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Chairman Raul Grijalva
1324 Longworth House Office Building
Washington DC 20515

Ranking Member Bruce Westerman
1329 Longworth House Office Building
Washington DC 20515

Dear Chairman Grijalva and Ranking Member Westerman:

On behalf of Coeur Mining, please accept the following statement for the official record regarding the May 12, 2022, hearing on H.R. 7580, the Clean Energy Minerals Reform Act of 2022.

Headquartered in Chicago, IL, Coeur Mining (NYSE:CDE) is a U.S.-based, well-diversified, growing precious metals producer with four wholly-owned operations: the Palmarejo gold-silver complex in Mexico, the Rochester silver-gold mine in Nevada, the Kensington gold mine in Alaska and the Wharf gold mine in South Dakota. In addition, Coeur wholly-owns the Silvertip silver-zinc-lead development project in British Columbia and has interests in several precious metals exploration projects throughout North America. Coeur employs approximately 2,100 people. Our purpose statement is “We pursue a higher standard.” Holding ourselves to a higher standard means, among other things, we are committed to protecting the environment. Our company prioritizes our responsibility to contribute to clean air, clean water, and the protection and enhancement of the land we use or disturb to produce the metals crucial to everyday life.

Coeur opposes H.R. 7580, the Clean Energy Minerals Reform Act of 2022, as introduced, due to the devastating impact this legislation would have on the United States’ ability to compete in the world market for nearly every manufactured consumer good that requires minerals. The legislation ignores the reality that the U.S. is terribly reliant on foreign nations such as China and Russia for minerals that are vital to our defense, medical, green energy, and our technology future. Additionally, if our economy is to ever transition to non-fossil fuel reliance, the exploration, mining, and refining of minerals in the United States is more important today than at any time in our history. We believe this legislation, if enacted, will severely damage our nation’s ability to transition to a cleaner future and make our nation much more reliant on hostile countries for our ever-growing mineral demands.

H.R. 7580 would dramatically raise taxes on the hardrock mining industry establishing a gross royalty rate of 8-12.5%. The legislation would also implement a \$.07 per ton “dirt tax” that would

tax miners for every ton of earth moved. The bill would implement new prospecting license fees and double claims maintenance fees. These combined provisions would place US hardrock mining as the highest taxed mining industry in the world. Enactment of H.R. 7580 would simply make it uneconomical to mine on Federal lands in the United States—pushing all future investment to other nations who understand the benefits of producing domestic minerals and mineral security.

From a regulatory viewpoint, the legislation would terminate valid existing rights to mining claims and would set off a wave of takings lawsuits against the Federal government. H.R. 7580 requires the “conversion” of mining claims to 10-year leases but could then be shortened to 3-years—eliminating land tenure security for long term investments in projects and communities. The text also removes the right to prospect and arms the Secretary with vast authority to prohibit mining on any public lands. Furthermore, the legislation would essentially turn the BLM into a police force who would benefit by imposing extreme fines for the benefit of funding the established Hardrock Minerals Reclamation Fund. H.R. 7580 simply ignores the realities of what is required to produce metals and minerals in this country. It seems to assume that silver, copper, lithium, nickel, and all other minerals essential to our future are ubiquitously located on our Federal lands. This is not the case. It takes decades to find these minerals at great expense, extremely capital intensive to develop over long time periods, hard to mine, and expensive to process. If these minerals were as common as H.R. 7580 assumes, we would not be facing the mineral supply crisis of today. We believe the real motivation of the proposed legislation may be simply an effort to terminate hardrock mining on Federal lands. While we oppose this attempt, Coeur Mining does believe there are reasonable updates to the Mining Law that would continue to protect the environment, continue to provide a fair return to taxpayers, reclaim abandoned mine lands, and allow the mining industry to produce the domestic minerals our nation demands for our future.

Mining on Public Lands

While the Mining Law of 1872 is certainly an old law, this does not necessarily mean that it is antiquated. The General Mining Law is not an environmental statute. It was designed to provide land tenure certainty to prospectors and miners who sought out valuable minerals on the public domain. However, the Mining Law is complemented by exhaustive federal and state environmental, ecological, reclamation and financial assurance laws and regulations to ensure that operations fully protect public health and safety, the environment, and wildlife. Indeed, the mining industry must comply with all environmental laws that apply to use of Federal lands. The National Environmental Policy Act (NEPA), Clean Water Act, Clean Air Act, Endangered Species Act, National Historic Preservation Act, Federal Water Pollution Control Act, Safe Drinking Water Act, Surface Resources Act, Wilderness Act, Occupational Safety and Health Act (OSHA), Federal Land Policy and Management Act (FLPMA), Resource Conservation and Recovery Act (RCRA), Mine Safety and Health Act (MSHA), and dozens more Federal and state laws govern mining industry activities from exploration and mining to mine closure and reclamation. Mining in America is arguably the most regulated industry in the U.S. We are also the most heavily regulated mining industry in the world, yet, we are proud of the fact that these laws and regulations ensure we lead the world in environmental and safety standards. Mining in nearly any other nation is less expensive, with less regulatory burden, easier permitting, less environmentally conscious, less robust labor protections, and fewer safety regulations. Yet, here we are fighting to keep this critical industry in America, producing domestic minerals for today and our future.

Mining’s footprint on our public lands is often overstated and must be kept in perspective. The

Bureau of Land Management currently manages approximately 708.5 million acres of onshore mineral estate. As of 2021, approximately 37% of those acres are off limits to mining due to conservation designations by Congress such as National Parks, the National Wilderness Preservation System or Presidential actions such as National Monuments, or administrative restrictions such as mineral withdrawals, Areas of Critical Environmental Concern (ACEC) and Research Natural Areas. Likewise, as of 2021, approximately 11.5 million federal mineral acres are held by approximately 390,595 active mining claims on Federal lands encumbering approximately 1.6% of the entire federal mineral estate managed by the BLM. However, an active mining claim does not mean these lands have any surface disturbance or are off limits for recreational or other uses by the public. An analysis of lands actually subject to a mining plan of operations with authorized surface disturbance and the ability to restrict other uses of the land reveals that the footprint is even smaller only impacting 0.06% of the Federal mineral estate. Considering the vital nature and amount of minerals produced from our public lands, our actual surface impact is quite minimal.

U.S. Competitiveness and Supply Chains

The future of the United States' ability to compete on the world stage is heavily dependent upon our access to reliable sources of metals and minerals to build our future infrastructure and to supply our digitally connected world. While critical minerals and rare earth minerals are vital to new technologies and are grabbing today's headlines, the United States is becoming more reliant upon foreign sources for silver, gold, copper, nickel, and many other metals that are mined in the United States today. As one of the largest U.S. based silver producers, we are very cognizant that the United States still imports 80% of our silver needs. 50% of our gold, 37% of our copper, and 50% of our nickel supplies come from foreign nations. Yet, demand is growing at a rapid pace. The US Geological Survey addressed these issues before the Senate Energy and Natural Resources Committee in March of this year telling the Committee that "in 2021, the Nation was 100 percent import-reliant for 17 mineral commodities and at least 50 percent import-reliant for an additional 30 mineral commodities." And these are not just the minerals most associated with the EV future. We are highly dependent upon foreign nations for silver, zinc, platinum, alumina, potash, manganese, and dozens more minerals that do not always make headlines about battery production. We must address these needs as opposed to exacerbating the problem.

The United States is completely dependent upon foreign nations for a host of critical and rare earth minerals with China controlling the markets on minerals vital for renewable energy, batteries, technology, and defense. Moreover, the processing capacity for our most vital minerals connected to an electric and battery economy primarily exists in China. The U.S. possess less than 4 percent of all minerals processing capacity. So, while minerals are mined throughout the world, China is the world's largest processor of copper, nickel, cobalt, lithium, and rare earth elements. This hostile nation controls 75 percent of lithium-ion battery production, including 60 percent of the world's cathode production and 80 percent of the world's anode production. This level of dependence is dangerous for our future. As we see today with political upheaval and warring nations, excessive reliance on a single hostile nation can and likely will lead to dramatic economic and geopolitical impacts.

According to the World Bank, energy technologies alone will drive demands for a wide variety of minerals to convert economies to a greener future. Graphite, lithium, and cobalt demands are expected to grow by over 450% by 2050 over 2018 pre-pandemic levels. Vanadium demands will

rise by 200%, nickel demands will double, and silver demands will grow by 60% in less than 23 years. Moreover, according to a SAFE report of 2020, China possesses ownership of 80% of rare earth minerals needed for U.S. military weapons systems and produces 75 percent of the world's permanent magnets that are manufactured with rare earth minerals. If mined in the United States on Federal lands, these minerals are produced under the guidance of the Mining Law of 1872 along with the dozens of environmental laws that ensure protection of the environment.

The Biden Administration has recognized these weaknesses and has taken at least some action as a recognition of the massive problems we face in competing for minerals for the future. President Biden's EO 14017 of February 2021, "America's Supply Chains," ordered a review of vulnerabilities in our critical mineral and material supply chains including rare earth magnet elements. In June 2021, the Biden Administration released a supply chain assessment that concluded that the U.S. is far too reliant on foreign nations in general and adversarial foreign nations in particular for critical minerals and materials, posing national and economic security threats to the United States. The review recommended establishing responsible and sustainable domestic production and processing capabilities for critical materials to support a fully domestic end-to-end battery supply chain. In March of 2022, President Biden issued a Presidential Determination to deploy the Defense Production Act to reduce US reliance on foreign sources of these important minerals. Lastly, Congress recently has appropriated a great deal of funding and implemented the greatest mapping and geologic efforts to better understand and determine US vulnerabilities when it comes to our mineral future. The proposed Clean Energy Minerals Reform Act of 2022 is in direct contravention to the goals and actions of the Biden Administration. The Committee should support the President's efforts to curb our reliance on foreign nations for minerals and incentivize exploration and production of our domestic minerals. H.R. 7580 would have the direct opposite effect.

Hardrock Mining is a High-Risk Business—Land Tenure is the Cornerstone of our System

Although our mapping, data, and technology in the mining industry continues to improve, the fact is that discovering a commercially viable deposit of minerals is a rare event and developing that discovery into a producing mine is even more uncertain. On average, it takes ten years from an exploration concept to develop into an actual discovery. It is estimated that mine developers invest on average \$244 million before mining ever commences. The chances of a greenfield mineral target ever becoming a mine is 1 in 1,000. We simply know very little about our metals and mineral deposits in the United States and our policies should incentivize better information and more investment which would lead to more discoveries. We applaud the recent work of Congress to fund better mapping and geologic information so that we better understand the domestic mineral resources yet to be developed within the US.

Just as the 1872 Mining Law sought to provide prospectors with certainty that they could secure a property right through diligent development of a mineral deposit and attempt to avoid hostilities occurring in the unsettled West, land tenure is even more important today. Once a claim is staked on Federal land, then the hard and tedious work of permitting, drilling, and hopefully discovery occurs—however, this is over a very long time period. Development into a producing mine could require an additional decade or more to allow for design, engineering, permitting, environmental compliance, NEPA review and compliance, and likely litigation. Yet, it only takes 2-3 years to obtain necessary permits in Canada and Australia who have similar environmental standards and practices.

A leasing system as H.R. 7580 proposes is unworkable, ignores the years of work necessary to develop a commercially viable project and we believe is designed to push mining off Federal lands and to offshore jurisdictions. Congress has yet to design a leasing system that would accommodate the risk, uncertainty, investment, and permitting timetables to allow for reasonable development of hardrock minerals on Federal lands. Comparing the hardrock mining industry to other extractive industries on Federal lands ignores the risks and long lead times required to produce hardrock minerals on Federal lands in the United States, let alone processing, which takes place almost entirely overseas. Plus, other extractive industries do not have to recover their end product from ore as required in the hard rock mining industry. As Congress considers policy updates to the Mining Law, first and foremost, our current locatable system incentivizes hardrock mineral exploration on Federal lands by rewarding discoverers of valuable deposits the right to mine if all environmental and other regulatory requirements are satisfied.

American Jobs

At Coeur, we pride ourselves in giving back to the communities in which we operate. While we provide dependable, high paying career opportunities for our work force, we understand the need to contribute more to the communities that support us. Coeur is very dedicated to the careers and lives of our approximately 2,000 employees and believe that retaining these jobs and growing our work force is of highest importance. Most of our employees live in rural communities near our mining operations. These rural communities are heavily reliant on the high-quality jobs we provide, the taxes we pay, and the community support we provide. According to the Bureau of Labor Statistics, for the first quarter of 2022 the median earnings for full-time workers equated to \$53,924 nation-wide. Yet, average annual salaries for miners are \$85,000. When you compare these mining salaries to rural areas without mining, the differences are even more extreme. For example, in Lincoln County, Nevada, a rural county with less economic input from the mining industry, the average salary is \$42,744 annually. Pushing mining away from the U.S. would not only damage our nation's security and supply chains, but it would damage the regions of our country who depend on a strong mining industry. The hundreds of rural jobs provided at a single mining operation are simply not replaceable in these communities, and provide a bulwark against economic downturns, as we saw at the onset of COVID-19 and the immediate closing of so many businesses. H.R. 7580 would drastically raise taxes on the mining industry, increase regulatory uncertainty, and dampen investment in U.S. mining operations. All of these impacts will likely result in the loss of thousands of high paying jobs in rural America. At the end of the day, it is people with families, mortgage payments, and car payments who do the important work of supplying domestically produced minerals that are so vital to our future.

A Fair Return For Taxpayers

Coeur Mining supports a fair return to taxpayers for our impact on Federal lands. While the industry is often accused of a "free ride" when it comes to mining on Federal lands, this is simply not true and fails to appreciate the full breadth of our tax burden and contributions to the economy. Any public policy debate must consider the state and local taxes paid that support state and local communities. For example, the Nevada State Legislature doubled the tax burden on hardrock mining during their 2021 legislative session. If the Federal tax burden increases to a level that depresses investment and production in Nevada for example, their projections for tax revenues will fall short--hurting the very taxpayers some seek to benefit.

Various studies demonstrate that hardrock mining operations in the U.S. pay taxes in the 40 to 50

percent range depending on the state of operation. This level of taxation is within the upper range of other developed mineral producing countries. A royalty or other federal tax scheme that pushes the overall tax burden higher will impair our global competitiveness, drive mining investments overseas, and kill American jobs which translates to fewer taxes being paid overall. Additionally, exporting our mining jobs and production exacerbates our reliance on foreign sources for a dependable metals and mineral supply.

The product we produce at the mine is not an end product that is readily marketable but must often be shipped to foreign countries for refining and processing before the minerals or metals are marketable for manufacturing uses. As stated previously, the U.S. is dangerously reliant on foreign nations to process and refine raw minerals and metals produced at a hardrock mine. In fact, it typically costs more to extract and refine metals from mined ore than the cost of mining the ore out of the ground. H.R. 7580 calls for a gross royalty of 8-12.5%, doubles claims maintenance fees, imposes a \$.07 per ton “dirt tax”, and greatly increases the regulatory uncertainty of mining on Federal lands. A 12.5% royalty would be among the highest royalties in the world. When you add increased fees and the dirt tax, this will put U.S. mining as the highest taxed mining industry in the world. U.S. policy must consider the complete mining and processing cycle when determining what is a fair return to taxpayers. H.R. 7589 fails to consider the realities of what is required for domestic mining to compete in a world market while maintaining the world lead in environmental protection and worker safety.

H.R. 7580 attempts to treat hardrock minerals similarly to leasable minerals. Minerals currently subject to the federal Mineral Leasing Act of 1920, are generally marketable as products once they are mined, such as coal, or pumped out of the ground, such as oil or gas. The cost structure of the hardrock industry is vastly different from oil, gas, or coal. Our cost structure is much higher and the capital requirements to produce an end-product is very different, more complicated, and highly technical. H.R. 7580 ignores these stark differences in the extractive industries. Any future Federal hardrock policy must fully investigate and appreciate these differences in extraction costs, refining costs, and access to markets for metals and minerals produced at hardrock mines versus those minerals currently under a leasing structure.

However, the mining industry has proposed raising fees that would increase our overall tax burden significantly but at a level and in a manner that does not impair our ability to compete in world markets. Furthermore, industry has proposed fee structures that would generate revenue immediately and with certainty compared to the proposed royalty scheme that would not generate revenue for years in the future and subject to volatile metals markets. We believe those revenues should be directed toward cleaning up abandoned mine lands. We understand that we must maintain our social license to conduct our business and assisting with cleaning up historic abandoned sites that pose environmental and safety hazards is one way that we can give back to taxpayers. We ask that the Committee consider our entire tax burden, take seriously any impacts on America’s mining workforce, and fully consider the need and our ability to keep mining investments in the United States.

Abandoned Mine Lands

Unfortunately, for about the first 150 years of our country’s existence, Federal law imposed few if any environmental standards or guidelines on the hardrock mining industry to guard against future environmental damage. In addition, most of the companies that owned and operated the mines are no longer in existence, resulting in thousands of abandoned mine sites. Unfortunately, the images

of mining from 150 years ago are the perception many have about today's mining industry. The modern mining industry is far different from what many perceive as the mining industry of days gone by. Today's mining industry is safe, efficient, responsible, and on the cutting edge of technology and innovation. Virtually all modern mining companies strive to leave our sites better than we found them. The companies and people who left these scars are generally long gone and most of our abandoned mines on Federal lands do not have a "responsible party" under current law. Today's industry is attempting to help remedy these legacy sites through new policy directives and opportunities for today's industry to help clean up the sites left from historic mining.

Modern environmental laws, reclamation standards, clean water requirements, and financial assurances all ensure that modern mining projects do not leave behind abandoned mines that pose safety and environmental hazards. However, Coeur and others in the industry believe we should do more, and we have been advocating with conservation stakeholders at our side to find a way to allow for Good Samaritan actors to invest in the cleanup of sites where they otherwise have no liability or obligation to do so. We applaud the efforts of groups like Trout Unlimited who have broken down barriers within the current laws such as CERCLA and the Clean Water Act to remediate and reclaim sites in the West and often partnering with mining interests to do so. We support S. 3571, the Good Samaritan Remediation of Abandoned Hardrock Mines Act of 2022, introduced by Senators Heinrich and Risch plus another 12 bi-partisan Senators. We are hopeful of introduction of this bill in the House and urge the House to move on it this Congress. Additionally, we support the hardrock abandoned mine reclamation fund established by Section 40704 of the Infrastructure Investment and Jobs Act passed in 2021. Congress should build on this momentum toward cleaning up these historic sites by authorizing Good Samaritan work at these sites.

Conclusion

Coeur Mining looks forward to continued dialogue to address the mineral needs of our nation with this Committee. We are hopeful that Congress will act expeditiously to address the mineral crisis that we face today and, in the future, to ensure our ability to supply our manufacturing needs for a greener economy, our national defense, technology, and medical uses. Unfortunately, we do not believe H.R. 7580 is the platform for reasonable discussions and progress to update our mining laws. However, we stand ready to provide input and expertise on how we can update our laws for the future, protect our environment, secure the safety of our miners, and ensure the United States can continue to responsibly produce minerals domestically.

Sincerely,



Mitchell J. Krebs