

FINAL FINDING OF NO SIGNIFICANT IMPACT
TALON NICKEL (USA) LLC ACCELERATED DOMESTIC NICKEL EXPLORATION
UPPER PENINSULA OF MICHIGAN

The Department of the Air Force (DAF) prepared a Programmatic Environmental Assessment (PEA) to analyze the effects associated with Talon Nickel (USA) LLC (Talon) accelerated domestic nickel exploration in the Upper Peninsula of Michigan (Baraga, Marquette, Dickinson, Iron, and Houghton counties). The PEA was prepared in compliance with the National Environmental Policy Act (NEPA) (42 United States Code § 4321 et seq.), as amended by Public Law 118-5 and the Fiscal Responsibility Act of 2023, and in accordance with the Department of War (DoW) NEPA Implementing Procedures, effective July 1, 2025. The DoW Implementing Procedures replace the rescinded DAF NEPA regulations (32 Code of Federal Regulations [CFR] Part 989) because they supplement the Council on Environmental Quality's NEPA regulations that were rescinded in February 2025. The PEA, incorporated by reference in this Finding of No Significant Impact (FONSI), presents the potential environmental consequences associated with the Proposed Action and provides mitigation measures and best management practices (BMPs) to avoid or reduce adverse environmental impacts.

Purpose and Need for the Proposed Action (PEA Section (§) 1.1, page 2): The purpose of the Proposed Action is to identify sources of domestic nickel to meet the nation's demands for both industrial and defense purposes. Defense Production Act (DPA) Title III funds will support labor, materials, and equipment required to explore new nickel deposits within Talon's secured mineral agreements in the Upper Peninsula of Michigan. The Proposed Action is needed because it has been determined that without government intervention, private industry would be unable to address the national security need for domestic nickel in a timely manner. Domestic nickel exploration is essential for both the nation's economy and national defense as directed by Presidential Determination No. 2022-11 and Executive Order (EO) 14241, *Immediate Measures to Increase American Mineral Production*.

DESCRIPTION OF THE PROPOSED ACTION AND ALTERNATIVES

Proposed Action (PEA §2.1, pages 6-14): Under the Proposed Action, the DAF will invest DPA Title III funds to support Talon's mineral exploration including geophysical surveys and drilling throughout 445,000 acres within the Upper Peninsula of Michigan, referred to as the Area of Interest (AOI). The AOI is in a remote, heavily forested region that is actively used for logging and composed of federally-, state-, and privately-owned properties. Talon is currently performing nickel exploration activities on privately-owned land within the AOI at its own expense outside of the Title III program. So far, Talon has identified three prospect sites (Roland Lake, Boulderdash, and Clipper, depicted in PEA Figure 1.2-1, page 4) within Baraga and Marquette counties to conduct drilling using Title III funds. All existing or proposed drill pads (ranging from 0.25 to 0.5 acres; averaging 0.3 acres) at the identified prospect sites are on private land for which Talon has obtained landowner permission.

Data from drilling will inform the mineral exploration process, allowing Talon to identify more prospect sites across the 445,000-acre AOI. Talon anticipates developing up to 35 future drill pads within the AOI based on geochemical and geophysical analyses. The creation of 35 drill pads could result in the potential clearing of up to 17.5 discontinuous acres across the AOI. Access to most parts of the AOI is very limited as it is heavily forested, thus heavy machinery will be used to clear vegetation and debris from the drill pad site and existing access trails, if needed. In some cases, new temporary trails may need to be cleared for the drill rig and for light vehicles to traverse to the prospect site. Temporary access trails will be 15 to 20 feet (ft) wide, which is the minimum width to accommodate exploration equipment. Future activities at other prospect sites

subsequently identified will be reviewed by the DAF to determine whether they are within the scope of the PEA or will require additional site-specific NEPA analysis and/or environmental compliance review. In addition, the DAF will initiate project-specific consultations under Section 106 of the National Historic Preservation Act (NHPA) review before commencing any additional drilling activity outside of the three identified prospect sites.

No Action Alternative (PEA §2.2, page 14): Under the No Action Alternative, the DAF would not proceed with Title III funding of mineral exploration for nickel in Michigan. Without federal funding, Talon would continue the mineral exploration activities within the AOI at a slower pace. Identification of potential viable nickel deposits would occur over a longer time frame. While the No Action Alternative does not support Presidential Determination No. 2022-11 or EO 14241 or fulfill the purpose and need, it is being carried forward to provide a baseline for comparison with effects from the Proposed Action.

Alternatives Eliminated from Further Analysis (PEA §2.3, page 14): The United States (U.S.) relies mostly upon foreign sources for nickel, mainly Chinese, Russian, and Canadian companies. There is currently one active nickel mine operating in the U.S., which will cease production in 2029. To strengthen national security, the U.S. must secure domestic nickel supply chains and accelerate domestic nickel production. Development of a long-term domestic source for nickel in a timely manner is unlikely without government intervention. Accelerating access to domestic nickel sources requires a shift from traditional step-by-step exploration methods to a more rapid integrated, data-driven approach. Talon has secured mineral rights in an area highly likely to contain nickel deposits and has the technology to provide accelerated identification of nickel deposits. Therefore, only the Proposed Action to federally fund Talon's mineral exploration effort meets the purpose and need; no other alternatives were considered.

ENVIRONMENTAL CONSEQUENCES

The PEA evaluated whether the Proposed Action would result in significant impacts on the natural and human environment. In addition to project-specific impacts resulting from the Proposed Action, the PEA analyzed the potential for significant combined effects to resources affected by the Proposed Action. Resources that could have combined effects are biological, earth, water, and cultural resources. Talon would be responsible for implementing all required federal, state, and local construction and operating permits along with any associated BMPs. The Proposed Action and No Action Alternative were determined to have no or negligible effects on hazardous materials/waste, traffic/transportation, noise/acoustic environment, air quality/greenhouse gas emissions, socioeconomics, land use, infrastructure/utilities, and safety/occupational health; therefore, impacts were not analyzed further in the PEA (PEA §3.1.3, pages 18-24). Effects on resources analyzed in the PEA are summarized below.

Biological Resources (PEA §3.2, pages 25-41): Under the Proposed Action, up to 17.5 discontinuous acres of vegetation serving as wildlife habitat would be cleared across the AOI. If access trails or stream crossings are required for the drill rig and vehicles to travel to the prospect site, additional forest or riparian vegetation could be cleared or trampled. Vegetation clearing would be limited to the greatest extent possible. In addition to removal of available habitat, wildlife would be disturbed due to noise and activity during mineral exploration. A U.S. Fish and Wildlife Service (USFWS) Information for Planning and Consultation report identified six species (Canada lynx, gray wolf, northern long-eared bat, tricolored bat, rufa red knot, and monarch butterfly) listed or proposed as threatened or endangered under the Endangered Species Act (ESA) (50 CFR § 402) and 18 migratory birds that could potentially occur in the AOI. There is no designated or proposed critical habitat for these six species within the AOI. On June 18, 2025, the DAF initiated early coordination with the USFWS Michigan Ecological Services Field Office in accordance with Section 7 of the ESA. The PEA served as the Biological Assessment for informal consultation under the ESA.

The DAF's effects determinations of *no effect* for one species (rufa red knot) and *may affect, not likely to adversely affect* for the other five species (Canada lynx, gray wolf, northern long-eared bat, tricolored bat, and the monarch butterfly) were reviewed by the USFWS during informal consultation. USFWS concurred with these effects determinations in a letter sent on September 30, 2025. For the identified and future prospect sites, Talon would coordinate with the USFWS and the Michigan Department of Natural Resources (DNR), as appropriate, to identify known lynx dens, wolf dens, or wolf rendezvous sites within the AOI. If lynx/wolf dens or wolf rendezvous sites are identified via consultation or discovered during mineral exploration activities, Talon would coordinate with DNR and the USFWS as appropriate to establish a buffer where work would not occur between the prospect site and the den or rendezvous site. During early coordination, Talon requested the USFWS to identify known hibernacula (i.e., caves and mines where bats hibernate) in the AOI; work would not occur in township sections that intersect a 0.25-mile (mi) buffer of these areas. Talon would make every effort to perform tree cutting between November 1 and April 14 in areas within a 5-mi radius of those township sections. In other areas of the AOI within the ranges of the ESA-listed bat species, tree cutting could occur between August 1 and May 31 to avoid the summer roosting season in June and July. If potential roost trees must be cleared outside the recommended cutting dates due to logistical and environmental factors, emergence and/or acoustic bat surveys would be performed by trained staff to determine the suitability of the roost tree and presence/absence of bats prior to tree cutting. If bats are observed using trees slated for removal, consultation would be initiated with the USFWS prior to clearing vegetation or mineral exploration activities.

Mineral exploration activities would be organized to prevent the storage of equipment and foot traffic near milkweed plants to the maximum extent practicable to limit effects to the monarch butterfly. Overall, there would be no significant direct, indirect, or combined effects to biological resources with implementation of the Proposed Action at the three identified prospect sites. Because Section 7 consultation is programmatic and covers the entire AOI, Talon would continue coordination with the USFWS and DNR, as appropriate, to avoid or minimize any potential impacts to ESA-listed species at other future prospect sites within the AOI. Overall, there would be no significant direct, indirect, or combined effects to biological resources with implementation of the Proposed Action.

Earth Resources (PEA §3.3, pages 41-47): Drilling activities under the Proposed Action would create boreholes to depth ranging between 800 to 3,000 ft. Because the drilling process cuts cleanly through bedrock in a small diameter, the Proposed Action would not fracture bedrock or affect the stability of geological formations. Drilling activities have the potential to penetrate or disturb groundwater aquifers. To prevent aquifer mixing, a watertight steel casing would be installed in the borehole where it penetrates unconsolidated sediments above the bedrock surface. Site preparation activities, particularly the use of heavy equipment to install temporary access trails and to prepare clearings for drill pads, may require grading and leveling to create even flat surfaces where uneven terrain is encountered. Upon completion of the project, prospect sites would be re-graded to reestablish the natural contour of the land surface. Effects to soils such as alteration of soil horizons, soil compaction, and erosion would result from the presence and use of heavy equipment, foot traffic from construction and drilling personnel, excavation, grading, vegetation clearing, stockpiling of soils and debris, and drilling activities. To the extent practicable, existing disturbed land at the prospect sites would be utilized for creating access trails and siting new drill pads; thus, very small land areas, up to 0.5 acres, would be disturbed at each site. Overall, there would be no significant direct, indirect, or combined effects to earth resources with implementation of the Proposed Action.

Water Resources (PEA §3.4, pages 47-61): Potential effects to surface water and floodplains could occur because of sedimentation via stormwater runoff or in the unlikely event that drilling fluid is accidentally leaked onto the ground during drill rig operation. Talon would carefully plan each drill pad location to minimize potential effects to water resources while allowing access to the target. As a result, no drill pads would be located within 150 ft of surface water resources to avoid potential effects on rivers, streams, lakes, and ponds.

Talon would not site drill pads within any floodplain. Although Talon would avoid wetlands to the extent possible when locating drill pads, it may be necessary to cross wetlands to reach an identified target. Construction vehicles, including pickup trucks and 18-wheel transport trucks, could cause ground or vegetation disturbance, increasing the likelihood of soil compaction and erosion leading to sedimentation of the wetland or damage to or destruction of wetland vegetation. Talon holds a Nationwide Permit (NWP) 33 for Wetland Projects under Section 404(e) of the Clean Water Act, which contains requirements for temporary construction (e.g., the establishment of temporary bridges), including structure maintenance and removal, potentially affecting water resources. Adherence to NWP requirements would minimize potential adverse effects to wetlands. Potential effects to groundwater could occur if drilling activities penetrate or disturb aquifers, allowing them to mix. To prevent groundwater contamination, Talon would place a welded steel cap on top of temporarily closed boreholes. When the borehole is no longer needed, Talon would remove the casing from the hole and fill the borehole with cement up to ground level. Overall, there would be no significant direct, indirect, or combined effects to water resources with implementation of the Proposed Action.

Cultural Resources (PEA §3.5, pages 61-68): There are no historical properties or archaeological sites on or within the immediate vicinity of the three identified prospect sites: Roland Lake, Boulderdash, and Clipper. Based on this, the DAF made a ‘no historic properties affected in accordance with 36 CFR § 800.4(d)(1)’ determination and submitted this finding to the Michigan State Historic Preservation Officer (SHPO) on June 17, 2025. Federally recognized Tribes with interest in the AOI were identified as consulting parties; each Tribe was provided consultation letters on July 23, 2025, with follow-up correspondence on July 14, 2025. On July 25, 2025, the Michigan SHPO sent their concurrence with the DAF’s finding of ‘no historic properties affected’ in accordance with 36 CFR § 800.4(d)(1). The DAF mailed Tribal consultation packages and followed up with Tribes. In a letter of determination dated August 6, 2025, the Leech Lake Band of Ojibwe stated they do not have any recorded historic properties within the area of potential effects. The DAF contacted the Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin via phone on August 18, 2025, and confirmed they would not consult. The Sault Ste. Marie Tribe of the Chippewa Indians requested coordinates on August 19, 2025, which the DAF provided. The Lac Vieux Desert Band of Lake Superior Chippewa Indians of Michigan and Sokaogon Chippewa Community requested a copy of the PEA link when it becomes available. Inadvertent discovery protocols would be in place, and all activities would comply with Section 106 of the NHPA, the Archaeological Resources Protection Act, the Native American Graves Protection and Repatriation Act, and Part 761 of the Michigan Natural Resources and Environmental Protection Act, as appropriate. Overall, there would be no significant direct, indirect, or combined effects to cultural resources with implementation of the Proposed Action.

AGENCY AND PUBLIC COMMENT

To meet the requirements of EO 11988, *Floodplain Protection* and EO 11990, *Protection of Wetlands*, the DAF published an early public notice stating the Proposed Action could occur within identified wetland areas to encourage early and meaningful public involvement. An advertisement was posted within *The Mining Journal* and *L’Anse Sentinel* on July 9, 2025, with the comment period ending on August 8, 2025. No public comments were received during this period. The PEA and FONSI were made available for a 14-day public comment period through a public notice published on October 10 and 11, 2025 in *The Mining Journal*, on October 1, 2025 in the *L’Anse Sentinel* and on September 26, 2025 on a DAF-hosted website (<https://www.afrl.af.mil/Environmental>), with the comment period ending on October 17, 2025. No public comments were received during this period.

FINDING OF NO SIGNIFICANT IMPACT

Based on review of the facts and analysis summarized above and contained within the PEA, I find the Proposed Action for the DAF to fund Talon's accelerated nickel exploration action within the Upper Peninsula of Michigan would not have a significant impact on the natural and human environment. Talon will be responsible for and adhere to all applicable federal, state, and local regulatory permitting requirements identified above. An environmental impact statement is not required.

Considering the above information, I also find there is no practicable alternative for Talon temporarily affecting wetland areas. While Talon will avoid wetlands to the greatest extent possible when locating the drill pads, it may be necessary to cross wetlands to reach an identified target. Sedimentation of wetlands could result from soil compaction and erosion caused by construction vehicle use. Talon will adhere to their NWP requirements while establishing temporary bridges to minimize potential adverse effects to this resource. Based on this analysis, the Proposed Action has taken all practicable measures to minimize harm to the wetland areas. This fulfills the requirements of NEPA, the DoW NEPA Implementing Procedures, and EO 11990.

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