

# PROJECT DEVELOPMENT AND ASSET MANAGEMENT

## PROJECT SUMMARY MATRIX - ACTIVE PROJECTS

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PROJECT	PROJECT VALUE	LOCATION	ECONOMIC BENEFIT	PURPOSE	PARTNERS	CURRENT STATUS
Skagway Ore Terminal	\$14 million	Skagway	<ul style="list-style-type: none"> <li>Provides up to 10 jobs at the terminal, plus trucking jobs</li> <li>Future opportunities for other NW Canada or Alaska mining projects</li> <li>Enhanced winter road maintenance and local property tax revenue</li> </ul>	Offer year-round stability to Skagway; fund essential renovations to the terminal; and boost economy by marketing terminal to other users	<i>Facility Owner:</i> AIDEA <i>Land Owner:</i> City of Skagway <i>User:</i> Minto Explorations Ltd. <i>Operator:</i> Mineral Services	AIDEA is negotiating with the Municipality of Skagway for a new lease. The Skagway Assembly will review the lease on January 8, with the seconding reading on January 22. Eagle is no longer interested in pursuing the use of the Skagway Ore Terminal due to current ore prices and the inability to find a magnetite purchaser. The Municipality of Skagway is progressing with their Gateway project. AIDEA will provide its view regarding maximum loads for the terminal and work with KPFF Consulting Engineers as it relates to the ship loader. AIDEA will get a geotech survey of the concentrate storage building, as part of the Gateway Project, to help determine the load capability of the concrete slab for a possible 75-foot high building expansion of the storage shed. Capstone continues to ship ore concentrates and perform ship loader repairs and maintenance.
Camp Denali Readiness Center	\$14.1 million	Anchorage	<ul style="list-style-type: none"> <li>Created 80 new jobs during the construction</li> <li>Retained US Coast Guard (USCG) Anchorage jobs</li> <li>Allowed USCG to expand their civilian/local and military staff</li> </ul>	Expand existing Alaska National Guard Armory for use by the USCG on Joint Base Elmendorf and Richardson (JBER)	<i>Facility Owner:</i> AIDEA <i>Land Owner:</i> JBER, Air Force <i>User:</i> USCG <i>Operator:</i> DMVA	The project was completed ahead of schedule for \$14.1 million. The US Senate Committee on Armed Services approved the use of a Reserve facility for a non-Reserve function thus allowing the USCG to occupy the building on January 15, 2014 providing an annual payment to AIDEA of \$1.1 million.
Endeavour - Spirit of Independence Drilling Rig	\$127 million, rig total	Cook Inlet	<ul style="list-style-type: none"> <li>Refurbishment, repair, and maintenance activities created local construction jobs</li> <li>100+ direct jobs for rig operation</li> <li>75+ support industry jobs during drilling operations</li> <li>300+ indirect jobs from spending by rig employees and support personnel</li> </ul>	Assist in the continued exploration and development of natural gas and oil in Alaska	<i>Owner:</i> Kenai Offshore Ventures, LLC <i>Partners:</i> AIDEA; Ezion Holdings, Ltd.; Teras Investments, Ltd. <i>Operator:</i> Spartan Drilling	On November 14, 2014, AIDEA announced that it had agreed to sell its interest in the Endeavour – Spirit of Independence to the common owners of KOV (Ezion and Teras). The sale was warranted due to the inability to obtain long-term charter agreements for the rig in Alaska. With the funds received from this sale, AIDEA anticipates an overall 6.6% rate of return for the project. Importantly, the project also has significantly contributed to the renaissance of the oil and gas industry for the Cook Inlet. The successful drilling by the Endeavour in 2013 in the Cosmopolitan leases are now being planned for development.
Federal Express Aircraft Maintenance Facility	\$22.2 million	Anchorage	<ul style="list-style-type: none"> <li>56 permanent, high skilled jobs</li> <li>Brought a pilot base to Alaska</li> <li>Demonstrates economic significance of the FedEx Anchorage operation by their ability to perform line maintenance on their fleet of 747 aircraft operating through Anchorage</li> </ul>	Strengthen Alaska’s role as an international air crossroads by improving basic services for air carriers serving Alaska	<i>Facility Owner:</i> AIDEA <i>Land Owner:</i> AK DOT and PF <i>User:</i> FedEx <i>Operator:</i> FedEx	AIDEA is currently negotiating a new FedEx property lease. A 30-day public comment period on AIDEA’s intent to negotiate with FedEx closed without comment. The Municipality of Anchorage and TSAIA support the FedEx lease. AIDEA received the cost estimates for refurbishment of items in the hangar and fire suppression system and will contract to complete the refurbishment tasks. FedEx approved the use of the hangar by the Alaska Airman’s Association for one week each year.We expect to present the contract to the March Board.
Ketchikan Shipyard	\$86.8 million	Ketchikan	<ul style="list-style-type: none"> <li>161 direct jobs in Ketchikan</li> <li>Provides reliable, cost effective and quality vessel maintenance repair and construction services</li> <li>Vigor Alaska LLC’s gross revenues from operations are shared between AIDEA, the Ketchikan Gateway Borough and the City of Ketchikan (\$32.3M in 2012)</li> </ul>	Establish the Ketchikan Shipyard as a viable enterprise creating and maintaining permanent jobs in Ketchikan and long-term economic development	<i>Facility Owner:</i> AIDEA <i>Land Owner:</i> Ketchikan Gateway Borough, City of Ketchikan <i>User:</i> Various <i>Operator:</i> Vigor Alaska LLC	AIDEA selected a contractor to conduct a marine survey of the Ketchikan Shipyard in order to develop an updated Repair and Replacement (R&R) Project schedule. Vigor Alaska is finalizing plans for utilizing remaining SAFETEA-LU funds and capital appropriations for work expected for completion by Spring 2015. AIDEA was awarded \$1.18M in FY15 State Capital Appropriations for the Shipyard to be used to relocate the electrical substation. In September, Vigor Alaska was selected to build Alaska’s two newest ferries at AIDEA’s Ketchikan Shipyard. The Laying of the Keel ceremony was held on December 13, 2014. AIDEA met with Vigor Alaska to discuss their upcoming lease extension and their 10-year business plan.
Snettisham Hydroelectric Facility	\$100 million (AIDEA purchase cost)	Juneau	<ul style="list-style-type: none"> <li>Low and stable electrical rates foster Juneau economic growth</li> <li>Sale of excess power to Greens Creek mine, which supports &gt;300 mine employees.</li> <li>Sale of excess power to local cruise ships during temporary docking provides rebates to local Juneau customers and improved local air quality</li> </ul>	Provide a long-term and low- cost power source for Juneau, supporting local jobs, reducing costly diesel requirements, and minimizing air emissions	<i>Owner:</i> AIDEA <i>Operator:</i> Alaska Electric Light and Power Company (a subsidiary of Avista Corp.)	The two hydroelectric generating stations that comprise the Snettisham facility are currently providing reliable and low cost power to Juneau residents and businesses. Excess power is also provided to the Greens Creek mine and cruise ships docked in Juneau. Recent transmission line modifications have provided avalanche diversion structures that improve the overall reliability of the power from this system. On July 1, 2014, Avista Corp. completed the acquisition of AEL&P.

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DeLong Mountain Transportation System	\$267 million, total	Northwest Alaska	<ul style="list-style-type: none"> <li>500+ regular and 100 seasonal jobs (mine &amp; port)</li> <li>\$35M in annual royalty payments to NANA (mine land owner)</li> <li>Provides payments in lieu of taxes to NWAB (\$9M in 2012)</li> <li>15 million gallons of fuel each year typically purchased from Alaskan refineries. Teck has also helped facilitate the purchase of lower cost heating oil for local villages and residences</li> </ul>	Support the development of the Red Dog and other potential nearby mines	<i>Owner:</i> AIDEA <i>Operator:</i> Teck Alaska, Inc.	DMTS operations continued in 2014 with ore concentrate shipments that started in July and completed on October 20th. More than 1.2 million wet metric tons of zinc and lead ore concentrate were loaded out. Teck anticipates continued significant mining from the Aqqaluk deposit through 2031. Several large maintenance construction projects are currently being planned for 2015, including the replacement of the roof on Concentrate Storage Building #1 (CSB#1).
Mustang Road and Production Pad	\$20 million (AIDEA) \$27 million total	North Slope	<ul style="list-style-type: none"> <li>Road and pad will support potential further development of local oil fields, North Slope infrastructure, and TAPS</li> <li>Road opens/enables exploration of other nearby fields/units</li> <li>30 construction jobs for road and pad</li> </ul>	Foster the development of North Slope oil prospects that will potentially replace decreasing TAPS flows from the legacy fields	<i>Owner:</i> Mustang Road, LLC <i>Partners:</i> AIDEA, MEP Alaska, LLC, Caracol Petroleum, LLC, TP North Slope Development, LLC <i>Operator:</i> Brooks Range Petroleum Corp. (BRPC)	The Mustang Road and Production Pad were completed in the spring of 2013. The road and pad were used by other North Slope operators/developers in the winter of 2013-2014 for Western North Slope exploration and development activities, providing support for 100-120 jobs. The road and pad are now supporting the drilling efforts that have initiated for the development of the Mustang Field. Later this winter, construction activities will also be started on the pad for the Mustang Operations Center oil production facility.
Mustang Operations Center #1 MOC1	\$ 50M AIDEA investment (\$201M+ total project value)	North Slope	<ul style="list-style-type: none"> <li>New oil production will sustain North Slope infrastructure and TAPS, contributing additional oil to the pipeline</li> <li>Potential royalties and other State tax revenues may exceed \$300 million</li> <li>250+ construction jobs for the production Facility</li> <li>20-25 full-time, permanent jobs for operations of the production Facility</li> <li>Over \$45 million in property tax payments to the North Slope Borough over the lifetime of the Facility</li> </ul>	Foster the development of new North Slope oil production and continued exploration/development of western North Slope oil prospects that may augment the decreasing TAPS flows from legacy fields.	<i>Owner:</i> Mustang Operations Center 1, LLC <i>Partners:</i> AIDEA, Brooks Range Petroleum Corp. (BRPC), MEP Alaska, LLC, Caracol Petroleum, LLC, TP North Slope Development, LLC, CES Oil Services, Pte. <i>Operator:</i> BRPC	Design and procurement efforts for the construction of the MOC1 oil production facility are now in-progress. In accordance with the finance plan for the LLC, AIDEA has contributed more than \$17 million to MOC1 via payment of BRPC invoices for on-going design and construction efforts. AIDEA's partner in the LLC, CES Oil Services Pte, Ltd., has also contributed its \$1 million to MOC1. BRPC has staffed up significantly, with the addition of more than 10 professionals to lead and support the project. The project is also supporting more than 30 local engineers and support personnel with the on-going consulting and design contracts devoted to the project.

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## PROJECT SUMMARY MATRIX - PROSPECTIVE PROJECTS

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PROJECT	PROJECT VALUE	LOCATION	ECONOMIC BENEFIT	PURPOSE	PARTNERS	CURRENT STATUS
Lik Development Feasibility Study	Up to \$70 million projected DMTS expansion	Northwest Alaska	<ul style="list-style-type: none"><li>Continue and expand operations of DMTS and associated facilities</li><li>Contribute additional payments to the NWAB</li><li>Provide additional employment opportunities to local residents</li></ul>	Evaluate the potential for extension/expansion of the DMTS to service this new potential mine	<i>Owner:</i> AIDEA <i>Proponent:</i> Zazu Metals Corp.	Zazu Metals Corporation is currently conducting feasibility, design, and environmental study/permitting efforts for the potential development of the Lik Mine, located approximately 15 miles northwest of the Red Dog Mine. Building upon prior studies, AIDEA entered into a cost reimbursement agreement with Zazu to perform additional feasibility studies for the potential use and expansion of DMTS to support the proposed mine. The Feasibility Report produced as a result of these studies was recently completed and posted to AIDEA's website.
Niblack Project, LLC (Niblack Mine)	Up to \$35 million total AIDEA investment	Ketchikan Gravina Island Industrial Complex (GIIC) and Prince of Wales (POW) Island	<ul style="list-style-type: none"><li>The Niblack Project has the potential to economically benefit Southeast Alaskan communities, businesses and residents</li><li>The Niblack mining operation on POW Island would potentially provide 150 full-time jobs</li><li>The ore processing facility near Ketchikan would potentially provide 80 full-time jobs</li></ul>	AIDEA is interested in collaborating with Niblack to assess the infrastructure, design and power requirements at both the Niblack mine site and at the GIIC process site in order to determine if AIDEA may be able or willing to provide financing for or otherwise participate in project development. AIDEA is also interested in working with Niback and Ketchikan Gateway Borough to investigate opportunities for the new port facilities anticipated as part of the GIIC development.	<i>Owners:</i> Heatherdale Resources Ltd <i>Partners:</i> AIDEA, Ketchikan Gateway Borough <i>Operator:</i> Heatherdale Resources Ltd	AIDEA is currently working with Heatherdale Resources Ltd. and is following the continued early project development activities. Recent meetings between AIDEA and Heatherdale indicate mine and other infrastructure development may start in 2017 or 2018.
BlueCrest/ Cosmopolitan Production Facility (Cook Inlet)	Up to \$40 million total AIDEA investment	Cook Inlet	<ul style="list-style-type: none"><li>The production of the oil and gas from the Cosmopolitan Unit in the Cook Inlet will significantly increase current total inlet oil production, supporting local communitiies, businesses, and residents</li><li>The development would provide approximately 20-30 full-time jobs, several hundred construction jobs, and other jobs related to the trucking of the oil to the Tesoro Kenai Refinery</li><li>Oil from the project would be sold to the Tesoro Kenai Refinery, further supporting local jobs</li></ul>	AIDEA is performing pre-feasibility efforts to evaluate the proposed for investing in the potential oil/gas production facility for the Cosmopolitan development.	<i>Owners:</i> BlueCrest Energy, Ltd. <i>Partners:</i> AIDEA, BlueCrest Energy, and others	In 2014, AIDEA executed a Memorandum of Understanding (MOU) to share costs with BlueCrest Energy using G11-18 funds for performing pre-feasibility efforts related to understanding the potential business case for the project. AIDEA has recently completed independent evaluations of the potential oil/gas reserves for the field, a review of the engineering plans/design and schedule for development, and a review of the financial and technical capabilities of BlueCrest. BlueCrest has financing arranged for the initial phases of the proposed oil production facility, however BlueCrest may look to AIDEA for financing of future facility phases; discussions are on-going.
Seward Marine Industrial Center (SMIC) Business Plan	\$225,000	Seward	<ul style="list-style-type: none"><li>Provides new jobs in the maritime industry</li><li>Provides potential homeporting for the UAF research vessel (R/V Sikuliaq)</li><li>Enhances support for oil/gas exploration and development, increases support for Arctic marine traffic, and supports increases in Alaska RR trans-shipments</li><li>Increases workforce development, employment opportunities, and training opportunities at AVTEC</li></ul>	Develop a sustainable business plan and funding strategy for the SMIC project and identify near, mid and long-term development options for the prioitization of public investment in infrastructure and facilities. The developed SMIC area will offer a year-round moorage and wharfage capacity for larger vessels, repair damaged infrastructure and add utility and upland improvements.	<i>Facility Owners:</i> City of Seward <i>Land Owner:</i> City of Seward <i>User:</i> Various, Vigor Alaska <i>Operator:</i> City of Seward	AIDEA has executed a Memorandum of Understanding with the City of Seward for the development of the SMIC Business Plan, using both AIDEA and Seward funds. AIDEA is executing a contract with Arcadis for the development of this Business Plan and anticipates kickoff activities and initial meetings with stakeholders and others will occur this month.
Furie Gas Production Infrascstructure	Up to \$50 million	Cook Inlet	<ul style="list-style-type: none"><li>Provide new natural gas to support Cook Inlet and Southcentral AK utilities and overall economic base.</li><li>Supports local industry with potential gas sales to the Tesoro refinery, Agrium fertilizer plant, and/or ConocoPhillips LNG plant</li><li>Provides permanent jobs associated with the gas production facility operations and maintenance</li></ul>	Provide infrastructure for the development and production of a new natural gas source/field (Kitchen Lights Unit) in the upper Cook Inlet. Infrastructure includes an offshore monopod platform, undersea pipelines, and onshore natural gas treatment and production facility.	<i>Facility Owner:</i> Furie Operating Alaska, LLC <i>Partners:</i> AIDEA, Furie, Cornucopia Oil and Gas, LLC	AIDEA entered into a Cost Reimbursement Agreement with Furie and Cornucopia in January 2015 via AIDEA Board Resolution G15-01 to enable the performance of appropriate due diligence and planning activities surrounding AIDEA's potential investment in the planned natural gas production infrastructure. Under the agreement, AIDEA will perform activities to assess the quality and soundness of the project and develop the specific terms for AIDEA's participation/investment with Furie and Cornucopia.



# INFRASTRUCTURE DEVELOPMENT

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IEP	\$500 million	Interior, AK	<ul style="list-style-type: none"> <li>Support between 250 and 840 total jobs and \$16.5 million to \$55.2 million in total income in the FNSB</li> <li>440 jobs average estimated annual employment during construction period 2014 through 2021</li> <li>350 jobs directly employed in construction industry</li> <li>Average annual income generated by construction activities over this timeframe expected to be \$29.1 million</li> <li>\$25 million income for construction workers</li> <li>520 local long-term jobs annually and \$9.2 million indirectly supported at other FNSB businesses</li> </ul>	Reduce the cost of fuel to Interior Alaska by providing an alternative, lower cost fuel source	<i>LNG Plant:</i> <i>Trucking:</i> Private Sector <i>Distribution:</i> Interior Gas Utilities, Fairbanks Natural Gas, Golden Valley Electric Association	<u>Plant</u> AIDEA has advanced design and cost estimates with MWH and Kiewit for an LNG plant, and is exploring other alternatives to bring the lowest cost gas possible to Interior Alaska.  <u>Distribution</u> FNG: 32 miles pipe installed, completed Brandt, Westgate, Hebb&Narodick, and Hamilton Acres subdivisions.  IGU: Six-year plan complete. IGU issued RFP to purchase 80 miles of pipe that will begin to be laid next summer. IGU has applied for a new AIDEA loan to construct the first phase of its distribution system.
Bokan	Up to \$145 million	Prince of Wales Island, AK	<ul style="list-style-type: none"> <li>Evaluation of the economic benefits to the State of Alaska in terms of jobs development, business growth, and revenue are ongoing by AIDEA</li> <li>Ucore continues to provide local employment in cooperation with the Prince of Wales Tribal Enterprise Consortium and Ketchikan area businesses</li> </ul>	Provide high-payingjobs to Alaskans and support Alaska resource development	<i>Project Proponent:</i> Ucore Rare Metals, Inc.	Ucore is compiling baseline data and qualitative results from ongoing engineering studies to produce a formal Plan of Operations (PoO) for the Bokan REE Project. The PoO will be submitted to the United States Forest Service to facilitate delivery of an Environmental Impact Statement (EIS) and initiate the review process set out in the National Environmental Policy Act (NEPA). Ucore is in the process of preparing a Bankable Feasibility Study for the Bokan REE Project.
REI	\$1 billion	Cook Inlet, AK	<ul style="list-style-type: none"> <li>An estimate of employment for the various components of the LNG plant is approximately 1,000 construction related jobs and about 50 permanent jobs for the operation of the plant</li> <li>The construction of this Greenfield facility should assist in the continued exploration and development in the Cook Inlet basin and create both construction jobs and long-term jobs in the LNG plant itself and in associated companies</li> </ul>	Partner with Japan in Alaska natural gas resource development	<i>Owner/Operator:</i> Resources Energy, Inc. <i>Partners:</i> AIDEA and private entities	REI entered into a Cooperation Agreement with the State of Alaska in December 2014 to cooperate in the development of an LNG export project. An initial step of the agreement is to facilitate the development of a Cook Inlet LNG facility.  REI commissioned a Reserve and Production Study for Cook Inlet natural gas to evaluate 2P Reserves. The study determined 35% to 40% of the 2P reserves would supply 20 years of natural gas for a 62 billion cubic foot per year LNG facility.  REI commissioned a Pre-FEED study which is being prepared by KBR to estimate cost, site plan and layout for the Greenfield LNG facility.