

# Mining Industry Briefing

Alaska Miners Association  
Council of Alaska Producers

Joint House/Senate Resources Committee  
February 5, 2014



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# Why Do We Mine?

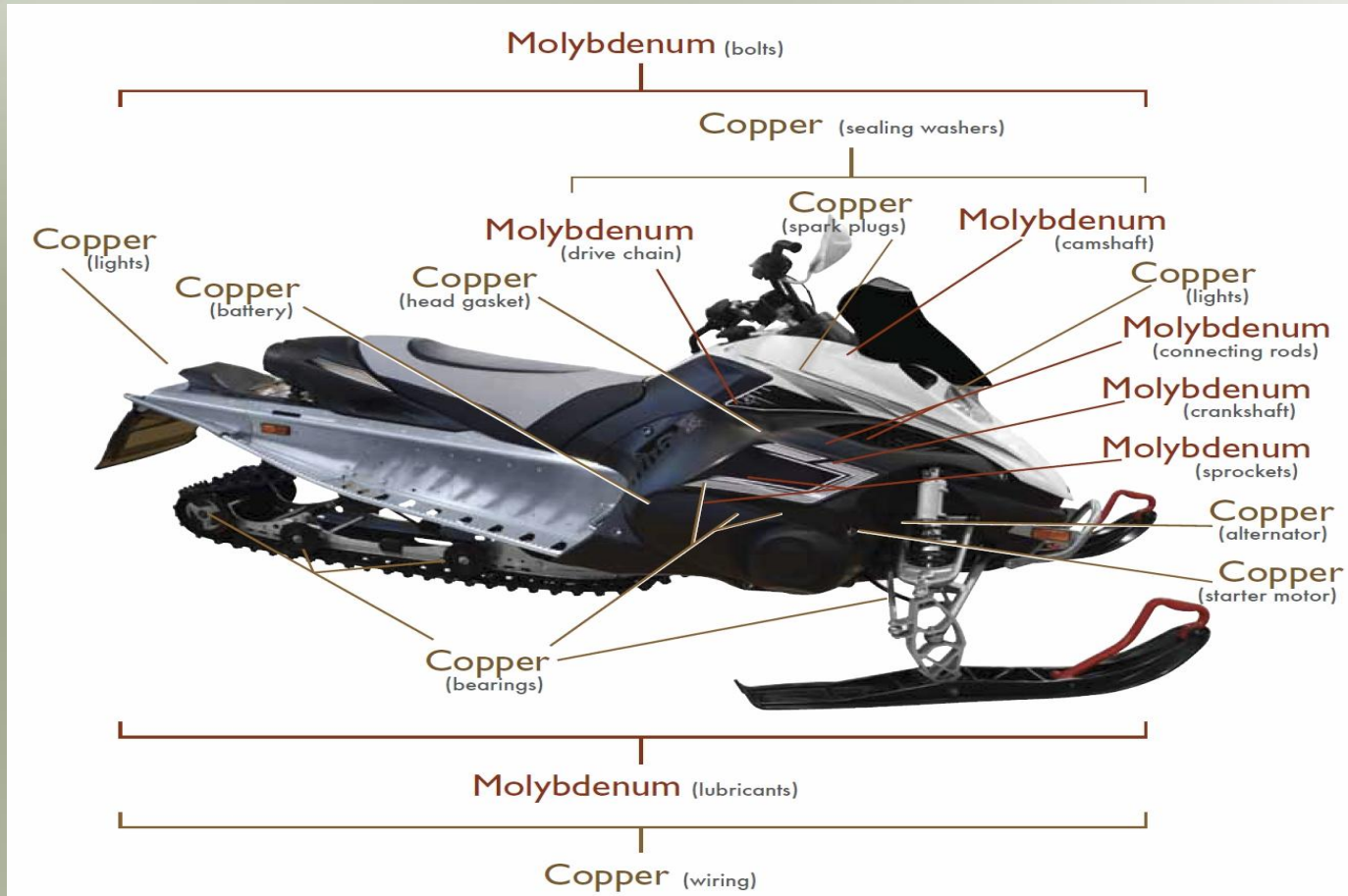
## Broken-down Raw Materials of Worth in Your iPhone 5



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# Why Do We Mine?



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335 tons steel

molybdenum

700 lbs rare earths

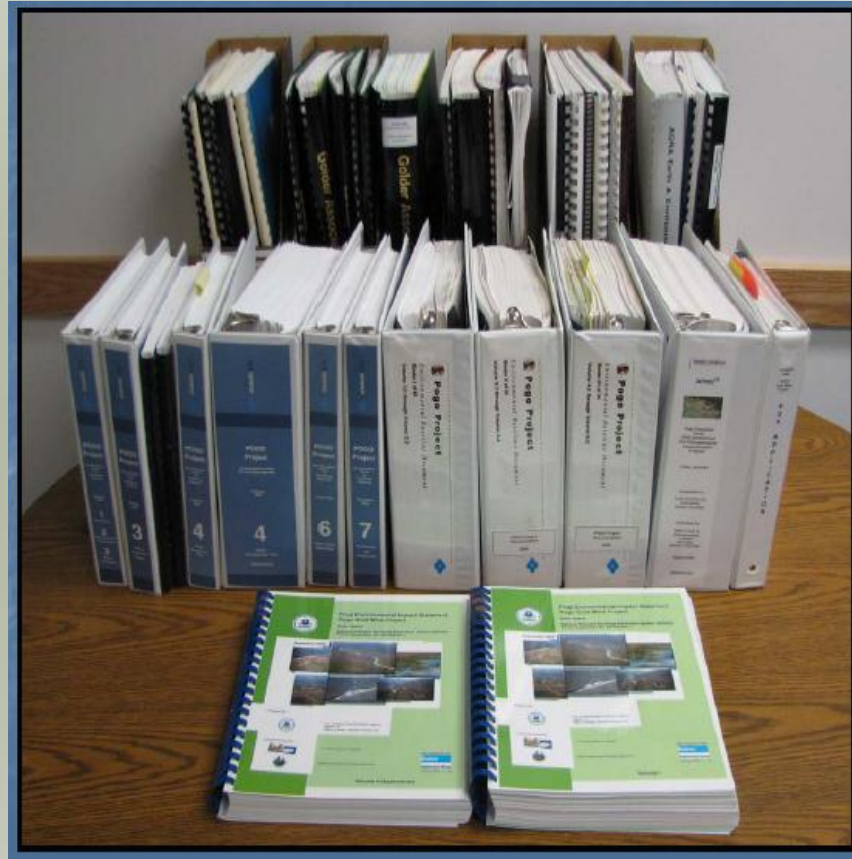
3 tons aluminum

zinc

4.7 tons copper



# Alaska has a World-Class Permitting System



Pogo Mine's Permitting Documents  
and Environmental Impact Statement



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# MINING DAY *at the Fair*

FRIDAY, AUGUST 3

- Mining hard hats for the kids
- Special educational activities
- Prizes and giveaways
- Learn about mining's contributions to Alaska

*Enter to Win a mountain bike at our booth!*

*Mining Works for Alaska!*



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# Mining Activity in Alaska



# Red Dog Mine – Northwest Alaska





# Usibelli Coal Mine – Healy





# Fort Knox Mine – Fairbanks





# Pogo Mine – Fairbanks/Delta Junction





# Greens Creek Mine – Juneau





# Kensington Mine – Juneau





# Upper Kobuk Mineral Projects





# Livengood – Fairbanks





# Wishbone Hill – Palmer





# Donlin Gold – Kuskokwim





# Pebble – Southwest Alaska





# Chuitna – Southwest Alaska





# Niblack – Prince of Wales Island





# Bokan-Dotson Ridge Prince of Wales Island





# 300+ Placer Mines





# No Single Permit to Mine: there are many permits & authorizations

Mine permitting is a mixture of State, Federal and, potentially, local permitting requirements.  
Each project is unique.

## STATE

- Plan of Operations (DNR)
- Reclamation and Bonding (DNR)
- Waste Management Permits and Bonding (ADEC)
- CWA Section 402 APDES Water Discharge Permit
- Certification of ACOE Permits (ADEC)
- Sewage Treatment System Approval (ADEC)
- Air Quality Permits (ADEC)
- Fish Habitat and Fishway Permits (ADF&G)
- Water Rights (DNR)
- Right of Way/Access (DNR/DOT)
- Tidelands Leases (DNR)
- Dam Safety Certification (DNR)
- Cultural Resource Protection (DNR)
- Monitoring Plan (Surface/Groundwater/Wildlife) (DNR/DEC/DFG)

## FEDERAL

- US EPA Air Quality Permit review
- US EPA Safe Drinking Water Act (UIC Permit)
- US ACOE Section 404 Dredge and Fill Permit
- US ACOE Section 10 Rivers and Harbors Act
- US ACOE Section 106 Historical and Cultural Resources Protection
- NMFS Threatened and Endangered Species Act Consultation
- NMFS Marine Mammal Protection Act
- NMFS Essential Fish Habitat
- NMFS Fish and Wildlife Coordination Act
- USFWS Threatened and Endangered Species Act Consultation
- USFWS Bald Eagle Protection Act Clearance
- USFWS Migratory Bird Protection
- USFWS Fish and Wildlife Coordination Act

These are only some of the permits required!



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# Responsible Closure



True North (Fairbanks)

- Alaska law (AS 27.19) requires that a mine site must be returned to a stable condition compatible with the post-mining land use
- Financial assurance reassessed every 5 years
- Applies equally to US and non-US companies



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# Alaska Mining Activity in 2013

- \$180 million exploration expenditures
- \$250 million development expenditures
- \$3.4 billion in gross mineral production
- 300+ placer mines



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# Employment and Payroll



- 4,600 direct jobs
- 9,100 total direct and indirect
- \$630 million total payroll
- Average annual wage of \$100,000
- Residents of 80+ communities



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# Benefits to Alaska Native Corporations

- 7(i) and 7(j) royalty sharing
  - \$1.04 billion to NANA (1989–2013), of which \$609 million shared
- Jobs for shareholders
  - Red Dog 56%
  - Donlin Gold 90%
- Business partnerships (NANA Lynden, NMS)



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# Payments to Local Governments

\$16.8 million to local governments:

- \$8.7 million in PILT to NWAB
- \$5.2 million to FNSB
- \$2.8 million to CBJ
- Denali, City of Nome, etc.



Noatak School



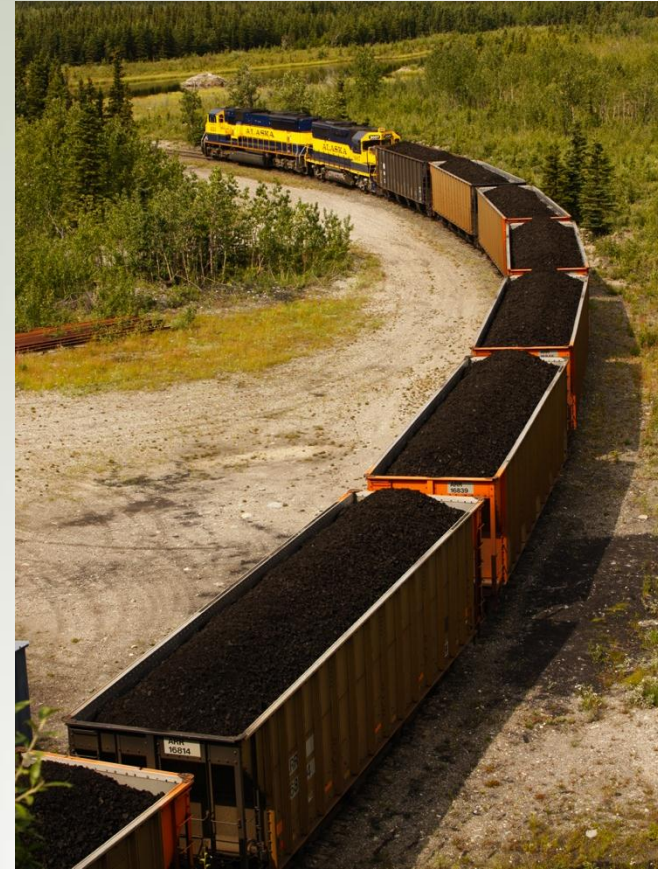
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# Payments to State Government

- \$100.2 million in royalties, rents, fees, and taxes
- \$49.7 million in other state-government related revenues, including:
  - \$23.8 million to Alaska Railroad (moving coal, sand, gravel)
  - \$21.1 million to AIDEA (DeLong Mountain Regional Transportation System, Skagway Ore Terminal )
  - \$4.8 million to Alaska Mental Health Trust



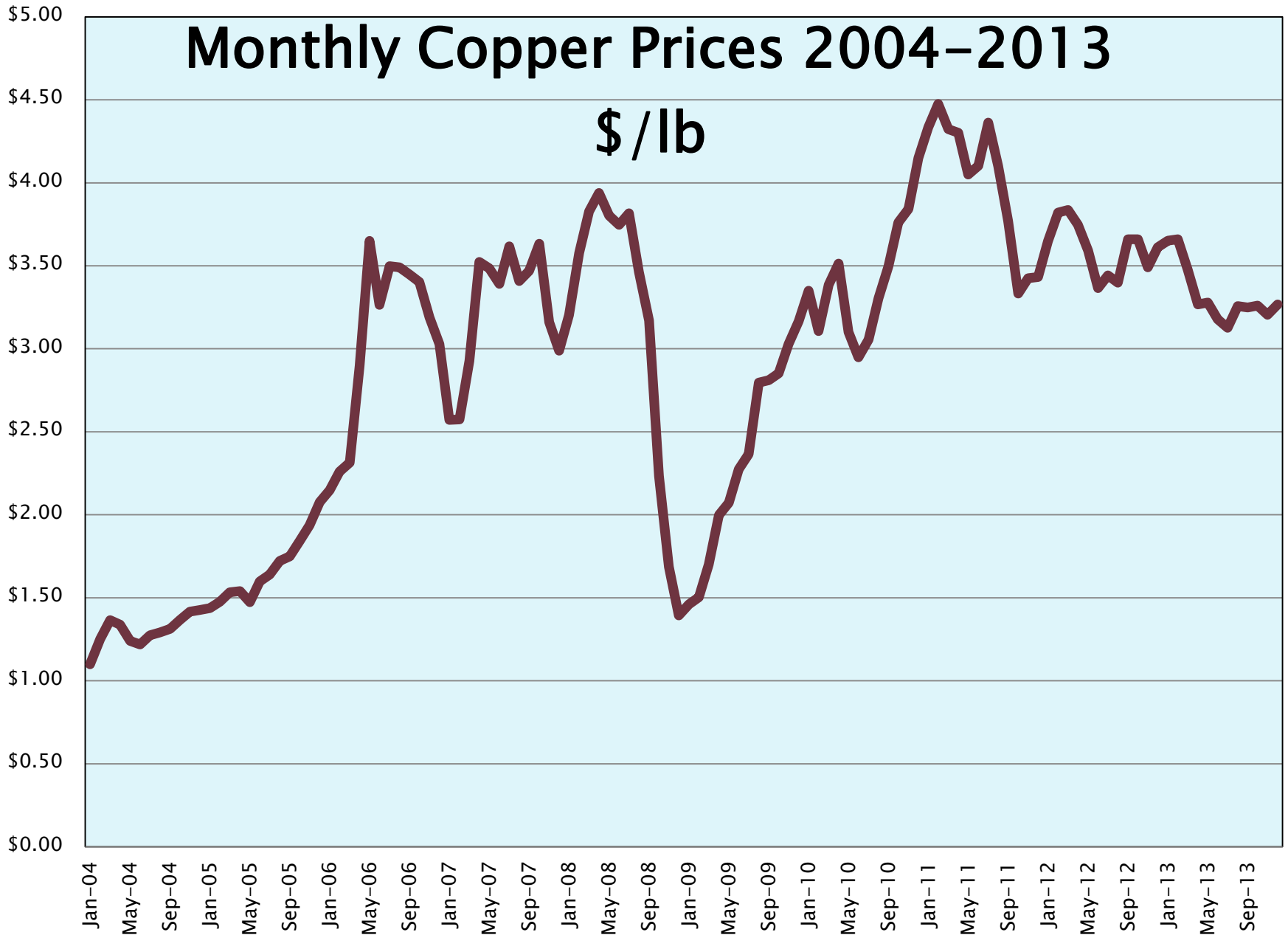
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# Monthly Copper Prices 2004–2013

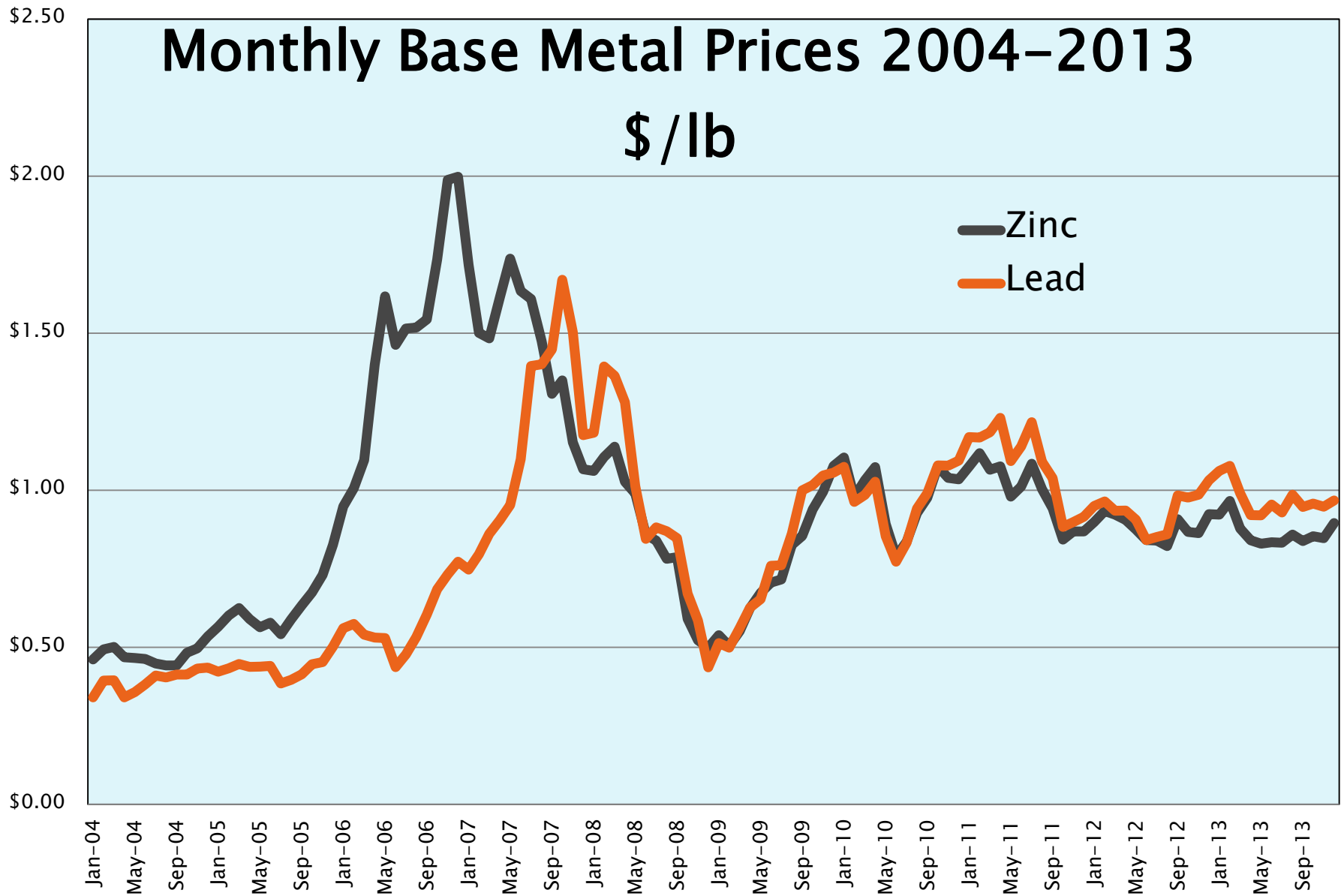
\$ / lb





# Monthly Base Metal Prices 2004–2013

## \$/lb





# Monthly Precious Metal Prices 2004–2013

## \$/Oz





# Operating Costs Keep Rising

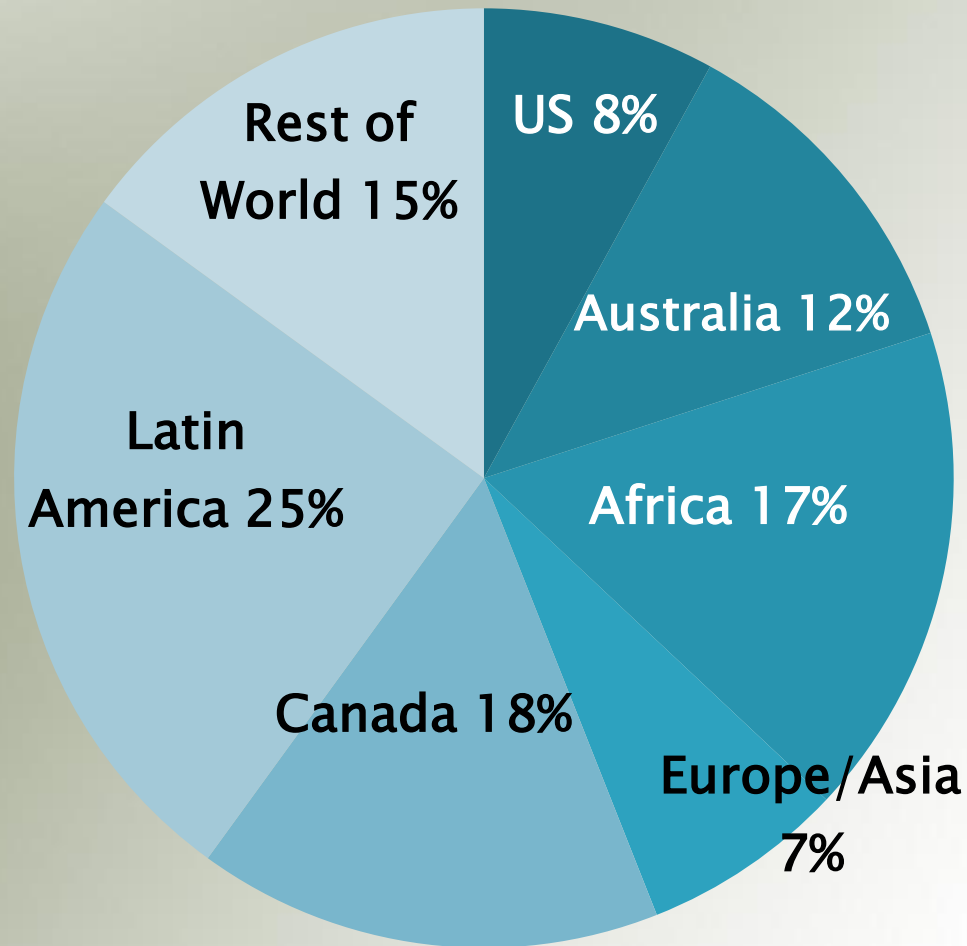
	2003	2013
Average mining salary	\$70,750	\$100,000
6 yard underground loader	\$570,000	\$1,100,000
40 ton underground haul truck	\$560,000	\$1,300,000



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# 2012 Exploration spending by region



Source: SNL Metals Economics Group, *October 2013*



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# Exploration Spending Declines

Globally:

- \$21.5 billion (2012)
- \$15.2 billion (2013)
- 29% decline

US: 38% decline

Alaska:

- \$275million (2012)
- \$180 million (2013)
- 35% decline



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# Mining Will Work for Alaska



- Six producing large mines
  - ... and more to come
- Significant exploration potential
- Global importance
- Economic diversity for Alaska
- Local jobs, regional benefits



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