



**Testimony Excerpts of Mineral Development Experts Before the
United States House of Representatives Committee on Natural Resources'
Subcommittee on Energy and Mineral Resources
"The National Strategic and Critical Minerals Production Act of 2015"
(H.R. 1937)**

June 25, 2015

Mark Fellows, SNL Metals & Mining

"What we found is that on average, a typical mining project loses over one-third of its economic value as a result of protracted delays in receiving the numerous permits needed to begin production. The longer the wait, the more the value of the investment is eroded, even to the extent that the project ultimately becomes an unviable investment. Even a large high-grade deposit will remain unmined if the balance between costs, revenue and timetable are not favorable.

This inefficient permitting system has partially blocked the pipeline along which projects advance to become productive mines. We found that although mining companies continue to invest in exploration, an ever-greater proportion of projects is stuck in the earlier phases of development, despite evidence that a healthy mining sector is an important component of the economy. This has left the U.S. dependent on active mines whose remaining life is declining or on mineral resources from abroad."

Luke Russell, Vice President of Hecla Mining Company

"The U.S. has become increasingly dependent on foreign sources of strategic and critical minerals and this vulnerability has serious national defense and economic consequences. According to the U.S. Geological Survey, the U.S. is more than 50% import reliant for 43 critical minerals (the U.S. is roughly 40% import reliant on crude oil) and 100% import reliant for 19 critical and strategic minerals despite having the third largest source of mineral wealth in the world. Our growing dependence on imports leaves many key domestic industries unnecessarily vulnerable to disruptions from extended, complex and fragile supply chains. The length of time it takes to secure permits in the US is a key reason behind this dependency on foreign sources."

Jeffery Green, J.A Green & Company

"What truly concerns me is the impact that U.S. reliance of importing these materials can have on the defense supply chain. Foreign governments have deliberately disrupted supplies of strategic and critical

materials in peacetime and wartime with remarkable effects, resulting in severe supply restrictions and prohibitive price increases. For example, embargos are a well-known tool used to deprive a target country of strategic and critical materials by prohibiting the export or sale of such materials. Select instances involving the United States include the Soviet embargo of manganese and chromium during the Berlin Blockade (1949) and the Chinese embargo on rare earth minerals (2010). Preclusive purchasing also is a form of economic warfare whereby one country purchases resources for the purpose of reducing the ability of a target country to purchase the same resources. All other variables constant, this action increases demand, prices skyrocket, and supply shortages may result.”