

Babbitt, Minn. / Large metal deposits draw mine developers

But proposals raise environmental concerns

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A mineral company is drilling test holes about 2,000 feet beneath northeastern Minnesota's Birch Lake and on nearby land, exploring what has long been believed to be a vast deposit of copper, nickel and other precious metals.

Low metal prices made the deposits unattractive to developers, but an increase in demand, new processing technologies and stronger metal prices have upped the financial incentive in recent years for mining the ore.

It could mean hundreds of workers toiling in metal mines in this part of the state in coming years.

Estimates are that about 4 billion tons of minable copper, nickel and precious metals like gold, palladium and platinum exist in the region, according to MiningMinnesota, a trade group that represents copper, nickel and metals producers.

"Pricing is strong, and demand is strong," said Frank Ongaro Jr., MiningMinnesota executive director. "Private investors have put millions of dollars into these publicly traded companies who are doing the development."

Since 2001, Franconia Minerals, of Spokane, Wash., has drilled 11 holes beneath the bed of Birch Lake. An additional 31 holes have been drilled on land near the lake since 2000. The geologic formation is part of what's called the Duluth Complex, a 1.1 billion-year-old formation.

If additional drilling and testing prove the project feasible and permits are obtained, a \$616 million underground mine could begin operating in 2011. The mine and a processing facility would take two years to build and require 1,000 construction workers, according to projections.

If built, the facility would employ about 550 full-time workers.

There are environmental concerns. There's potential for sulfur within the materials to come in contact with air and water and turn into acid runoff, said Clyde Hanson, co-chairman of the Sierra Club North Star Chapter Mining Without Harm campaign.

"Our concerns are significant," Hanson said. "We're talking about a potential perpetual pollution source for the Boundary Waters. If anything goes wrong, that lake could be polluted forever."

A commercial-size copper, nickel and precious metals mine has never been developed in Minnesota. But two other metals projects are in the planning stages.

PolyMet Mining Corp., of Vancouver, British Columbia, plans to develop a \$380 million open-pit copper, nickel and precious metals mine south of Babbitt. The company would process the ore using portions of the former LTV Steel Mining Co. taconite plant near Hoyt Lakes.

Duluth Metals, which is based in Toronto, is working to develop a 347 million-ton ore reserve near Ely, Minn. Like the Franconia mine, it would be underground.

The mines likely would pump millions of dollars into the local and state economies and provide jobs with good pay. They would produce metals for a variety of applications, including electrical products, surgical instruments, jet engines and catalytic converter pollution controls.

"There would be over 800 full-time, good-paying jobs, not to mention the spin-off jobs and the tens of millions of dollars in tax revenue each year that go to state and local governments," Ongaro said.

That could replace some of the thousands of iron mining jobs lost in the last decade, holding out the possibility of rejuvenated communities, new residents and a younger population on the Iron Range, metals industry officials said.

But Hanson said environmental concerns should not be ignored in the excitement of a possible economic boost.

Metals companies drill holes to "find out where the profits are," but they don't drill enough holes to find underground fractures that could cause long-term leaching problems, he said.

"If you make a mistake, it's forever," Hanson said. "Our challenge to them is to prove that it's going to be safe forever."

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