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PUBLISHER: Tim Bradner / FOUNDER: Mike Bradner
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Barrick Gold sells stake in Donlin Gold

New owners move to advance project

Barrick Gold is selling its 50% share of the big Donlin Gold project in the mid-Kuskokwim River region to Paulson Advisors LLC and NOVAGOLD RESOURCES INC. Paulson will pay Barrick $800 million for a 40% share of Donlin Gold, and NOVAGOLD will pay $200 million to increase its current 50% share to 60%, the companies announced. The new partners will immediately shift to updating a project feasibility study done several years ago and will focus a 2025 exploration program toward expanding gold reserves and resources. NOVAGOLD is a "junior" Vancouver B.C. based company whose biggest asset is its 50% holding in Donlin Gold. Paulson is NOVAGOLD's second largest shareholder and has been involved with the company since 2010. Its chairman, John Paulson, is very familiar with Donlin Gold and sees it as, "one of the most attractive undeveloped gold projects in the world," with 39 million ounces of gold resources and reserves. Barrick is an experienced gold mining company and its involvement has been long seen as a big plus. While Paulson is considered a savvy investor in gold projects he has not been engaged in managing development of a large project like Donlin. NOVAGOLD has been engaged with the project for decades as part-owner but has similarly not developed a large project. Some in the mining industry see positives, however, is that the new owners will be aggressive in pursuing development while Barrick, a large company, may have had Donlin Gold on the back burner.

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In this Issue:

AIDEA in a spat with Ketchikan Shipyard operator

The state's Alaska Industrial Development and Export Authority is reported to be in disagreement with Vigor Industries over the shipyard, which is AIDEA-owned but operated by Vigor. According to sources, the shipyard contract is suspended but talks are underway on a new contract and a resolution of differences. Sources say AIDEA is unhappy that Vigor has not brought in more shipbuilding work compared with major maintenance, which employs fewer people. However this is resolved the shipyard is important to the state's marine highway system for doing required vessel maintenance and overhauls. AIDEA is not commenting on the status of talks.

Energy:

$140 million needed for grid

The Alaska Energy Authority has its $413 million project underway for the submarine cable across Cook Inlet which would create a second loop to get Bradley Lake hydro power to Mat-Su and Anchorage, but the agency is still $140 million short of meeting a required 50-50 state/local match. So far $62.7 million of $207 million needed has been identified for the match, AEA told the Resource Development Council in an April 14 briefing. AEA will spend $14 million this year for procurement and final engineering, the agency said

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Rooftop solar program still alive

The federally-funded Solar for All program is still alive amid cuts by President Trump to green projects. Alaska Housing Finance Corp. is handling part of the program that will help low-income households install rooftop solar. The agency will soon publish a Request for Proposals to help AHFC in the design of the program. The other part of Solar for All involves community solar projects, and will be carried out by the Alaska Energy Authority.

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"Green Bank" gets up and running

AHFC's new "Green Bank" subsidiary is getting up and running. The Alaska Sustainable Energy Corp. has been formed (AHFC often forms special-purpose subsidiaries) to facilitate commercial bank lending for energy efficiency building improvements. An executive director has been hired for the program. Green Banks specialize in energy efficiency lending, which is an area in which commercial banks typically do not have expertise.

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Minerals:

Donlin Gold sale by Barrick

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The Barrick exit would seem to be bad news for Calista Corp., which owns the subsurface minerals as well as all other Alaska Native corporations who would benefit from the sharing of royalties under the 1971 Alaska Native Claims Settlement Act. But if the new owners pursue development more aggressively, it could be a positive.

There are challenges facing Donlin Gold, however, a big one being energy. The mine plan includes a pipeline bringing natural gas from Cook Inlet, but gas production there will be winding down. Liquefied Natural Gas, or LNG, will be imported to supply Southcentral Alaska communities, and this would presumably also be available to Donlin Gold. It will be more expensive, however, likely twice the current price of locally-produced gas. But if gold prices are high enough the Donlin Gold project may be able to afford that.

What's interesting about this is that it brings the project full circle. Placer Dome, a mining company, became involved in exploration at Donlin in the 1980s. However, due to corporate changes the company withdrew. NOVAGOLD stepped in to invest in new drilling, which resulted in expanded gold resources. Placer then came back in for a 50% share with NOVAGOLD holding the other 50%. Barrick Gold purchased Placer, so the 50-50 ownership with NOVAGOLD continued. Now Barrick is exiting, NOVAGOLD is enlarging its share and a new partner, Paulson is on board. Over the years the Donlin project even in exploration became a major employer in the Yukon-Kuskokim region.

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Another try at big Nome port project

The U.S. Army Corps of Engineers will accept new bids on the Nome port expansion project Monday, April 28 following the failure of bidding in a first attempt at the project. Fixed price bids are requested for the new bid. The project will consist of a 1,200-foot extension to the existing Nome causeway consisting of a rock embankment and 18-ton armor stone. The causeway will include a 30-foot road surface and a 600-foot open-cell sheet pile dock. Also, the bid will include removal of a 250-long spur breakwater and existing 22-ton armor stone at the nose of the causeway. The Army Corps canceled solicitations last fall after bids came in above statutory guidelines. After failing to receive bids within budget last fall, the city and Corps simplified their plans for the first phase of the project and sent it back out to bid this spring. Baker said they hope to select a contractor and move forward with construction next summer. *Graphite One, the company developing a large graphite deposit northwest of Nome, hopes to use the port (see item, page 7).*

Contract let for Anchorage's long-planned cargo dock replacement

Anchorage's assembly approved an $807 million contract with a joint-venture of Manson Construction and Michels Corp. to rebuild the Port of Alaska's Terminal 1, it's cargo dock. The contractor will replace the aged dock with a new pile-supported dock with a concrete deck 870 feet long and 120 feet wide. The overall project will be funded by a $1.1 million revenue bond that will be paid for through fees charged to users. Most of the cost will ultimately be borne by consumers because costs will have to be passed on. The project is to be complete by 2029.

Adak wants to host "slingshot to space"

Alaskans are adept at thinking outside the box and teaming up with others who do so. The Aleut Corp. recently signed an agreement to use Adak, which is owned by the Aleuts, as a potential launch site for SpinLaunch, a company working on a kinetic, or mechanical, launch technology to get satellites to space. Several sub-orbital, high-altitude tests have been done with a test site in New Mexico, but the company needs a site with more land, down-range safety (ocean) and energy (winds) as well as a northern latitude, and Adak seems to fit the bill. The company is based in California and has backing from Google Ventures and Airbus Venture. As the name implies, the technology concept is a high-velocity spinning device that can launch at high speeds. An attached rocket would fire up when the payload is at altitude to complete the flight to orbit. It's being called a "slingshot to space." If it proves commercially feasible SpinLaunch might offer a less complicated technology than conventional rockets for certain applications.

Meanwhile, the state-owned Alaska Aerospace Corp. still operates its launch facility on Kodiak Island. Alaska Aerospace has launched rockets in support of defense and research programs and is supported by federal funds.

Sustainable Aviation Fuel plant in Alaska?

State officials are promoting a Sustainable Aviation Fuel, or SAF, plant to supply cargo air carriers operating in and out of Anchorage's international airport, now the world's fourth busiest air freight hub. Cargo carriers mainly on Asia-North America flights use Anchorage as a midway refueling and cargo transfer point. About 900 million gallons of jet fuel are loaded there at Ted Stevens International Airport. The state of Alaska owns and operates international airports in the state is investigating of a SAF fuel plant that could meet air carriers' growing demand for the fuels. Atlas Air, one of the world's largest air cargo operators, and Alaska Airlines, a major west coast regional airline and also the state's largest passenger carrier, are supporting the state's effort to make SAF for blending with conventional jet fuel.

Katherine Keith, deputy commissioner at the state DOTPF who oversees airports, is leading the initial feasibility assessments. The goal is for a plant to produce 150 million gallons per year of sustainable fuel, which is one-sixth of the current jet fuel demand in Anchorage, along with 80 to 95 million gallons of Renewable Diesel and Renewable Naphtha. The plan has the backing of Alaska's governor, Mike Dunleavy, who has a strong interest in renewable energy. Keith said six other airlines, mostly cargo operators, have written letters to the state supporting the idea. Initial studies show costs for SAF would be less than what the fuel costs elsewhere because of a huge amount of biomass that is available. Organic material like fish oil or forest biomass could be converted to fuel at costs low enough to offset the capital cost of building an SAF plant, which could range to $1 billion and $3 billion depending on the technology selected, Keith said.

"The international carriers are very interested in this because most of them operate into Europe as well as North America and Asia and being able take on this fuel in Alaska would help them meet European Union rules for carbon reduction in aviation fuel," Keith said. The EU is requiring that airlines use a 20% blend of sustainable and conventional fuels by 2035 and 42% by 2045. For Alaska the key advantage is providing the fuel regionally to help "anchor" the international cargo operators that now stop in Alaska. Most large cargo planes are capable of flying trans-Pacific and trans-polar routes nonstop but the economics are still attractive for freight operators to stop in Alaska to refuel mid-way on flights. That's because carrying less fuel allows for more cargo to be carried, maximizing revenue. Providing cargo carriers with a cost-effective supply of SAF would give them an incentive to continue refueling stops in Alaska even if technology advances improve the economics of flying nonstop.

At this point the Alaska team working on the initial feasibility are looking at two technology paths, Keith said. One is a Hydroprocessed Esters and Fatty Acids, or HEFA, process using organic material like fish oil from Alaska seafood processing plants to produce synthetic kerosene for blending. Plants elsewhere producing renewable aviation and diesel fuels mostly use the HEFA process.

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Could a Sustainable Fuels Plant anchor air cargo customers?

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The second approach is a Fischer-Tropsch technology that would rely mainly on the large amount of forest biomass available. Fischer-Tropsch process is used today in South Africa to produce fuel from coal and natural gas and was widely used in Germany during World War II. But there are still uncertainties. "While the FT process is proven, not many FT refineries exist globally and not with biomass as a feedstock. That, combined with our plan for carbon sequestration mean that many aspects will be new," Keith said. "There is a plant similar in feedstock and scale to ours, scheduled to be operational in 2028 in Louisiana," she said. DG Fuels' plant, located in St. James Parish will have a planned capacity of 13,000 b/d of SAF, according to company information.

Keith said Fischer-Tropsch is costly but with the large volumes of forest material available, Fischer-Tropsch could be to be more cost effective than HEFA. "This was a complete surprise to us because the capital cost would be much higher, but that appears to be offset by the more limited supply of fish oil and the longer transport costs from fish plants compared with the volumes of available wood biomass and the shorter distance from harvest areas," she said. Studies also show that Alaska's fisheries will be able to supply only 9% of a plant's target output, assuming that only byproducts like fish oil are used. Also, the largest fish processing plants are at a considerable distance from Anchorage. A smaller HEFA plant could still be viable with additional organic feedstock, such municipal waste.

The forest biomass is closer, mostly within 150 miles of Anchorage in the Matanuska-Susitna Borough and Kenai Peninsula. Estimates are that 46.2 million dry tons of live and dead timber can be reached within one mile of existing roads. For a target output of 150 million gallons a year of SAF about 4.9 million dry tons of forest biomass, or 9.8 million green tons (with higher moisture), would be needed.

The existing fuel infrastructure near Anchorage offers advantages, Keith said. Anchorage's port has 3.4 million gallons of fuel storage to supply both itd airport and Joint Base Elemen-dorf-Richardson, a nearby military installation. If the SAF plant is built at or near an existing Marathon Petroleum refinery on the Kenai Peninsula, it can use a an existing 67-mile liquids pipeline to move the SAF fuel to bulk storage in Anchorage. An alternative plant site at Port MacKenzie, a short distance from Anchorage across Knik Arm of Upper Cook Inlet, could see the SAF fuel barged to storage facilities at Anchorage's port.

Converting forest biomass meanwhile solves another problem for Alaska because much of it is damaged and dead spruce killed by beetle infestations. This creates a serious fire danger, so removing the damaged timber serves an important public purpose, Keith said. This could be a double-win for Alaska if the technology and economics work – Alaska gets a reduced wildfire danger along with an anchor for its air carrier refueling industry.

Petroleum:

Construction peak on Slope

Construction employment on North Slope oil and gas projects is at or near a peak, job data indicates. March estimates by the Department of Labor and Workforce Development show construction jobs up 8.6% or 1,100 from March 2025 and 300 jobs up from February. The bulk of this is related to activity on the new Pikka and Willow projects, although there's also work underway in the large producing fields like Prudhoe Bay and Milne Point. February data showed similar gains. Construction was up 6.5%, or 1,000 jobs year-over-year, and petroleum was up 7.5% or 600 jobs.

Santos, Ltd., operator of the Pikka project, is nearing completion on the field–pipeline installation, the company says– so work will start winding down as the winter construction season ends. Willow, led by ConocoPhillips, is a larger project where building activity will continue to its completion in 2029. The job data also shows other gains in industries related to North Slope work like transportation, warehouse and utilities, where year-over-year employment was up 5.5%, or 1,000 in March and 5.4%, or 1,200 in February. Although oil-related work will taper off as Pikka nears completion activity elsewhere on the slope will remain strong, such as with Hilcorp at the Milne Point and Prudhoe Bay fields.

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Pikka phase 2 ready to go

Santos also says Pikka's Phase 2 is fully appraised and with permits, and will be ready for its Front End Engineering and Design completion this year. It will produce 80,000 barrels per day, similar to Phase 1.

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Economy:

Where's trickle down from Slope?

The North Slope is booming, but the "trickle down" effect of spending into the rest of the state's economy appears soft. Overall employment was up 1.7% in March and 1.6% in February, but growth in both months was down year-over-year. Adjusted for the brisk growth oil work, it looks flat. Retail jobs, which should reflect consumer spending, were down 0.3% in February and with a 1% gain in March. The retail job data reflects continued encroachment of online shopping at the expense of traditional brick-and-mortar stores. Leisure and hospitality, which includes bars and restaurants, also reflects consumer spending. These jobs were up 1.6% in March and 1.3% in February. Health care employment was up 2.7% in March, year-over-year, with a gain of 1,100 jobs. This reflects a slowdown from a 3.4% in February. The added jobs are mostly in hospitals. Overall job growth was sixth in the nation.

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Data: Rents are moderating

Rents in Alaska dropped below the U.S. median average in 2023, at $1,373 per month, according to *Trends*, published by the Alaska Department of Labor and Workforce Development. In 2022 Alaska was on par with national median rent. States with rising rents are seeing net population inflows. States with falling rents like Alaska are suffering net migration outflows of working age adults. Alaska saw a loss of 4,772 from 2023 to 2024, for the 12th consecutive year. Also in *Trends*: Alaska population continues on a slow-growth track, increasing 0.3% between 2023 and 2024. Gross Domestic Product was up 1.7% in third quarter 2024. Personal income increased 5% during the same period.

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Minerals:

Ambler exploration still on hold

Ambler Metals is reserving decisions on renewing a major copper exploration program in the Ambler Mining District. However, the company has reaffirmed an earlier statement saying it is pleased with President Trump's plan to restore permits for an access road to the region. Currently, the permits have not yet been restored and it's late in the spring o mobilize a major 2025 program. The company also appears hesitant to renew exploration drilling at its Arctic high-grade copper discovery until permits are restored and any new litigation is resolved. Ambler Metals is a joint-venture of South 32, a major Australian company, and Trilogy Metals, a small "junior" exploration firm.

The two companies were spending over $26 million annually to firm up resources at its Arctic project but paused when former President Biden signaled opposition to the planned access road and then canceled permits. Ambler Metals has also said previously it will seek a new Environmental Impact Statement for the road to help defend against legal challenges that will come if permits are restored.

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Critical minerals study on hold

Despite the new President's interest in critical minerals and rare earth elements a freeze on funds is still in place for a joint university and state research program, according to sources. The University of Alaska Fairbanks and the state Division of Geologic and Geophysical Surveys have completed phase one of the program and are planning a larger phase two that would be mostly be funded by the U.S. Department of Energy.

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Graphite One feasibility study

Graphite One, developer of a large graphite deposit northwest of Nome, will release results of its feasibility study Tuesday, May 29. For mining projects the feasibility study is typically a final step before permitting begins after which a Final Investment Decision would be made. The deposit is the largest known graphite deposit in the U.S. The company's plan is to produce 175,000 tonnes annually of graphite concentrate to be shipping by barge from Nome's port (a tonne is 2,200 lbs. compared with a U.S. ton of 2,000 lbs.). The U.S. Department of Defense contributed to the cost of the feasibility study. Energy is a big cost. $7.5 million in fuel purchases would be made, with the fuel moved through Nome.

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Fort Knox gold production up

Kinross Gold will announce first quarter results May 6. Attention in Alaska will focus on production performance of the company's big Fort Knox Mine near Fairbanks and the new Manh Choh project east of Delta, operated by Kinross. Gold output at Fort Knox was up in 2024 at 104,901 ounces compared with 84,215 ounces in 2023. Exploration in 2024 tested new mineralization at the main pit and Gil, a nearby accumulation.

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Housing:

Energy efficient home rebates

Alaska Housing Finance Corp. also said it now has 100 applications for a $10,000 rebate for new energy-efficient home construction. AHFC began accepting applications recently. The Legislature has appropriated enough funds for 650 homes.

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Energy:

Regulatory Commission turns aside Enstar request on LNG imports

The Regulatory Commission of Alaska has denied an Enstar Natural Gas Co. request to put an estimated $50 million in projected costs related to a liquefied natural gas import facility into its rates paid by consumers. The request was filed in January. The costs are related to Enstar's deal with Glenfarne to develop a liquefied gas import terminal and gas storage at Nikiski, near Kenai. Enstar would be paying a share of planning, legal and engineering work. The company says it will need to augment conventional gas produced in Cook Inlet that the utility buys from Hilcorp Energy, the major gas producer in the Inlet. Gas production in the Inlet is set to begin declining in 2027 according to the state Division of Oil and Gas. Enstar could invest its own funds for its share of costs and seek recovery of costs later, however.

The company's deal with Glenfarne on the LNG import facility is not related to Glenfarne's new contract with the state's Alaska Gasline Development Corp. to lead development of the large Alaska LNG Project, which involves a gas pipeline from the North Slope. However, a tract the land tract at Nikiski planned to be used for the import facility is held by AGDC for part of its proposed large LNG plan. It could be used for the import facility and then used by AGDC and Glenfarne if the Alaska LNG Project proceeds.

Hilcorp, Chugach Electric proceed with their LNG import plan

What is confusing people about the Enstar/Glenfarne Nikiski LNG import plan is that Hilcorp Energy is also proceeding a plan to purchase the former ConocoPhillips LNG export plant, now mothballed, from Marathon Petroleum, its current owner, and to convert it for LNG imports. Hilcorp is working with Chugach Electric Association as an anchor customer. Chugach says the Hilcorp conversion of the existing plant can be done in time for LNG imports in 2026, much sooner than the facility proposed by Enstar and Glenfarne can be built.

While the Hilcorp purchase of Marathon's plant would seem to be a near-term solution to the pending decline of Cook Inlet gas, the estimate of 2026 availability of LNG could be optimistic, sources knowledgeable about regulatory proceedings say. That's because an existing approval by the Federal Energy and Regulatory Commission for Marathon's former ConocoPhillips LNG plant is for a relatively small amount of LNG that Marathon plans for use in its nearby refinery. The Hilcorp conversion would involve much larger quantities to supply regional utilities. This is likely to require a redo of the FERC permit, the sources say, creating two problems, first that it takes time, as does any federal regulatory proceeding. Second, a new FERC proceeding will open the process to interventions by opponents of LNG imports, of which there are many. There will likely be lawsuits, adding more complications.

Businesses and consumers in Southcentral Alaska are basically unaware of how these complications could delay the arrival of LNG in the region into 2027 or later, putting regional energy supply at risk.