

Utah Mining Association



Utah's mining industry exists to provide the materials needed for daily life in our modern world.

We provide high-paying jobs that support Utah families. We assist in satisfying our energy needs at home and beyond. We attract and support other Utah industry. We contribute significant tax revenues that support our communities. And we mine in a way that keeps our employees safe and our operations environmentally sustainable.

The Utah Mining Association exists to tell that story.

For much of the 20th century in Utah, mining was king. The trail of mining benefits extended from the mines right to most Utahns' doorsteps. People employed in mining lived next door, around the corner, or in your own home. Mining companies attached their names to schools, parks, theaters, and community centers. Entire towns - Magna, Price, Park City - were mining towns. Our place names - Copperton, Coalville, Iron County, Carbon County - reflected our mining heritage.

But as Utah's economy diversified and the population grew, more and more people went to work in offices instead of on the farm and in the mine. We all became less connected to the earth and what it provides. Mining simply lost its personal relevance.

While most people today would agree with the sentiment that mining is important to our economy, it's unlikely they would readily connect the dots that link the coal mine to the light switch or the copper mine to the cell phone in their hand. At the same time, there's been a growing interest over the years in the environmental impacts of our individual actions and those of business (and particularly extractive industries).

(continued on page 3)

In this issue....



Coal



Regulatory



Safety



Events

UMA Newsletter
January 2012

Utah Mining Association
136 South Main Street, Suite 709
Salt Lake City, UT 84101
Tel.: 801-364-1874 E-mail: mining@utahmining.org

Visit our
website: www.utahmining.org

PHILLIPSMACHINE.COM



PHILLIPSMACHINE.COM

PHILLIPS™

HOME OF THE FREEDOM CAR

AVAILABLE IN BATTERY, CABLE, AND DIESEL ELECTRIC VERSIONS
ALSO AVAILABLE UNDERGROUND MINING EQUIPMENT
AND COMPONENT SALES



- HIGHLY SKILLED AND MOTIVATED EMPLOYEES
- MODERN MACHINE TOOLS
- PRIDE OF CRAFTSMANSHIP
- DEDICATION TO QUALITY
- SERVICE AFTER THE SALE

LOCATIONS IN CONTINENTAL U.S.

- WEST VIRGINIA
- COLORADO
- TENNESSEE
- KENTUCKY



DELTA SALES OFFICE
970-874-9901



BECKLEY SALES OFFICE
304-255-0537

PHILLIPS™

The reality, of course, is that mining today is more relevant and needed than ever. In fact, thanks to our increasing reliance on technology to help with even the most mundane tasks, and the needs of huge, quickly developing nations like China, India and Brazil, mining is booming around the world and right here at home. With this productive, efficient and environmentally responsible industry forming the economic base of our community, Utah is well positioned to continue thriving in the 21st century. But it's up to us to ensure that our reservoir of public goodwill stays topped off. And no one is in a better position to do that than the Utah Mining Association.

Utah's rich and diverse mining industry makes modern life work.

More than 75 economic minerals can be found in Utah. Fourteen of these minerals make the state a major producer on a national and global scale.

Utah ranks 3rd in the nation in the value of non-fuel minerals and 12th in coal production.

Without mining, industry is not possible, the conveniences of modern life are not possible, our standard of living is not possible.

The minerals mined in Utah are essential to everything from telephones and television sets to fighter jets, hybrid cars and wind turbines.

Utah mining is safe and environmentally responsible

Utah mining companies boast award-winning safety records.

Utah mining companies win prestigious local, state, national and international awards for environmental improvement projects.

Industry-leading health, safety and environmental programs have been developed by Utah mining companies and shared with peers around the world.

Under the direction of the Utah Mining Association Executive Committee we have embarked on a public relations campaign to increase understanding and education about the mining industry and what the industry provides to the general public on a daily basis.

Did you know...

One of the few sectors that consistently added jobs in 2011 was U.S. minerals mining. Today, this industry support 1.1 million American jobs nationwide and has enabled modern products such as aircrafts, medical equipment and state-of-the-art electronics to come to fruition.

Some of the fastest growing industries in America – including high tech, automotive manufacturing and renewable energy – rely on minerals to operate. In a December 2011 PricewaterhouseCoopers study, 67 percent of respondents – senior executives in these industries worldwide – said they expect their companies to be affected by minerals and metals supply scarcity in the next five years.

Hal Quinn, president of the National Mining Association, reflects, “If we are to foster American ingenuity, build a stable economy and create jobs in 2012 and beyond, the U.S. portfolio for growth must include a secure, domestic minerals supply. We must not allow our nation’s minerals needs to go unmet, especially when these very resources help put Americans back to work and drive our economy.”

Save the Date

April 13 - Safety Conference. Little America Hotel, Salt Lake City, UT

June 5 - Education Golf Tournament, Riverbend, Riverton, UT

August 23-24 - UMA Annual Convention, Grand Summit, Park City, UT



Safety

Capito Introduces New Mine Safety Bill

Rep. Shelley Moore Capito (R-W.Va.) last week introduced the "Mine Safety Accountability and Improved Protection Act," (H.R. 3697) in the wake of the Mine Safety and Health Administration's (MSHA) recent report on its investigation into the 2010 Upper Big Branch (UBB) mine tragedy. The bill, similar to a measure Rep. Capito introduced last year, primarily addresses the conference and appeals process, implementation of mine safety and health regulations and increased penalties for safety violations.

The bill also transforms the pattern of violation (POV) language by amending Sec. 104 (e) of the Mine Safety Health Act to create a statutory system that mirrors the current POV process used by MSHA. This is an important change and will warrant close attention by NMA and its members. In coming months, the results of additional investigations of the events at UBB by the State of West Virginia and MSHA's internal review of its actions are expected to provide further insights into what happened at UBB and whether additional mine safety legislation is needed to ensure continued progress in mine safety and health. NMA will be soliciting member company views.

MSHA Releases Preliminary Fatality Data for 2011

(Source: MSHA News Release, January 4, 2012)

Preliminary data from the Mine Safety and Health Administration (MSHA) reveal that 37 miners died in work-related accidents at the nation's mines in 2011. There were 21 coal mining and 16 metal/nonmetal mining fatalities last year, compared with 48 and 23, respectively, in 2010, making 2011 the year with the second-lowest number of mining deaths since statistics were first recorded in 1910.

Of the 37 fatalities reported, 12 occurred at surface coal mines, 11 at surface metal/nonmetal mines, nine at underground coal mines and five at underground metal/nonmetal mines. Nine workers died in accidents involving machinery – six in coal mines and three in metal/nonmetal mines – making it the leading cause of fatal mining accidents.

Kentucky had the most mining deaths – eight – in 2011, followed by West Virginia with six and Ohio with three. All but one of those deaths occurred in coal mines. Several of the larger coal-producing states, including Alabama, Pennsylvania, Illinois and **Utah, experienced zero mine fatalities last year.**

"Mining deaths are preventable," said Joseph A. Main, assistant secretary of labor for mine safety and health. "The year that the Federal Mine Safety and Health Act of 1977 passed, 273 miners died and, since that time, fatality numbers have steadily declined. In order to prevent mine deaths, operators must have in place effective safety and health management programs that are constantly evaluated, find-and-fix programs to identify and eliminate mine hazards, and training for all mining personnel."

MSHA has undertaken a number of measures to prevent mining deaths: increased surveillance and strategic enforcement through impact inspections at mines with troubling compliance histories; enhanced pattern of violations actions; special initiatives such as "Rules to Live By," which focuses attention on the most common causes of mining deaths; and outreach efforts such as "Safety Pro in a Box," which provides guidance to the metal/nonmetal mining industry on best practices and compliance responsibilities.

"It takes the entire mining community to continue to reach new milestones in health and safety,"

OUR VIEW: Prosecute rogue operators

The National Mining Association has devoted more than a year to questioning what we need to do to reach that goal. We have looked at U.S. mines with exemplary safety records and to other industries and countries for answers. Our search has led to three critical factors: leadership, culture and process.

Safe and healthy mines require leadership that embraces a new way of managing safety. It requires a culture that views safety as intrinsic to everything that is done at the mine and to everyone's job — not as a separate program. And it includes a management process that is devoted to continual improvement in safety and health outcomes.

That is not to overlook the broad powers of the Mine Safety and Health Administration. Unlike other industries, mining is subject to continuous inspections, and regulatory violations must be corrected, even if the mine disagrees with the inspector's finding. Mine inspectors have wide latitude to shut down mines until they are deemed safe. These and other powers exist, yet MSHA has only recently started using all the tools Congress has provided.

Some are focusing on one aspect of the mine safety challenge: punitive measures directed at individuals. Current law provides for substantial civil and criminal sanctions for anyone — including corporate officials — who "knowingly and willfully" violate the law or file false reports. Nonetheless, our investigation unequivocally demonstrates that focusing on more punitive measures is not the complete answer. While it may make us feel better to put additional people in jail, it doesn't do the harder and more comprehensive work

necessary for us to live up to our higher obligations. We would be fooling ourselves and doing a great disservice to the men and women in American mining to think otherwise.

Hal Quinn is president and CEO of the National Mining Association.

SEC ADOPTS DODD-FRANK MINE SAFETY DISCLOSURE REQUIREMENTS

©2011 Jackson Kelly PLLC

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law on July 21, 2010, and requires mining companies to include certain information about mine safety and health in the quarterly and annual reports filed with the U.S. Securities and Exchange Commission (“SEC”). Last December, the SEC issued proposed rules to implement the mine safety reporting requirements. Yesterday, the SEC released its final rules implementing § 1503 of the Act. The rules become effective 30 days following their publication, which is expected sometime next week in the *Federal Register*.

In general, the final rules follow the structure of § 1503 of the Act, which operators have already been complying with since passage of the Act. The preamble accompanying the rules notes, “... we have decided not to adopt the proposals that would have expanded the required disclosure beyond that required by Section 1503 since we are persuaded by comments asserting that the added burden of these proposed requirements likely would have outweighed the potential incremental benefits of the additional disclosure.” Some exceptions do exist where the SEC believes additional disclosures will advance the intent of the legislation; however, even in those instances the reporting periods have been reduced to limit the information required.

Generally, the final rules apply only to mines in the United States; do not require issuers to report citations and orders issued to independent contractors working at the issuer’s mine site; define “subsidiary” as defined in Exchange Act Rule 12b-2; and do not provide special treatment to smaller reporting companies or foreign private issuers.

The SEC rules require mining companies to provide mine-by-mine totals for the following:

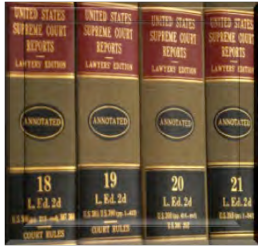
- Significant and substantial violations of mandatory health or safety standards under § 104 of the Mine Act for which the operator received a citation from MSHA;
- Orders under § 104(b) of the Mine Act;
- Citations and orders for unwarrantable failure of the mine operator to comply with § 104(d) of the Mine Act;
- Flagrant violations under § 110(b)(2) of the Mine Act;

-
- Imminent danger orders issued under § 107(a) of the Mine Act;
 - The dollar value of proposed assessments from MSHA;
 - Notices from MSHA of a pattern of violations or potential to have a pattern of violations under § 104(e) of the Mine Act;
 - Pending legal actions before the Federal Mine Safety and Health Review Commission; and
 - Mining-related fatalities.

Reporting instructions specify that a mining company must report the total penalties assessed in the reporting period, even if the company is contesting an assessment. For legal actions, mining companies are instructed to report the number of actions instituted and resolved during the reporting period, report the number of actions pending on the last day of the reporting period, and categorize the actions based on the type of proceeding.

In addition, the Dodd-Frank Act added a requirement that mining companies file a Form 8-K when they receive notice from MSHA of an imminent danger order under §107(a) of the Mine Act, a notice of a pattern of violations under §104(e) of the Mine Act, or a notice of the potential to have a pattern of such violations. The new SEC rules specify that the Form 8-K must be filed within four business days and include the type of notice received, the date it was received, and the name and location of the mine involved. However, the late filing of the Form 8-K will not affect a company's eligibility to use Form S-3 short-form registration.

A copy of the SEC final rules can be found here: <http://www.sec.gov/rules/final/2011/33-9286.pdf>.



Regulatory

EPA Scheduled to Issue Utility MACT to Control Air Toxics

In what supporters are calling "the signature environmental accomplishment of the Obama administration" and critics such as NMA are calling irresponsible, the Environmental Protection Agency (EPA) Friday signed its Utility MACT (maximum achievable control technology) rule for coal and oil-based power plants effective on Jan. 1, 2012. Details of the rule are expected tomorrow at an EPA press conference.

Scrubber and related technologies must be installed by 2015, with additional time of one-year or longer permitted only at the discretion of state regulators and EPA. The rule is designed to remove up to 91 percent of mercury and most other toxic air emissions from these major sources at a cost to utilities that EPA estimates to be \$10.6 billion, but that some utility executives and private analysts claim will be far higher. EPA values the benefits from improved public health at between \$59 billion and \$140 billion.

NMA continues to fault the agency for failing to properly assess the economic costs of the rule, pro-posing compliance timelines that will force immediate retirement of a significant portion of the existing coal fleet, increasing grid reliability risks and causing unacceptable job losses and higher utility bills.

In a press statement prepared for tomorrow's announcement, NMA President and CEO Hal Quinn said, "EPA has ignored the concerns of thousands of American workers and millions of consumers who rely on affordable and reliable coal-based electricity to power their factories and light their homes."

NMA, fearing the rule could effectively end the construction of new coal-based capacity, urged EPA to withdraw the rule entirely to address major flaws and dismissed the agency's various safety valve measures as ineffective.

A new survey of mostly coal-based power plants in a dozen states found that more than 32 will be forced to shut down and up to 36 others may close as well because of the Utility MACT and the Cross State Air Pollution rule issued last summer. Utility executives heavily reliant on coal-based plants - worried that state agencies would need more than four years for permit approval - said the compliance framework for the Utility MACT is unreasonable and uneconomic.

In related news, Sen. Jim Inhofe (R-Okla.), ranking member of the Senate Environment and Public Works Committee, said he would file a joint resolution disapproving the Utility MACT as soon as possible. Under the Congressional Review Act, both Houses of Congress may pass a measure voiding a regulation with a simple majority rather than the two-thirds required in the Senate. Inhofe's staff acknowledged a joint resolution overturning the rule is highly unlikely to win White House approval but would "send a powerful message to the administration."

The rule came in response to a court-ordered deadline resulting from a settlement agreement with environmental groups that sued EPA for delaying air toxic controls they believe are required under the Clean Air Act (CAA). NMA objects that EPA has failed to meet certain standards spelled out in Section 112 of the CAA that are necessary for regulating mercury and other pollutants from power plants.

NMA will continue to work with its congressional allies from both parties to find acceptable alternatives to the Utility MACT that will protect public health as well as grid reliability and the economy.

1 million Grand Canyon acres off limits to miners for the next 20 years



AP reports that the Obama administration is ignoring intense lobbying from the mining industry and political opponents on the right and will formally ban new uranium mining claims on 1 million acres around the Grand Canyon on Monday.

An interim ban imposed in 2009 is set to expire, and Interior Department officials will institute a new 20-year ban on uranium mining due to risks to the environment, including the potential for water pollution and harm to wildlife, desert vegetation and air quality. Around 3,000 existing claims will not be affected.

AP and The Guardian reports interior Secretary Ken Salazar is expected to announce the ban at a film screening at the National Geographic Society in the US capital:

AP: Senator John McCain and other lawmakers from Arizona and Utah sent a letter last year to Salazar claiming any new ban would create a “de facto wilderness” zone in a region that “conservationists previously agreed would remain accessible to the mining industry.”

McCain’s group has introduced a bill to enshrine what he called a “historic agreement” in 1984 “that designated parts of the Arizona Strip as wilderness and restored other lands to reasonable and safe uranium mining uses.”

The Guardian: In the final years of the George Bush presidency, when uranium prices were rising worldwide, mining companies filed thousands of new claims in northern Arizona, on lands near the Grand Canyon. They also proposed reopening old mines adjacent to the canyon.



Coal

Joy Global Completes Purchase of Chinese Firm

Robert Brooks - American Machinist.com, 01/09/2012

Milwaukee-based Joy Global Inc. has completed the first stage of its acquisition of International Mining Machinery Holdings Ltd. and is proceeding with a tender offer for the remaining 31% of the longwall coal mining equipment specialist. Joy Global, a surface and underground mining equipment builder, paid a reported \$584 million for a 41% stake in IMM, and as a consequence of previous share buying it now controls approximately 30.8% of the Hong Kong-based company.

Longwall mining is a mining process that removes a “wall” of coal from an underground shaft in a single slice, up to 2 meters thick, up to 4 kilometers long, and up to 400 meters wide. Market analysis shows that China’s mining sector requires a multilateral approach, in terms of the types of equipment offered for different mining processes. In addition, Joy Global is seen to be taking advantage of low-cost coal mining opportunities in China, and elsewhere.

“A core part of our business strategy has been to position ourselves for the high growth of the emerging markets, and the investment in IMM is a major step in the execution of that strategy,” Joy Global president and CEO Mike Sutherlin explained in July, when the deal was announced. The closing of the investment was awaiting approval by China’s Anti-Monopoly Bureau of the Ministry of Commerce.

Now, the Hong Kong Takeovers Code requires Joy Global to make an unconditional cash tender offer for the remaining IMM shares it does not own, and that offer is being made through a new wholly owned Hong Kong subsidiary.

Joy Global produces the P&H and Joy brand surface and underground mining equipment, while IMM designs and manufactures underground longwall coal mining equipment. It has a strong position in the Chinese market position with its roadheaders and longwall shearing machines, and is gaining market-share for its armored-face conveyor and electric control systems businesses. IMM also supplies aftermarket parts and services through a network of service centers and warehouses.

“The China coal market is large and diverse, and must be accessed with a multi-dimensional strategy,” according to Sutherlin. “While the major mines generally use globally sourced equipment, a larger number of mines rely on local Chinese mining equipment manufacturers. Leadership in the China market requires strong positions specific to each segment, and IMM is an established market leader in the local market with premier products for longwall shearing machines and road headers. IMM is a very strong complement to our Joy Mining and P&H businesses, and gives us leading positions in each of the major segments of the China market.”



Calendar

2012

February 15 -- Utah Governor's Energy Development Summit, Salt Palace Convention Center, Salt Lake City, UT. For more info. visit: <http://event.registerat.com/oed12/>

March 12-14 -- Utah Water Users Workshop, the Dixie Center, St. George, UT. For more details visit: <http://conference.usu.edu/uwuw>

April 13 -- Utah Mining Association and Utah Manufacturers Association Safety Conference, "Creating a Culture of Safety." Little America Hotel. Mark your calendars. Chad Hymas will be speaking. Further details to follow later.

June 5 -- Utah Mining Association Education Golf Tournament, Riverben Golf Course, Riverton, Ut. Further details to follow later.

August 24-25 -- Utah Mining Association Annual Convention and Golf Tournament, Grand Summit Hotel in Park City, UT and Soldier Hollow Golf Course in Midway, UT. Further details to follow later.

**Utah Safety Council Training Classes, 1574 West 1700 South,
Suite 2A, Salt Lake City,
(801) 478-7878, or toll-free (800) 933-5943
http://utahsafetycouncil.org/training/mine_health.asp**

January 14 and 27 - MSHA 8-Hour Annual Training for Metal/Non-Metal Surface Miners

January 12-13 and 25-26 - MSHA 16-Hour Training for New Metal/Non-Metal Surface Miners

January 12-14 and 25-27 - MSHA 24-Hour Annual Training for Metal/Non-Metal Surface Miners