



March 14, 2022

Mr. Matthew Chamberlain  
Chief Executive Officer,  
London Metals Exchange

Mr. Adrian Farmham  
Chief Executive Officer  
LME Clear

**Re: Suspension of Nickel trading on the LME**

Dear Mr. Chamberlain, Mr. Farnham,

On behalf of the Mining Association of Canada (MAC) and our members, we are writing to impress a sense of urgency for the London Metals' Exchange (LME) leadership team, together with the Financial Conduct Authority and Bank of England, to take all necessary measures to address the ongoing governance and anomalies witnessed during the trading week of March 7th and re-open nickel trading at the earliest possible opportunity.

MAC is the national organization representing the Canadian mining industry, comprising companies engaged in mineral exploration, mining, smelting, refining and semi-fabrication. Our members account for most of Canada's production of base and precious metals, uranium, diamonds, metallurgical coal, and mined oil sands. The global nickel industry and related financial and banking ecosystems rely on a well-functioning, transparent and effective LME and we are fast approaching a week since the trading of nickel was suspended. The lack of knowledge on the full extent of the crisis-at-hand, nor the timeline for the LME's resumption of trading, are creating major financial and reputational repercussions for the LME and our industry world-wide. The longer that this suspension remains in place, and without a clear, publicly communicated action plan, the more demand destruction for nickel as well as other major reputational impacts will continue to increase.

We also call upon the LME to provide clear, public direction and comments on pricing during the ongoing suspension period. Nickel producers and buyers not only reference the LME for transparent pricing and supply liquidity for daily transaction activities, the LME is also an essential reference point for producers to establish long-term production

and demand projections, annual strategic plans, sales forecasts as well as where producers and buyers arrange appropriate financing for the production and purchase of this critical mineral. Without a stable, credible, equitable and functioning benchmark, this threatens to undermine global market confidence and integrity in the nickel industry and related downstream industries.

Canada is the sixth largest producer, accounts for 6% of global nickel production and exports nickel with the lowest carbon content of any country apart from Finland. In 2020, the country designated nickel as a critical mineral for decarbonization and electrification efforts and for other critical applications in high tech and defense industries. Other countries have done the same, including the United States in Europe. With the LME exchange closed for almost one week, this is now damaging the industry's reputation as a stable and reliable producer at a time where the world and society is demanding action on climate change and the electrification of our transportation networks, and while a war wages in Ukraine creating additional supply shocks.

The LME has a proud history of 145 years serving as a key benchmark for Class 1 and Class 2 Nickel as well as intermediates across the entire nickel industry. We look forward to learning more details of your action plan to rectify the outstanding issues at the earliest opportunity. This will enable industry to better understand the LME's plan and timeline for stabilization which is essential for repairing a severely damaged reputation that these trading anomalies have created. This is essential as we continue to deal with increased geo-economic and geo-political volatility and uncertainty throughout the globe.

We appreciate your immediate attention on this matter and I would be very happy to arrange a call with your leadership team and our Board members at the earliest opportunity. It would be of high value for our organizations to learn how the LME will de-risk the immediate situation and what actions will also be implemented to ensure events of such magnitude are not repeated in the future. We look forward to such a conversation.

Sincerely,



Pierre Gratton  
President & CEO  
Mining Association of Canada

cc: The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance  
The Honourable Jonathan Wilkinson, Minister, Natural Resources Canada  
Mr. Charles Randell, Chair, Financial Competent Authority, United Kingdom  
Mr. Dave Ramsden, Deputy Governor, Bank of England  
Mrs. Gay Huey Evans, Chair, London Metals Exchange