



February 21, 2025

The Honorable Mike Dunleavy
Governor of Alaska
P.O. Box 110001
Juneau, AK 99811

Subject: Energy solutions for Southcentral and the Y-K region

Dear Governor Dunleavy,

Donlin Gold LLC (Donlin Gold) has proposed the development of a hard rock open pit gold mine in Southwest Alaska, approximately 277 miles Northwest of Anchorage and 10 miles north of the Village of Crooked Creek. Donlin Gold is a 50/50 joint venture between Barrick Gold U.S. Inc and NOVAGOLD Resources Inc. The gold resource and the proposed mine site are on lands owned by Calista Corporation and The Kuskokwim Corporation, two Alaska Native Corporations.

Donlin Gold includes an estimated 33.9 million ounces of gold to be mined over 27 years, producing about one million ounces per year. It would take four years to construct and employ up to 3,200 people with a total payroll of \$1.7 billion. During operations, it would provide 1000 jobs statewide with an annual payroll of about \$118 million. Additional benefits include payments to the State of Alaska through mining licenses and royalties to our Alaska Native partners.

Donlin Gold's key energy drivers would include a mill operating at ~59,000 short tons/day and a fleet of 69 haul trucks (400 short tons each) running on Diesel or a Diesel-Liquified Natural Gas mix. An on-site power generation facility will be fueled by natural gas transported via a 316-mile pipeline from Southcentral (i.e, Cook Inlet). Diesel fuel will be delivered by barge. The Donlin Gold project includes a dual-fuel (natural gas with diesel backup) reciprocating engine electric generation plant. The total connected load will be 227 megawatts (MW), the average running load will be 153 MW, and the peak load will be 184 MW.

The table below outlines the peak demand for natural gas and diesel for the Donlin Gold project under two scenarios: operation with diesel trucks and operation with LNG trucks. A final decision cannot be made at this time, as LNG fuel truck technology is still in development.

Key Operational Drivers	LNG – Annual (Bscf/year)	Diesel - Annual (Mgal/Year)
Mine operation with Diesel trucks	11.2	42.3
Mine operations with LNG trucks	15.5	13.3

Note: Bscf = Billion standard cubic feet

Mgal = Million Gallons

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We appreciate and commend your leadership in addressing the energy challenges of Southcentral Alaska and your steadfast commitment to ensuring reliable and affordable energy for all Alaskans. The communities in the Yukon-Kuskokwim (Y-K) region, which is one of the most energy-impooverished areas in the United States, depend almost exclusively on diesel, which is both an expensive and inefficient way to generate electricity. Although the Power Cost Equalization (PCE) program offers some relief to residential customers, energy costs remain exceedingly high. Costs in Aniak, a hub community in the Middle Kuskokwim, are currently more than nine dollars a gallon for heating fuel. Availability and affordability of natural gas is a key issue for the Donlin Gold project.

As discussions around energy infrastructure and in-state natural gas development progress, it is important to consider how these initiatives could impact both Southcentral Alaska and the Y-K region. The proposed Alaska Gasline Development Corporation's North Slope natural gas pipeline can provide a cost-effective and reliable energy source for Southcentral Alaska, as well as for the Y-K region and the Donlin Gold project. As a potential new significant in-state consumer of natural gas, Donlin Gold could help lower the cost of delivered gas, benefiting consumers in Southcentral Alaska and supporting the expansion of energy distribution infrastructure into the Y-K region. Once in production, the Donlin Gold project would be a large economic engine for the Y-K region, with an opportunity to introduce a lower-cost alternatives to diesel. However, the high costs associated with the necessary infrastructure to bring natural gas into the Y-K region is a significant factor affecting the economics of the Donlin Gold project. A crucial question remains: what will the delivered cost of gas be? Until this is determined, no decisions can be made.

We appreciate the opportunity to collaborate with you and other stakeholders in the pursuit of sustainable, long-term energy solutions for Southcentral, the Y-K region, and the Donlin Gold project. Please do not hesitate to reach out if you would like to discuss this issue further.

Sincerely,

A handwritten signature in black ink that reads "Enric Fernandez". The signature is fluid and cursive, with the first name "Enric" and last name "Fernandez" clearly distinguishable.

Enric Fernandez

Interim General Manager