

MAJOR

MINING

PROJECT

4/19/95

HOUSE RESOURCES COMMITTEE
Roll Call and Members' Bill Votes

* (indicates first public hearing)

Room 124, Capitol Bldg.

Mon. Wed., Fri.

Date: 4-19-95

Tape# 95-51 Joint _____

Time: 8:10 am/pm Time Adjourned: _____ am/pm

ROLL CALL:	PRES	ABS	TIME	AR	_____	_____	_____
Rep. Joe Green	✓	_____	_____	_____	_____	_____	_____
Rep. Bill Williams	✓	_____	_____	_____	_____	_____	_____
Rep. Scott Ogan	✓	_____	_____	_____	_____	_____	_____
Rep. Alan Austerman	✓	_____	_____	_____	_____	_____	_____
Rep. Ramona Barnes	_____	_____	_____	_____	_____	_____	_____
Rep. John Davies	_____	_____	_____	_____	_____	_____	_____
Rep. Pete Kott	✓	_____	_____	_____	_____	_____	_____
Rep. Eileen MacLean	_____	_____	_____	_____	_____	_____	_____
Rep. Irene Nicholia	_____	_____	<u>8:17</u>	_____	_____	_____	_____

Other Legislators Present _____

AGENDA:

Bill No.	Short Title	Action Taken
<u>HB 256</u>	<u>FREE SPORT FISHING DAYS</u>	_____
<u>PRESENTATION ON WATER MAKING PROJECTS</u>	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

House Resources

4-19-95 8:10 am

Tape # 95-51

Presentation on Major Mining Projects

HOUSE RESOURCES COMMITTEE



Alaska State Legislature
House of Representatives

DATE: 4/19/95

PLACE: ROOM 124

SUBJECT OF MEETING:
HB 256 - FREE SPORT FISHING DAYS
PRESENTATION ON MAJOR MINING PROJECTS

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
John Burke	ADFC	HQ'S / Sport Fish			465-6187	Y	N	HB 256
Steve Boneel	Alaska Mining Assn	501 W. N. Ltz Ave			276-0347	Y	N	-
Paul Valent	USMX	Mining - Illinois Coal Co	Denver		985-4665	Y	N	
JERRY BERTI	CIRI	2525 C Street Anch Ak				Y	N	
Charlotte Mackay	Cominco Alaska	Reed Dog Kutubale				Y	N	
Bill Jeffers	Fairbanks Guild	- Fairbanks				Y	N	
Tom Crafford	NPMC	2525 C Street Anch Ak				Y	N	
	NORTH Pacific Mining Co.					Y	N	
						Y	N	
						Y	N	
						Y	N	



ALASKA MINERS ASSOCIATION, INC.

April 12, 1995

ALASKA SUCCESS FROM AIRBORNE GEOPHYSICAL MAPPING

By Steve Borell

In 1993 and 1994 the Alaska State Legislature funded Airborne Geophysical Mapping at selected locations around the state. The State Division of Geological & Geophysical Surveys (DGGs) managed the work and now has the completed maps and data (including on CD) available for sale to the public.

These investments by the State have already been a catalyst for significant new private industry investments. In some areas DGGs worked with mining companies and private landowners and obtained their assistance and confidential data which was used by DGGs to increase the coverage and accuracy of the mapping. Some of the highlights of this program and its impact follow.

The State's 1993 Airborne Geophysical Mapping program surveyed portions of the Nome, Nyc, Valdez Creek and Circle Mining Districts. The 1994 program surveyed areas in the Fairbanks and Richardson Mining Districts.

The maps and data for the Nome Mining District were released in February of 1994 and during that summer one major mining company staked 120 new mining claims and another major company nearly doubled its intended exploration budget for the area. Other individual prospectors and miners, as well as other major mining companies, obtained the DGGs data and did varying amounts of exploration and claim staking in the area.

The maps and data for the Circle Mining District were released in April of 1994 and one major company dedicated an exploration crew for the entire summer for exploring targets identified from the maps. Also, several local prospectors and miners concluded agreements with junior mining companies that will result in more intense work during 1995.

FAIRBANKS DISTRICT BOOMING

The impact that the 1994 Airborne Geophysical Mapping program has had in the Fairbanks District has been phenomenal!

The maps and data for the Fairbanks and Richardson Mining Districts were released February 7, 1995. On that very day the DGGs collected more than \$5,000 as the result of its sales of that material. This is three times the amount that any previous publication had elicited. That same week about 200 order forms were handed out to interested prospectors and companies at the

annual Cordilleran Roundup held in Vancouver, B.C. Additionally, DGGS is now sending notification of the maps to the 4,000 companies and individuals on its mailing list.

Regarding work in the field, between November 1, 1994 and March 8, 1995 a total of 80.81 square miles of mining claims and upland prospecting sites were staked in the Fairbanks Mining District. Although some of the claims predated the release of the geophysical data, company geologists say that much of the staking was done to establish a land position in anticipation of the data.

One company has just announced that it staked 16,131 acres over a resistivity anomaly, identified from the new geophysical survey data, that was very similar in expression to that covering the company's existing property. On the first day of staking, one of their geologists collected a sample of float containing coarse gold that assayed 0.247 ounces per ton gold. Another major mining company has been busy staking claims and even drilling (in the winter) in the Fairbanks area, partly in response to the information on the new geophysical maps.

In 1994 approximately \$31 million was invested in mineral exploration in Alaska, up slightly from 1993. Of this 1994 amount a good share was focused on Interior Alaska, mostly in the Fairbanks area. An even greater increase is expected for 1995 and the years to come.

The Alaska Legislature is now in session so neither the amount of money for further airborne geophysical surveys nor the decision on exactly where the new surveys will be flown is yet determined. What we do know is that very little of the State has been surveyed with new modern techniques and that these surveys are creating a tremendous amount of interest in mineral exploration on State and adjacent Native-owned lands.

For more information on obtaining the airborne geophysical maps and data on any of these six Mining Districts contact: Laurel Burns, Division of Geologic & Geophysical Surveys, 794 University Avenue, Suite 200, Fairbanks, AK 99709-3645, phone (907) 451-5021, FAX (907) 451-5050.

[Steven C. Borell is the Executive Director of the Alaska Miners Association which represents all aspects of the mining industry in Alaska. For more information contact the Alaska Miners Association, 501 W. Northern Lights #203, Anchorage, AK 99503, (907) 276-0347, FAX (907) 278-7997.]

Illinois Creek Gold-Silver Mine

Project Summary

March 22, 1995

Location

The proposed Illinois Creek project would be an open pit gold and silver mine located in the Kaiyuh Mountains in northwest central Alaska. It is approximately 320 miles west of Fairbanks, 57 miles southwest of Galena, 28 miles southeast of Kaltag, and 23 miles east of the Yukon River (see map).

Developer

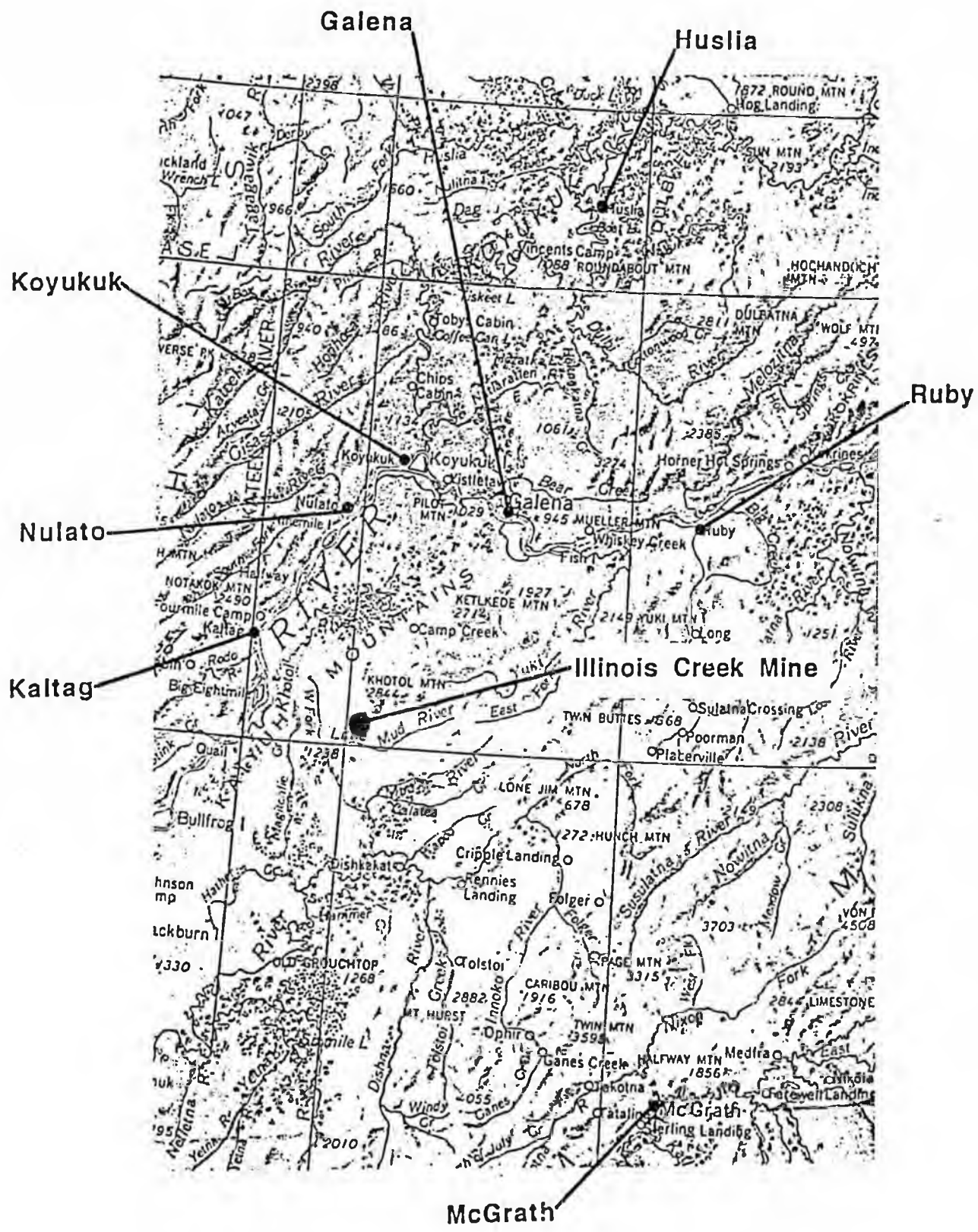
The project would be developed on a State of Alaska mining lease wholly owned by North Pacific Mining Corporation (NPMC), a subsidiary of Cook Inlet Region, Inc. (CIRI). The developer would be USMX, Inc., a Denver-based mining company formed in 1979 that is involved in exploration, development, and production of mineral properties in the U.S. and Latin America. In 1994 USMX produced over 35,000 ounces of gold.

Reserve

The Illinois Creek gold-silver deposit has to date defined a minable reserve of approximately 5 million tons of ore averaging 0.069 ounces/ton gold and 1.7 ounces/ton silver. At full operation, the project would produce approximately 50,000 ounces of gold and 400,000 ounces of silver annually. Potential to expand the reserve through additional exploration is considered good.

Access

The mine site presently has a 4,500-ft Hercules airstrip that would serve to move personnel to and from the site. Transport of consumables, fuel, and other supplies would be by aircraft. Large equipment and some bulk supplies would be moved seasonally by barge to a laydown site on the Yukon River, and then by winter cat train over a temporary 25-mile snow/ice trail to the mine site. Consideration is also being given to utilizing aircraft to transport equipment and bulk supplies.



Location of Illinois Creek Mine

Infrastructure

The site presently has a small exploration camp which is currently being upgraded to provide adequate accommodations and water and wastewater facilities for 1995 exploration activities. Development would include offices, process plant, mechanical shop, electrical generators, satellite communications system, water supply, sewage treatment system, and solid waste disposal site.

Mining Operations

Topsoil would be stripped from over the orebodies and stored in piles nearby for reclamation purposes (see mine layout figure). Overburden would then be stripped and disposed of in two large waste rock stockpiles. The ore would be blasted loose in the two or three open pits, loaded into trucks by front end loaders, and hauled to the 60-acre leach pad ("heap") where it would be dumped for processing.

Ore Processing

A dilute sodium cyanide solution would be sprinkled or dripped onto the ore to dissolve the gold into solution. The entire heap would be underlain by a double-lined, impervious system that would collect the gold-bearing "pregnant" solution. The solution then would be pumped to a processing plant where the gold would be removed, and the now "barren" solution would be recycled back to the heap to begin the leaching process again. Because of the closed nature of this system, there would be no discharge of water from the project.

Operations Schedule

Mining would occur during the summer months, approximately 150 to 200 days per year, while processing would occur year around.

Project Life

Based on current ore reserves, the mine has an expected life of approximately 5 years, with an additional 3 years for continued gold recovery, treatment of process solutions and the heap (to meet drinking water standards), decommissioning, and final reclamation. If new ore reserves were discovered, project life could be extended.

Environmental Safeguards

Environmental safeguards would be built into the project through specific operational management practices and monitoring programs. Management practices would include minimizing surface disturbance, early definition of potential mine waste treatment requirements, intercepting natural surface runoff and routing it around project facilities, retaining mine drainage in the open pits and treating as necessary, zero discharge of process solutions, and contingency facilities for capture, treatment and disposal of unexpected excess process water.

Specific monitoring programs would include surface water volume and quality, leach pad leak detection (leaks would be recovered in the secondary containment system for reuse), groundwater quality, aquatic biology and fish, wildlife, air quality, and reclamation success. Many of these programs would be specifically required by state permits. In total, approximately 50 to 60 permits and authorizations must be obtained before the project would become operable.

Reclamation

Reclamation would return the disturbed areas to a stabilized and productive condition following mining activities to ensure long-term protection of land and water resources. Reclamation would occur during three project stages: post construction, concurrently with mining, and after final closure. Post-construction and concurrent reclamation would stabilize disturbed areas on an annual basis, particularly to mitigate short-term soil erosion and sedimentation.

Final reclamation would include decommissioning and removing structures, neutralization and metals detoxification of the heap and recontouring it to optimize drainage, recontouring and regrading the mine pit and waste rock piles, soil fertilization and mulching as needed, and permanently revegetating disturbed areas. These measures would be laid out in reclamation management and monitoring plans that would become part of specific state permits, and would be guaranteed by a reclamation bond.

Employment

At full operation during the summer season, the project would employ approximately 102 workers in addition to camp support personnel. Approximately 50 of these positions would be mining-related and performed by a contractor; the remaining approximately 52 workers would be associated with leachate processing, management, and administration, and would be USMX employees. During the non-mining winter months, employment would drop to approximately 30 to 35 workers, mainly in processing.

Shift lengths and rotation schedules likely would vary depending on the type of job. No decisions on shift/rotation schedules have been made yet. An example for mill process workers, however, might be one 12-hr shift per day with two weeks on and two weeks off. For mine workers it might be one 10-hour shift per day with four weeks on and two weeks off, or two weeks on and one week off.

USMX is committed to hiring locally qualified workers, and will be working with representatives of local villages and the Tanana Chiefs Conference, as appropriate, to develop a pool of properly trained qualified workers. Because of the isolated nature of the project, USMX expects that it would provide air transportation, where practical, for workers to and from the mine site.

Development Schedule

Exploration drilling program	June through September 1995, and ongoing
Baseline studies	October 1994 through October 1996
Permitting	January 1995 through May 1996
Final decision for development	January 1996
Equipment move	Late winter 1996
Commence construction	May 1996
Commence mining operations	July 1996
Commence processing operations	September 1996

It is important to bear in mind that a final decision by USMX to proceed with the project will not be made until January 1996. The results of the 1995 exploration drilling program, baseline studies, permitting progress, development costs, and the price of metals will all bear on that decision.

For additional information, please contact Mike Smith (Ph/FAX: 907-346-2551)



SILVERADO MINES

41.35 TROY OUNCE GOLD NUGGET

TENTH LARGEST GOLD NUGGET IN ALASKA HISTORY

AND

MANY GOLD NUGGETS FROM 1 OUNCE TO 13 OUNCES

ACTUAL SIZE

FOUND IN SLICE BOX IN 1991 - NOLAN PLACER GOLD MINE
ARCTIC CIRCLE OF ALASKA



NOLAN PLACER GOLD MINE
1994 PLACER MINING IN EUREKA PIT
DISCOVERS LODE GOLD MATERIAL



① QUARTZ WITH GOLD



④ QUARTZ WITH GOLD VEINING



② QUARTZ FRAGMENTS CEMENTED WITH GOLD



③ ANTIMONY WITH GOLD VEINING

PHOTOS ① - ③ ARE 2X ACTUAL SIZE, PHOTO ④ IS 4X