIS will identify the main function of the Project. In this context, the EIS will present the fundamental rationale for proceeding with the development at this time within the context of regional, provincial and national economies, as well as global implications of supply and demand on metal prices and markets. The Proponent is required to clearly describe the purpose of the Project by defining what is to be achieved by carrying out the Project. In addition, the purpose of each of the Project facilities and activities and their relevance to the overall project development plan will also be discussed. The "rationale or need for" and "purpose of" the Project shall be established from the perspective of the Proponent and provide the context for the consideration of alternatives.

NORTHERN ONTARIO Business

Jan 23, 2014

Stillwater re-evaluates Marathon PGM mine

By: [Ian Ross](#)



The construction of an open-pit base metals mine near the shores of Lake Superior could be three years away at the earliest, said the Montana mining company that is developing it.

The [construction](#) of an open-pit base metals mine near the shores of Lake Superior could be three years away at the earliest, said the Montana mining company that is developing it.

“It is unlikely we will do anything on this in the very near term,” Mick McMullen, president and CEO of Stillwater Mining Company, told industry analysts in a Jan. 21 conference call on its Marathon PGM (platinum group metals) project.

The Billings-based miner said Marathon is undergoing a strategic review as the company laid out a 2014 strategy that’s focussed on investing in proven assets that make money for shareholders.

If Marathon meets certain financial hurdles, McMullen said the best case scenario is that construction could begin “within the next three years,” subject to the issuance of permits.

Stillwater is simultaneously working through a feasibility study and an extensive federal-provincial environmental review of the project, 10 kilometres north of the town of Marathon.

With an 11.5-year mine life, the operation could potentially bring 400 construction jobs over an 18-24 month period followed by 350 mining jobs to a town of 4,000 that’s still recovering from the closure of its pulp mill in 2009.

Although platinum prices are on a tear and Stillwater is flush with cash – (US) \$464 million in the bank -- the company is out to boost base metal production at its Montana mines and rein in spending on assets that don’t generate a strong payback to shareholders.

“We’re challenging all of our costs,” said McMullen. “We’re significantly reducing our costs that don’t directly impact our production of profitable PGM ounces.”

Stillwater is limiting spending at Marathon to between \$5 million and \$10 million this year once the feasibility study and permitting work is done.

McMullen said further capital will only be earmarked once the “project demonstrates suitable financial returns.”

“We are ranking all of our development...opportunities and each of those development opportunities must compete with each other for capital, and we will only commit capital if it generates a suitable return for shareholders.”

Stillwater extracts, processes and refines platinum group metals from its core mining and mill operations in south-central Montana.

Marathon is one of its more advanced projects in the pipeline having acquired it from Marathon PGM Corp. in 2010. Stillwater later brought in Japan’s Mitsubishi as a 25 per cent partner.

McMullen told analysts the community of Marathon would like to see the mine built faster but that doesn’t factor into the “fairly long” permitting process.

A public hearing on the mine begins in Marathon on Feb. 18 under a special joint panel review which is part of the federal and provincial governments’ environmental assessment process.

With a total proven and provable mineral reserve of more than 91 million tonnes, the mine plan calls for a primary pit and satellite pits that will feed a 22,000 tonne-per-day mill.

Site construction would include building a 115-kV transmission line, a mine services complex with explosives storage, a fuel farm, a heavy equipment shop, a concrete plant and an assay lab.

Stillwater would draw on a local workforce but also recruit outside workers and house them in a proposed apartment complex in town with accommodations for 250.

McMullen said an updated mineral resource will be available once the feasibility study is done, likely within six months.

He added previous information released by the company indicates there’s been a “material reduction in grade from what had been assumed.”

www.stillwatermining.com

www.ceaa-acee.gc.ca