

Bradners'
Alaska Economic Report
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A brief on economic conditions:

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Red Dog expansion: Bright spot in mining

Teck Alaska pushes road north to new zinc deposit

Teck Alaska has built 6.5 miles of its planned 9-mile access road to new zinc and lead deposits about 10 miles north of Teck's producing Red Dog Mine. The company will complete the road next winter and start work on a portal, or entrance, to an underground tunnel. The tunnel will be used for further exploration of the zinc deposit (drilling to date has been from the surface) as well and for production assuming the project proceeds. The new project is important because ore resources at the current Red Dog Mine will be depleted by 2031. Teck's plan is for development permitting for the new mine to begin in 2027 and production in 2031, Teck said in an investor presentation. This will be an underground mine, in contrast to the present Red Dog Mine which is being mined by open pit methods. The zinc and lead deposit also contains germanium, an important strategic metal.

Teck's new project has major implications for the region. It is on state land rather than land owned by NANA Regional Corp., which means royalties go to the state rather than NANA and other Alaska Native corporations through revenue-sharing. However, NANA will be involved in the new mine and talks are underway on the use of facilities at Red Dog partly owned by NANA, such as the ore process mill. NANA support contractors would also be involved. NANA shareholders now working at Red Dog (more than 50% of the mine workers) will be able to work at the new mine, although different skills are needed for underground mining so training will be needed.

The end of shared mining royalties from the current Red Dog Mine, under terms of the 1971 Alaska Native Claim Settlement Act, will be a hardship for smaller — *Continued at bottom, next page*

Air-sea cargo link via Alaska? It may finally happen

For years shippers have thought about a "sea-air" connection between Asia and the U.S., where freight comes by air (fast but expensive) to Anchorage and then by sea, inexpensive but slower, to the Pacific Northwest. This combination fits a growing niche in shipping and is now done elsewhere. Test shipments have been made to and from Alaska by the Saltchuk

companies. Southbound TOTE and Horizon vessels run mostly empty and have the available space equal to 150 big 747 cargo jets per week. However, reliability is key for this to happen. To date uncertainty on the rehabilitation of Anchorage's Port of Alaska has been a question. But now the port rebuilding and modernization are underway. This could be big.

Army Corps mum on Nome port project

Murkowski frustrated: Commitment by Trump to Arctic unclear, she says

The U.S. Army Corps of Engineers is tight-lipped about responses to the scaled-back Nome port expansion. The agency says only that bids are being evaluated and information will be available later this year. Word on the street in Nome, however, is that only one bid was received and from the same company that bid last year and was rejected as being high for the corps' budget. The project has been scaled back to a 1,200 ft. breakwater from the 3,000 ft. previously planned but still includes a 600-foot dock at the half-way point. Water depth for vessels at the facility would be 37 feet at low tide. About \$250 million in federal funding is available, Army corps officials told Alaska Sen. Lisa Murkowski in a U.S. Senate committee hearing. Murkowski expressed frustration at the corps' slow pace and questioned how serious the Trump administration is about building infrastructure in the Arctic. This is needed, she said, to counter a sharply increased Russian military buildup and a rapidly expanding Chinese commercial use of the Bering Strait and Arctic seaways. Nome officials doubt a contract can be awarded in time to get work underway this year, although acquisition of heavy rock from Cape Nome, on Norton Sound east of Nome, could get a start. *Graphite One, the company developing a graphite mine near Nome, says it needs the expanded port and 39-foot water depth to efficiently ship graphite concentrates.*

NovaMinerals is drilling prospective antimony deposit in western Mat-Su region

Australia-based Nova Minerals has started exploration drilling in a possible antimony deposit at the company's Estelle gold project in the western Matanuska-Susitna Borough. One drill rig is currently at work and will be joined by a second in late June, the company said. The program is designed to test a half-mile by quarter-mile area of antimony mineralization identified. Separately, Nova has mobilized for a 2025 summer field season for exploration at its RPM and Korbel gold deposits, which are part of the overall Estelle program. The exploration is being done near a 4,000-ft. airstrip where Nova operates a support camp. The state's proposed West Susitna Access Project, a 99-mile industrial road, could support the project if the road is built. Alaska's development finance corporation, the Industrial Development and Export Authority, is leading the work on the access road.

New underground mine could coincide with shutdown of mining at main Red Dog Mine

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ANSCA village corporations who have been able to use the revenue to pay basic administrative costs including for management and security on lands owned by village corporations. There are also implications for schools in the Northwest Arctic Borough and for the borough itself with the end of Payment-in-Lieu-of-Taxes, or PILT, to support local government from current mining. This will almost surely be replaced by a PILT Teck will negotiate for the new underground mine. Geologists say there are other zinc deposits the area, so over time several mines could be developed. The zinc mineralization trend also extends north into the southern National Petroleum Reserve-Alaska, where government geologists have found mineralization. *The southern NPR-A is now closed to mineral exploration, but this could change.*

Uncertainties hang over President's Big Beautiful Bill

Alaska may lose 90% oil revenue share now in the legislation

President Donald Trump's Big Beautiful Bill, his nickname for the budget reconciliation bill now in the U.S. Senate, has major implications for Alaska resource development, but it is facing major uncertainties. Besides major issues over its costs and highly controversial changes to Medicaid (which would have adverse impacts on Alaska's state budget and health care providers) it is now questionable whether the 90% share of oil royalties from the Arctic National Wildlife Refuge, or ANWR, and the National Petroleum Reserve-Alaska, or NPR-A, going to Alaska will survive. Presently 50% of NPR-A oil royalties go to Alaska but this actually goes to North Slope Borough communities, not the state, under current federal law. There is currently no oil production from ANWR. The version of the President's bill that narrowly passed the U.S. House took out the North Slope Borough royalty-sharing so that the money would go to the state.

NPR-A oil revenue sharing to North Slope Borough is a big deal

The North Slope Borough has been lobbying fiercely to retain the royalty share, according to sources. This is a big deal because once oil production begins at Willow in 2029 (Willow is in the NPR-A) the royalties to the borough and its communities will amount to hundreds of millions of dollars per year. There are other things important to Alaska in the President's bill, such as a resumption of federal lease sales in the petroleum reserve and in ANWR that ended under former President Biden as well as sections related to timber sales in the Tongass National Forest in Southeast. It is likely that some version of the President's bill and some of its Alaska lands and resource provisions will survive, however, because controversies around the bill mostly involve its other, non-Alaska sections. Still, even those must survive the Senate's rules for what qualifies to be in a budget reconciliation bill.

Why doesn't Interior Secretary Burgum reauthorize Ambler road now? He can do it

Meanwhile, Alaskans who follow mining are puzzled why new Interior Department Secretary Doug Burgum doesn't use his existing authority to redo the Ambler minerals road permit rejections. Reauthorization of the permits and a rewritten Record of Decision, or ROD, are now in the Big Beautiful Bill in the U.S. Senate but the Interior Department doesn't have to wait for this. He has authority to do it now, attorneys familiar with federal permitting say. This is important because there's uncertainty over the bill in the Senate and mining companies are holding off on resuming exploration in the Ambler Mining District until there's clarity on the road and federal permit issues. A quicker decision would encourage the companies to start spending again.

***Anchorage's port project:** Work starts next year on replacement of the Port of Alaska's Terminal 1, its cargo dock damaged by corrosion. Steel and other long-lead items are ordered. Costs are estimated at \$809 million. This will be followed by removal and replacement of Terminal 2, which now mainly serves the TOTE roll-on, roll-off ships. No cost estimate is yet available but it should be similar to Terminal 1.*

Economy: State's latest jobs report is mixed

The state's May jobs report is mixed. Oil and gas-related work remains strong but everything else seems flat or even down. Alaska labor economists estimated a growth of 1.1% in total jobs and 1.4% in private sector employment, down from 1.7% in April for all jobs and 2% for private jobs. The data is year-over-year and compares with May 2024. Significantly, this is down from year-over-year growth of 2.8% and 3.2% for total and private jobs in May, 2024. In the latest May 2025 jobs report, oilfield work on the North Slope continues to be strong but non-oil sectors appear soft. Wholesale trade, a broad category, was down 1.5%, for example. One drag on jobs is in seafood, where processing employment was down 2.1% in May compared with May 2024. This affects mainly coastal communities. More broadly, the normal spring uptick in leisure and hospitality jobs, which reflects tourism, appears soft. Jobs in hotels and restaurants gained 0.8% in May compared with 1.1% in May 2024. That could change as the full visitor season sets in but tour operators still worry about a tightening of leisure spending due to economic concerns and a downturn of independent travel and international visitors due to President Trump's restrictive border policies. *Also of concern: Marine cargo companies TOTE and Horizon Lines say their north-bound shipments are running lower than in past years. A lot of this is consumer goods, so it's a puzzle. Some of the business may have been diverted to barge operators, however.*

Governor vetoed forest firefighting funds. Now the fires start

Has Gov. Mike Dunleavy lost a gamble that 2025 would be a low wildfire year? Fires are now ringing Fairbanks and neighborhoods are under evacuation alerts. Earlier this year the Legislature was warned that 2025 could be a bad fire year and moved to beef up the state's wildfire response fund. Then rain came, apparently easing the situation, and the governor vetoed \$26.5 million from the firefighting fund along with \$10.6 million from the state emergency response fund. The state will still finance its share of firefighting costs (the federal government pays for responses on federal lands) but if the state fund runs low there will be additional requests for budget supplementals in January when the Legislature reconvenes.

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