



February 15, 2022

Kelly Osborne, Chief Executive Officer  
Twin Metals Minnesota, LLC  
380 St. Peter Street  
Suite 705  
St. Paul, MN 55102

Delivered via email

RE: State Environmental Impact Statement and Income Contract

Dear Mr. Osborne,

On January 26, 2022 the U.S. Department of the Interior announced the cancellation of two federal mineral leases associated with the proposed Twin Metals Minnesota (Twin Metals) project. In light of this development and the impact it has on the viability of the project as proposed, and after conversations with your staff on February 2, 2022 that acknowledged the same, the Minnesota Department of Natural Resources (DNR) has directed its staff to stop work on the environmental review for the proposed Twin Metals project.

We understand from your staff that, due to the federal action and its impacts on the project as proposed, Twin Metals wants to end the income contract for the DNR's work on the environmental review. The DNR will follow-up with separate correspondence to terminate the contract, which will allow us to close out accounts and return all unexpended funds.

Over the next several weeks, the DNR will take the necessary steps to assemble the project record to ensure documents and data are appropriately archived. Once that process is complete, the DNR will close the administrative record for this project and manage it pursuant to the agency's record management requirements.

The DNR will also initiate the termination of the contracts between the DNR and Emmons and Olivier Resources, Minnesota Pollution Control Agency, and Minnesota Department of Health for their respective work on the project. We estimate that it will take approximately three months for the DNR to process any final invoices, complete a full accounting and return any unexpended funds to Twin Metals. The DNR will continue to work closely with your staff on this contract termination process to help your team track the fiscal close out steps and the return of funds.

Separately, and as we have also discussed with your staff, the DNR has concerns about the proposed location for the tailings disposal facility. In addition to the DNR's regulatory role, DNR serves as the manager of state lands and state owned minerals. In this capacity, the DNR has a responsibility to make decisions about the use of these lands and minerals that are in the best interest of the State and any

minerals beneficiaries. Based on information available to date, the DNR has determined that Twin Metals' currently proposed location for its tailings facility would potentially encumber School Trust mineral resources. Furthermore, the DNR believes this use would pose an unacceptable financial risk to the State and potentially to the School Trust Fund. The DNR has notified the Office of School Trust Lands of our concerns with the proposed tailings facility location.

Thank you for your staff's availability over the last two weeks as we have considered the new developments affecting your project. If you have any questions about the next steps in the contract termination process, please contact Katie Smith at (651)342-9227.

Sincerely,



Sarah Strommen  
Commissioner  
Minnesota Department of Natural Resources

cc. Julie Padilla, Twin Metals Minnesota, LLC  
Katie Smith, DNR  
Joe Henderson, DNR