2/23/11 ANNUAL MINING INDUSTRY BRIEFING

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Annual Mining Industry Briefing
for
Joint House/Senate Resources Committees

February 23, 2011

Today's Agenda

• Historical context	Steve Borell
• Status of Alaska's surface mines	"
• Status of underground mines	Mike Satre
• Review of selected projects pending	Steve Borell

Historical Context

1. **From late 1800s until World War II** - mining was Alaska's largest industry with the most jobs.

2. **From World War II until 1989** - effectively no lode (versus placer) mining in Alaska!

3. **From 1989 to Present** – continued steady growth.

Today – 6 large mines in Alaska; much exploration.

The Question: Why so little mining today?

Mining History Since WW II

At Start of World War II

- Presidential order closed all gold mines
- Needed miners and equipment for war effort

After World War II

- Some placer mining resumed
- Limited lode **exploration** resumed as metal prices allowed
- **Excess base metal production capacity in world**
- **Gold price fixed - but cost of wages and supplies continued to increase**
- Prudhoe Bay, ANCSA (44m ac), ANILCA (104m ac)
- Land and regulatory uncertainty

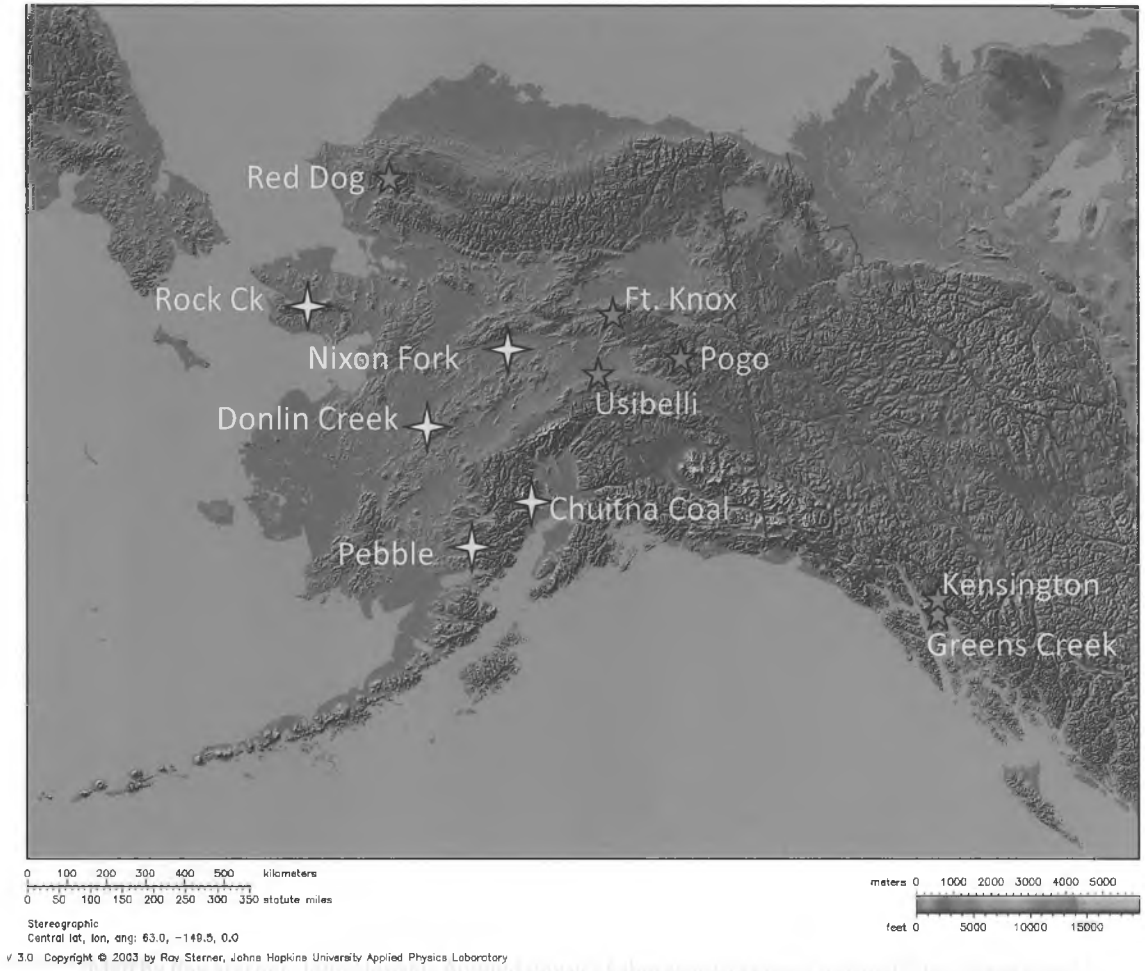
From World War II to1989

- Effectively no lode/hardrock mining, some placer mining, some coal mining
- In 1989 Greens Creek & Red Dog began operating
  - **Proved to the world that a major mine could be permitted in Alaska!**
  - **Proved that all Alaska was not in a Park!**

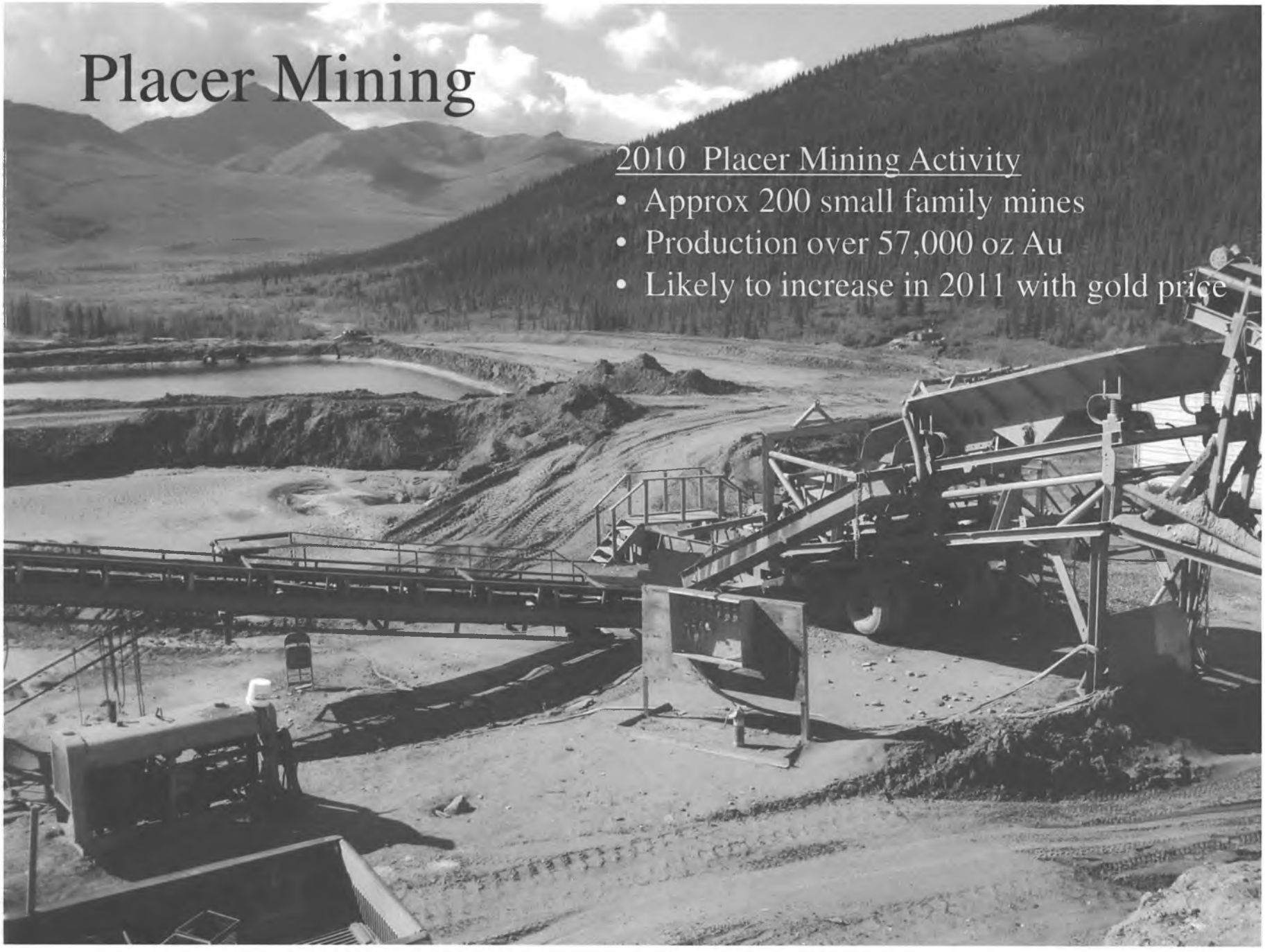
Alaska Major Mines and Projects

Producing mine

Developing and major exploration projects



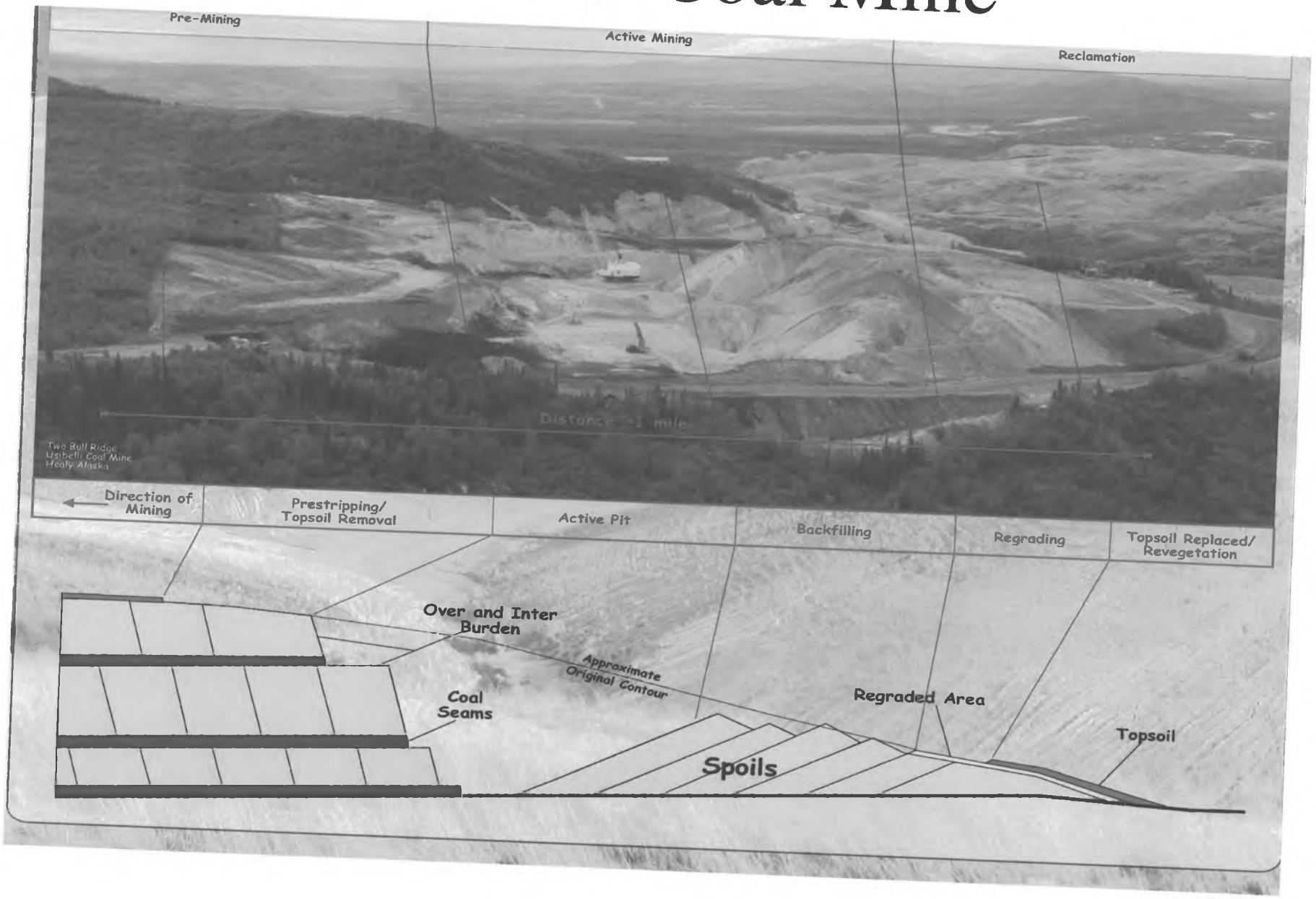
Placer Mining



2010 Placer Mining Activity

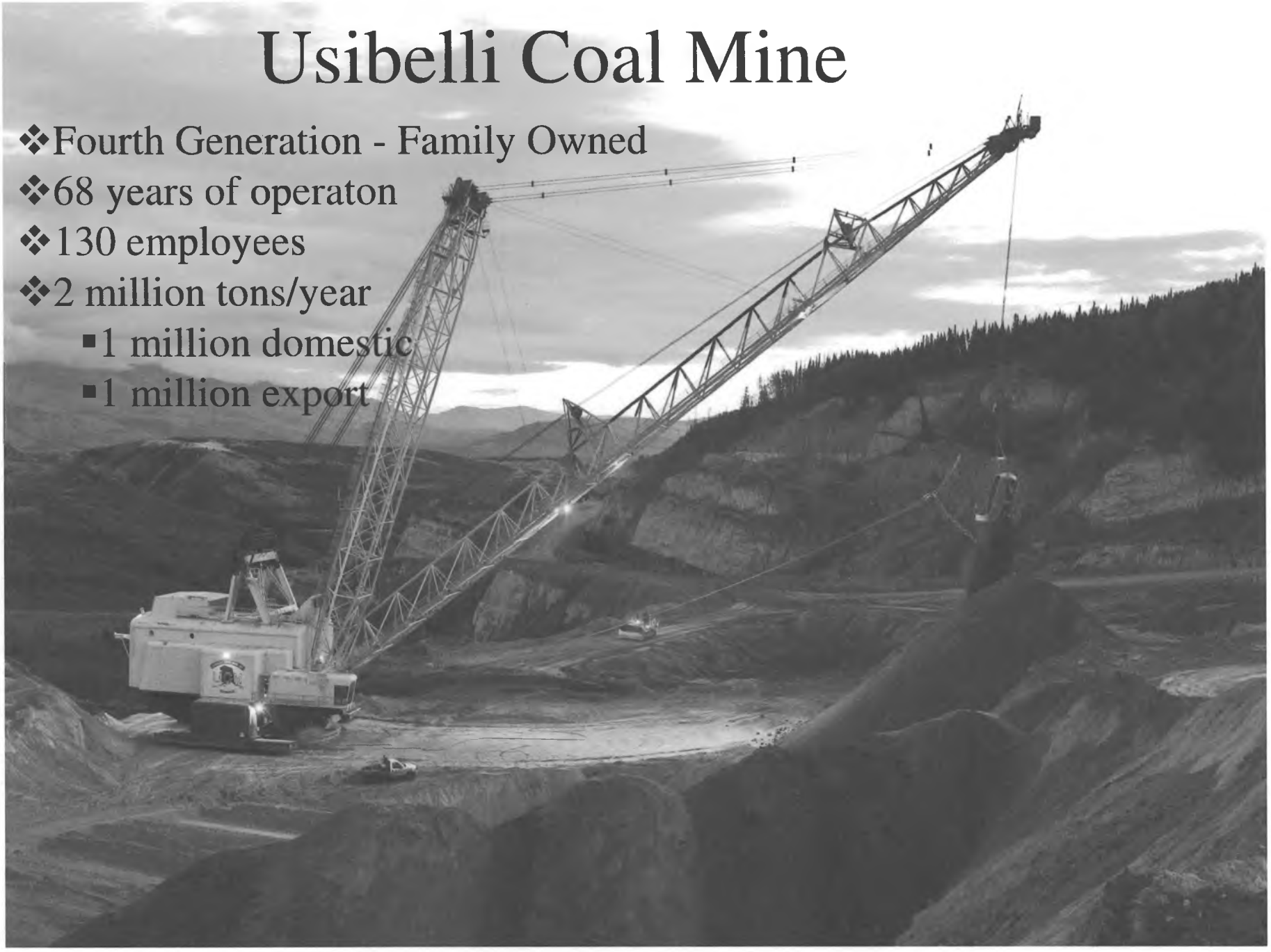
- Approx 200 small family mines
- Production over 57,000 oz Au
- Likely to increase in 2011 with gold price

Usibelli Coal Mine

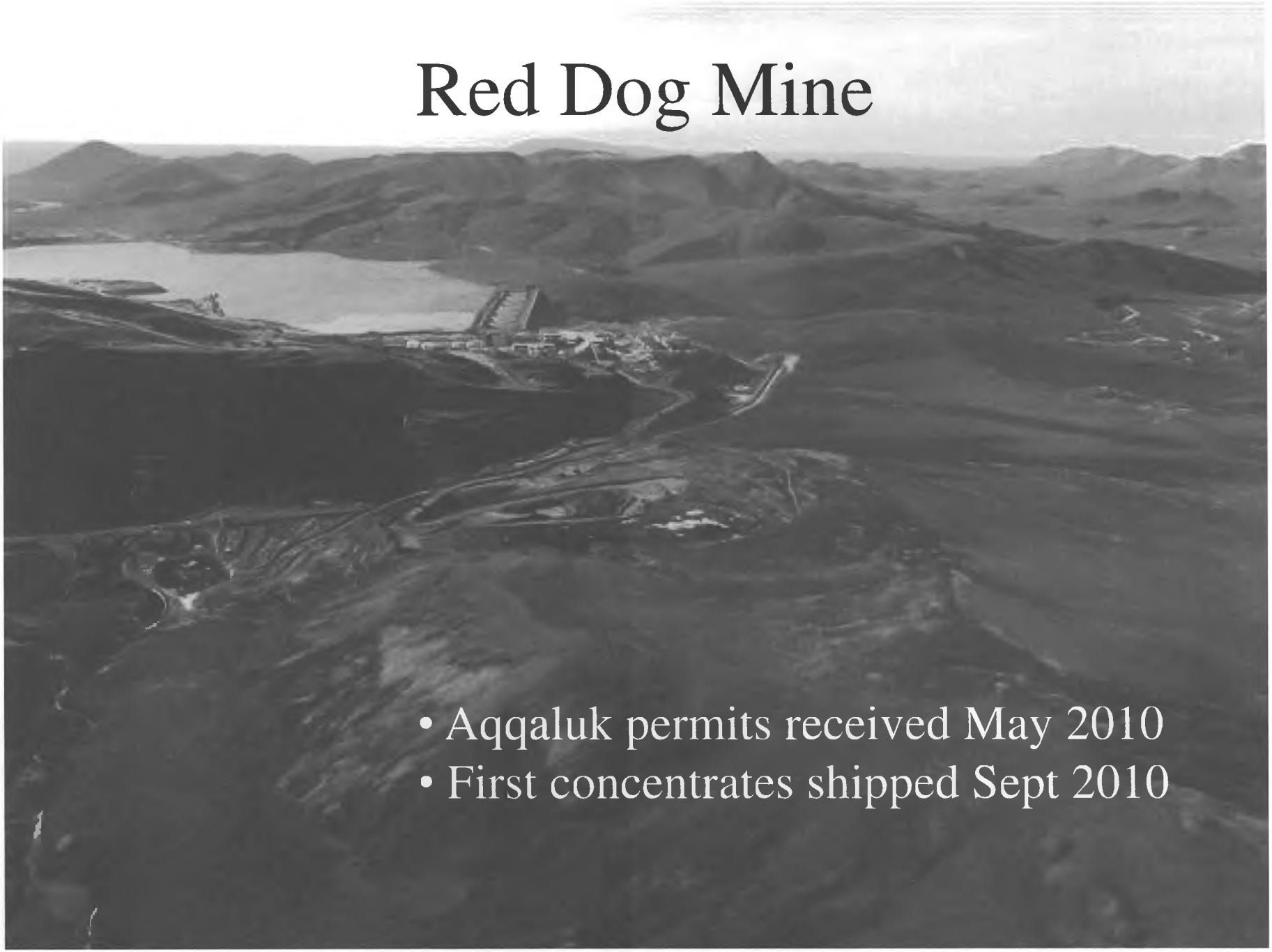


Usibelli Coal Mine

- Fourth Generation - Family Owned
- 68 years of operaton
- 130 employees
- 2 million tons/year
  - 1 million domestic
  - 1 million export



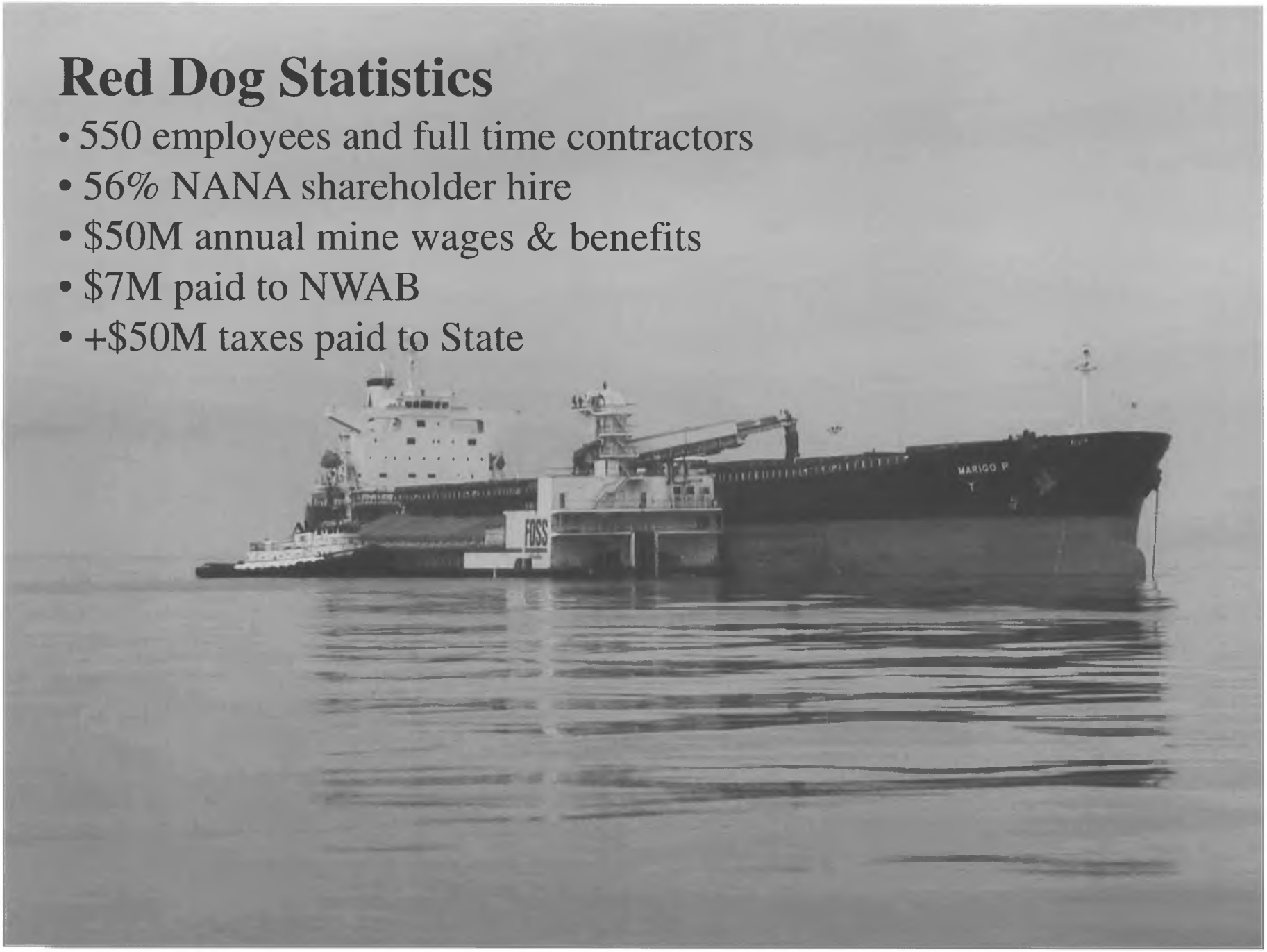
Red Dog Mine



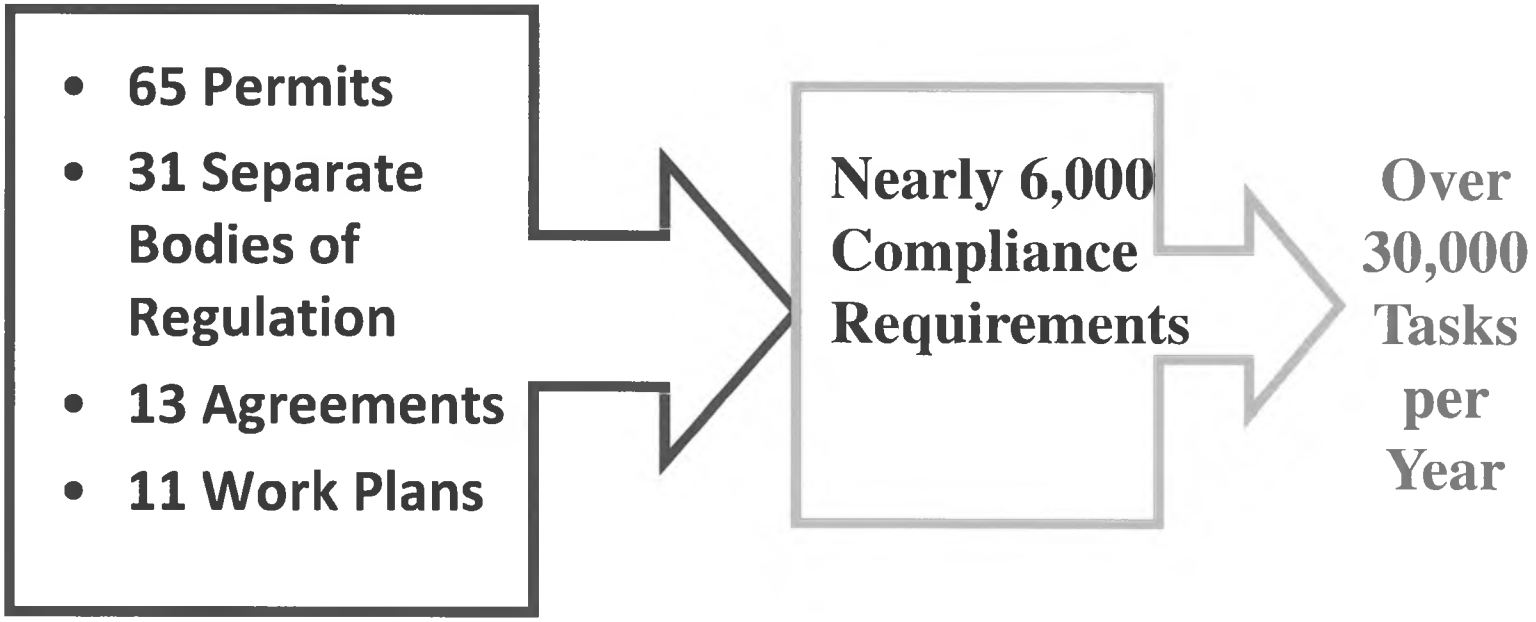
- Aqqaluk permits received May 2010
- First concentrates shipped Sept 2010

Red Dog Statistics

- 550 employees and full time contractors
- 56% NANA shareholder hire
- $50M annual mine wages & benefits
- $7M paid to NWAB
- +$50M taxes paid to State

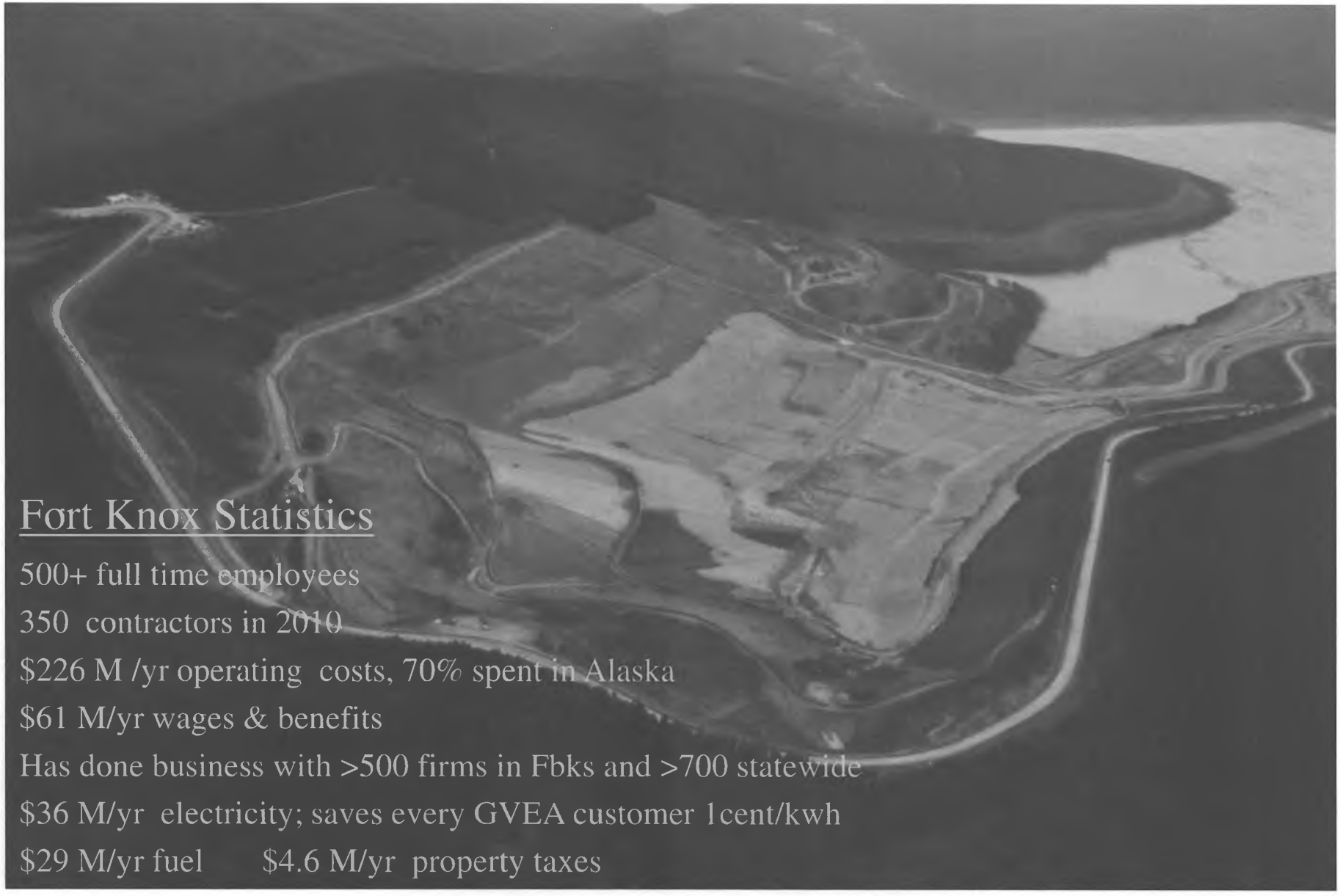


Red Dog Legal and Other Environmental Requirements



Fort Knox Mine

KINROSS Fort Knox



Fort Knox Statistics

500+ full time employees

350 contractors in 2010

$226 M /yr operating costs, 70% spent in Alaska

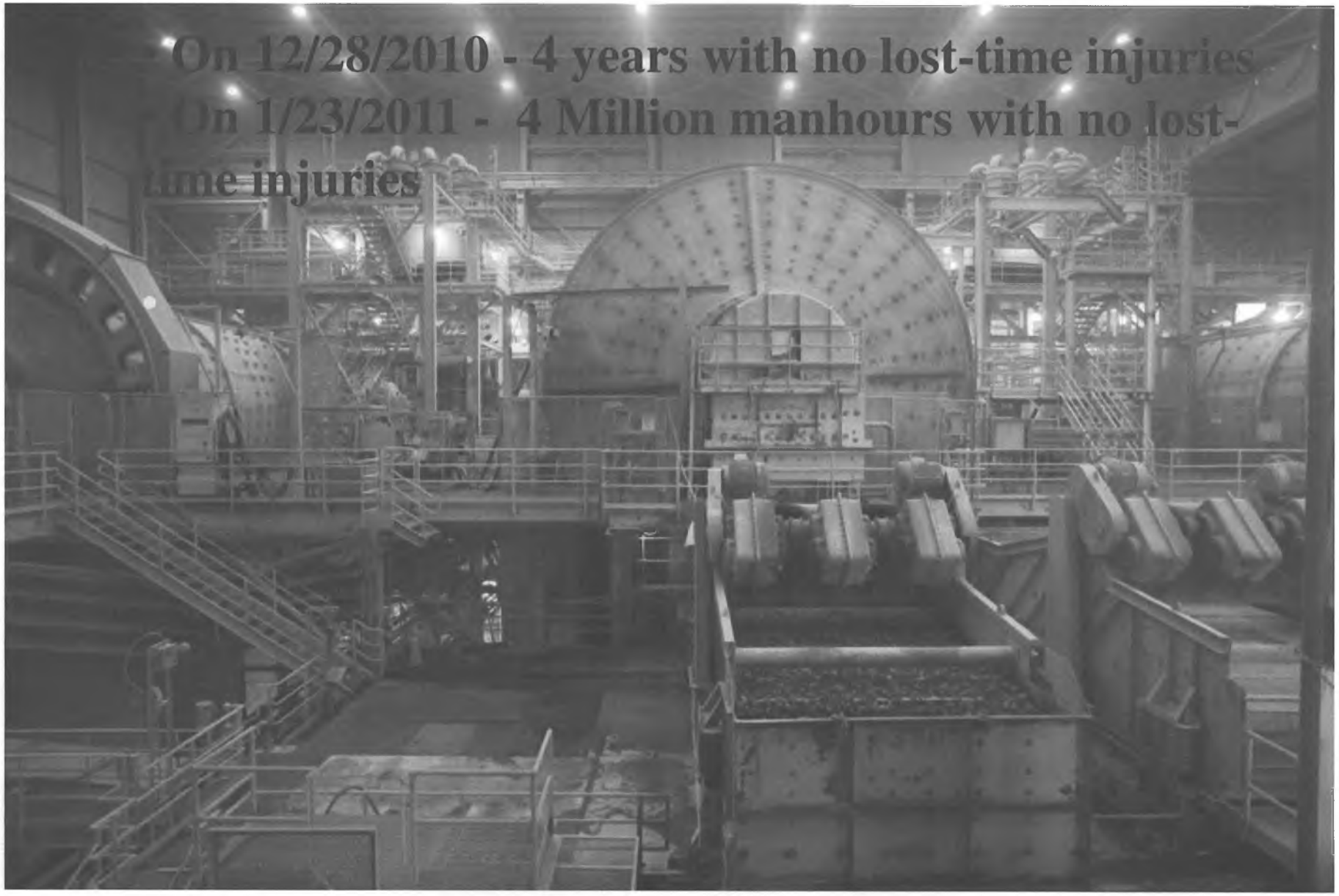
$61 M/yr wages & benefits

Has done business with >500 firms in Fbks and >700 statewide

$36 M/yr electricity; saves every GVEA customer 1cent/kwh

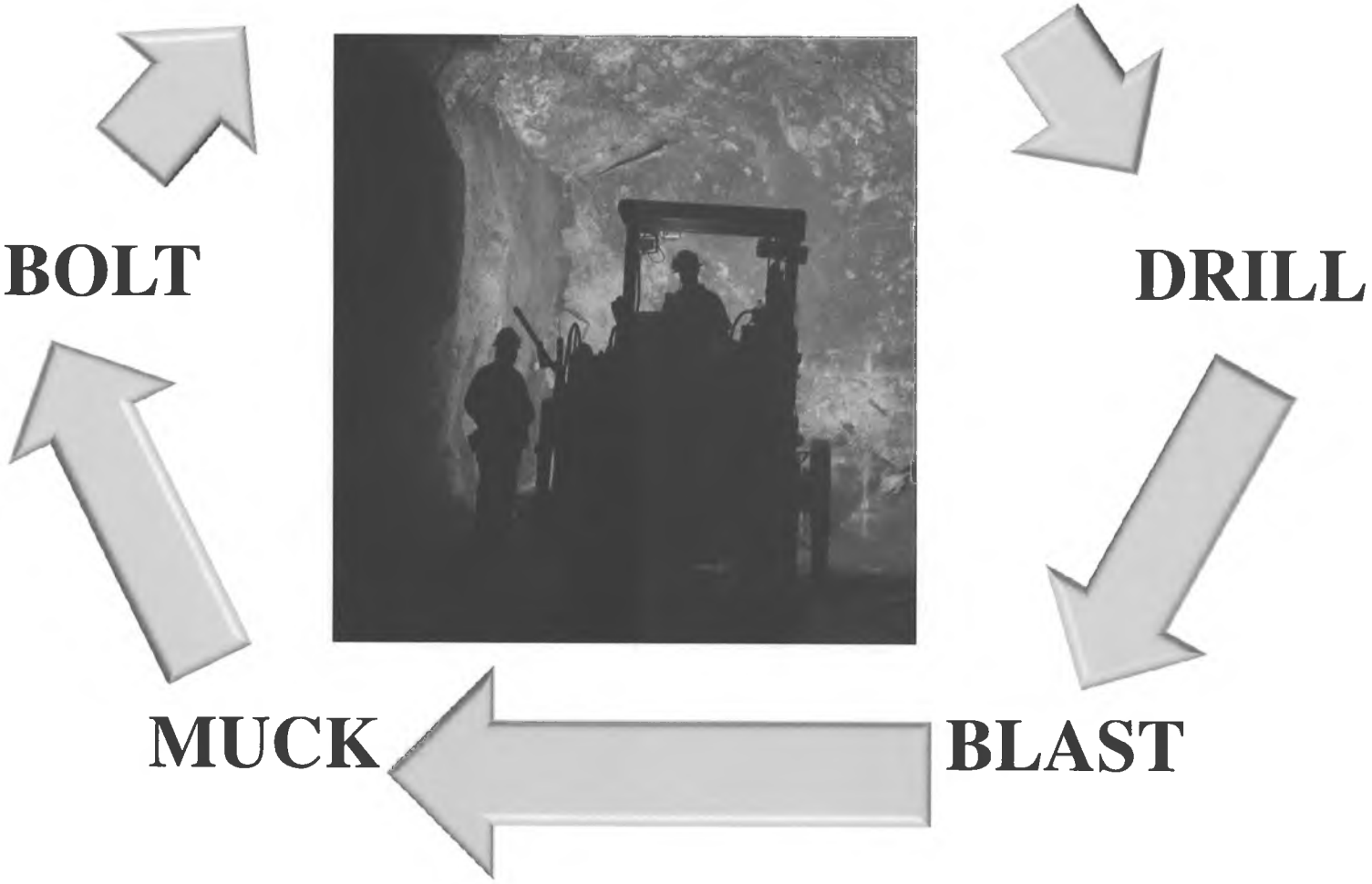
$29 M/yr fuel $4.6 M/yr property taxes

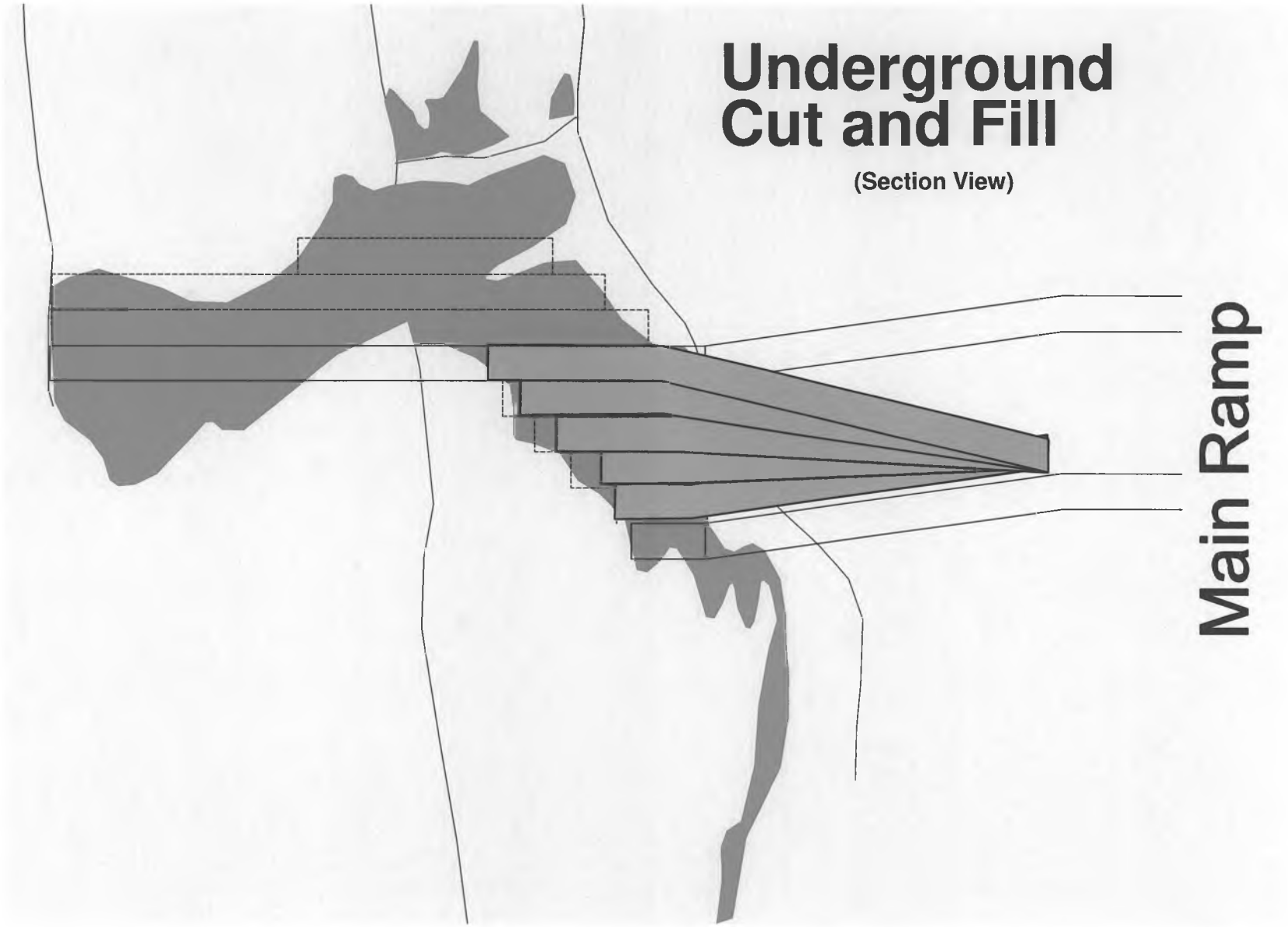
Fort Knox Safety Milestones



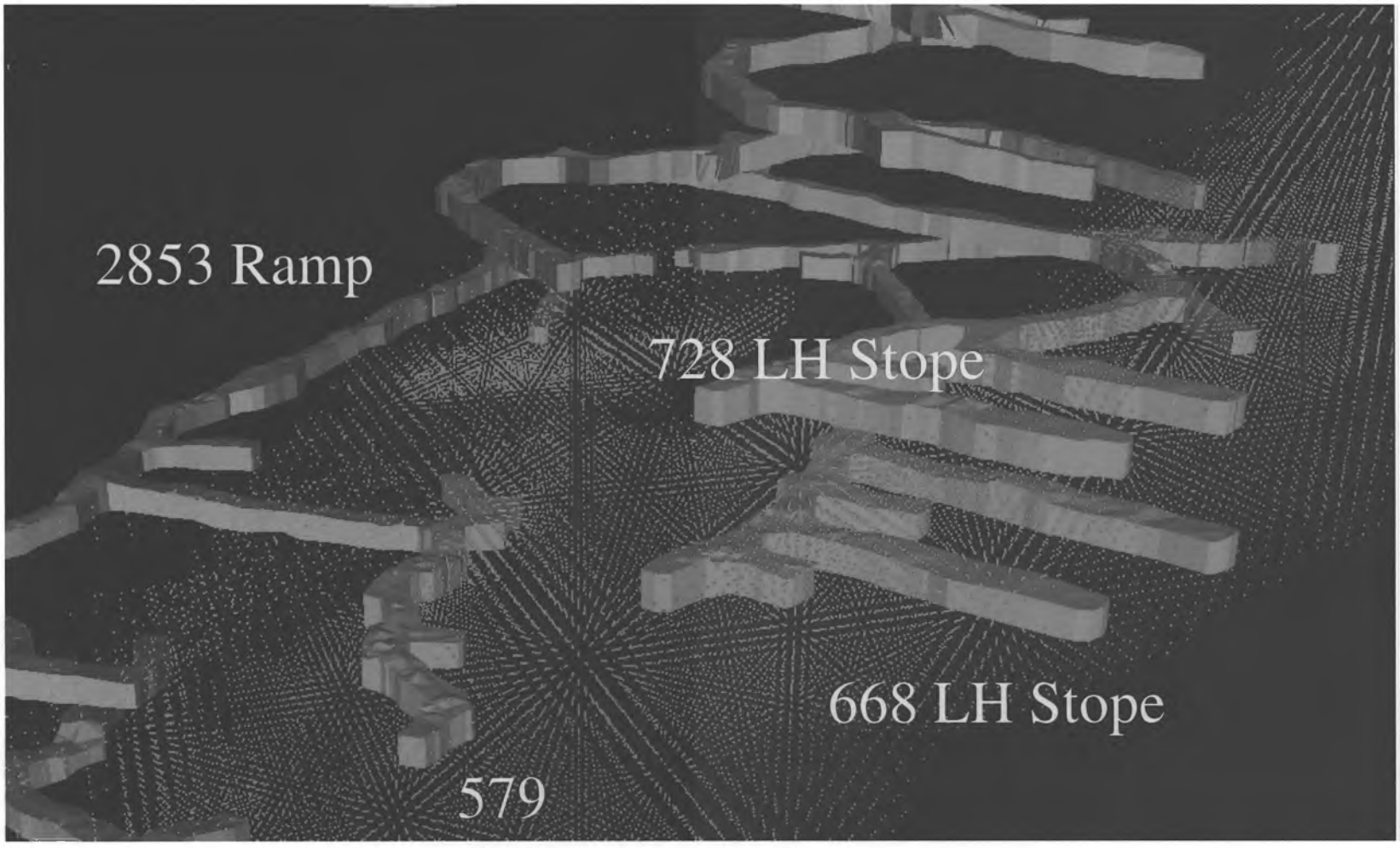
Basic Underground Mining Cycle

Geology + Engineering Control




Underground
Cut and Fill
(Section View)
Main Ramp

Underground Longhole



Hecla Greens Creek Mine

"At a Glance"

- **18 miles south of Juneau on Admiralty Island**
- **High-grade polymetallic orebody**
  - **Silver, zinc, lead and gold**
- **UG mine with surface concentrator**
  - **(2,250 tpd)**
- **Producing three concentrates + dore'**
  - **Zinc, lead and bulk**
- **20 years of production**
  - **Current 10 year mine life**

Hecla Greens Creek Mine

Economic Impact

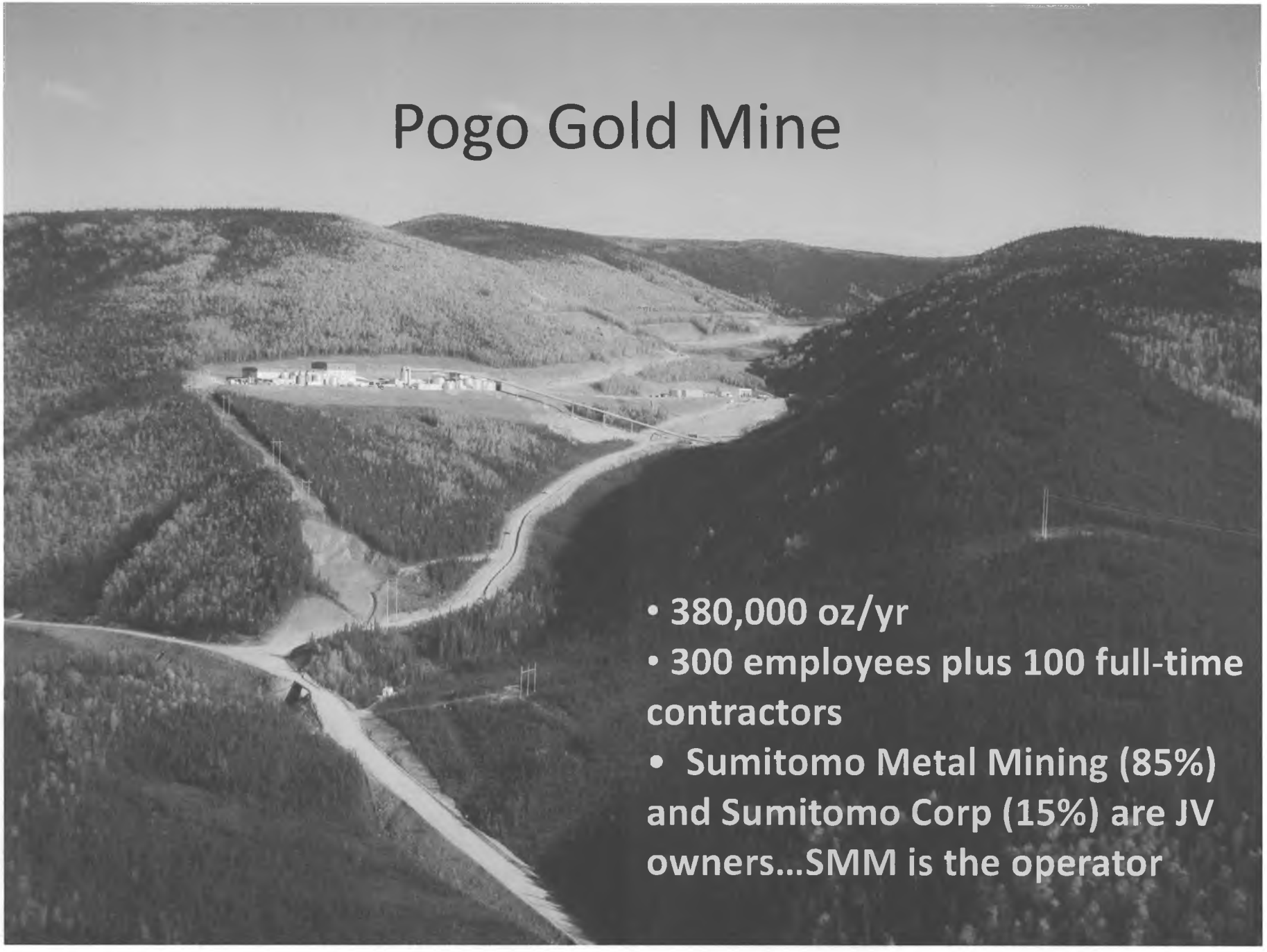
- **340 Employees**
  - **530 total direct and in-direct jobs**
- **Largest private sector employer in Juneau**
- **>$42M in pay and benefits**

Hecla Greens Creek Mine

Tailing Expansion

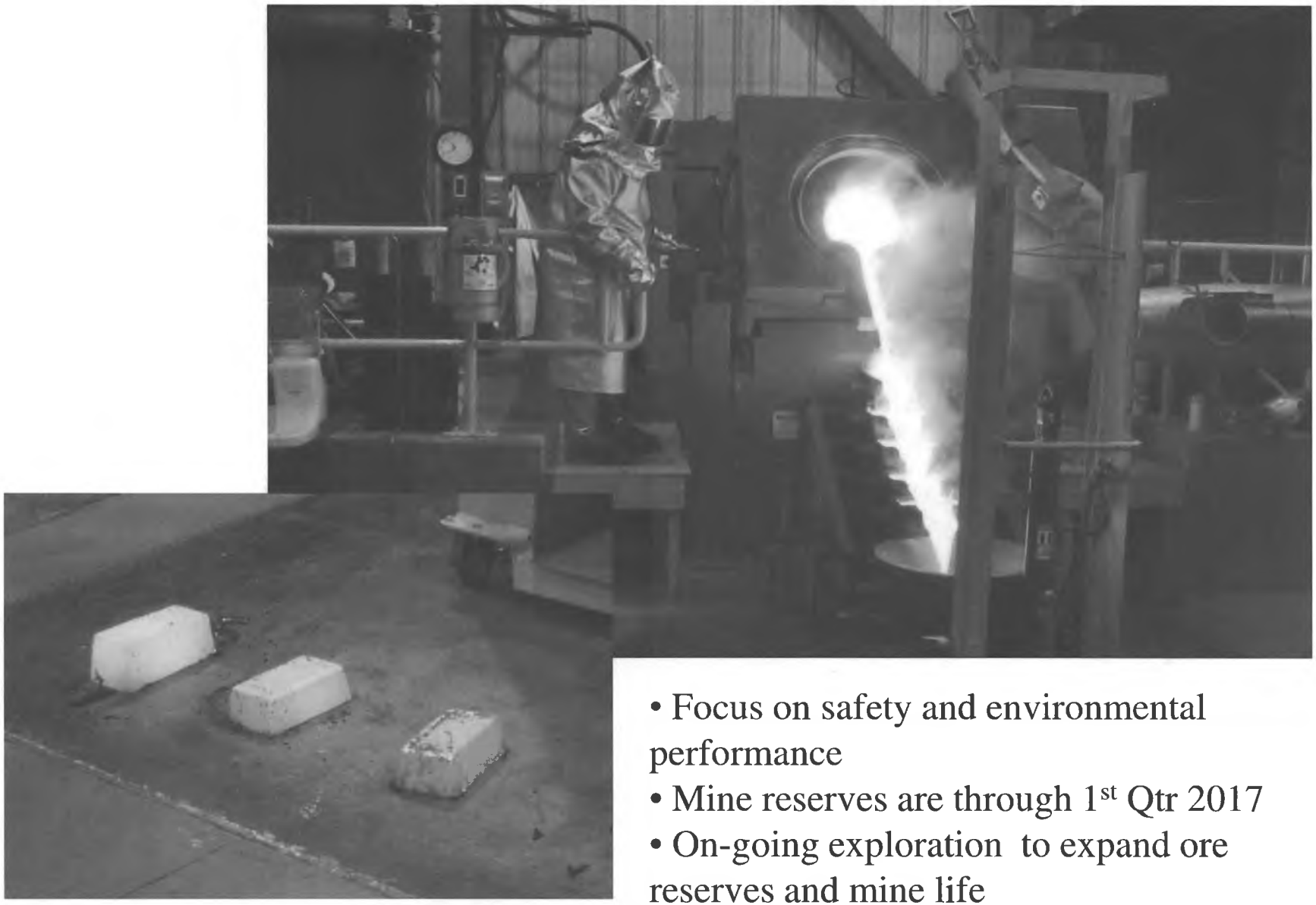
- **NEPA process initiated to add ~30-50 years of tails storage capacity**
- **Proposal will expand the site by ~200 acres**
- **Construction to start in 2012 pending favorable EIS and ROD from Forest**

Pogo Gold Mine



- 380,000 oz/yr
- 300 employees plus 100 full-time contractors
- Sumitomo Metal Mining (85%) and Sumitomo Corp (15%) are JV owners…SMM is the operator

Pogo Gold Mine



- Focus on safety and environmental performance
- Mine reserves are through 1st Qtr 2017
- On-going exploration to expand ore reserves and mine life


Kensington Mine
Surface Facilities
Dock


Kensington Gold Mine
Began operating July 2010
200 employees
125,000 oz/yr - Ongoing exploration
$25M/yr annual payroll
2nd largest Juneau employer by payroll
$9.3M/yr purchases local goods & services
Several million in local tax revenues

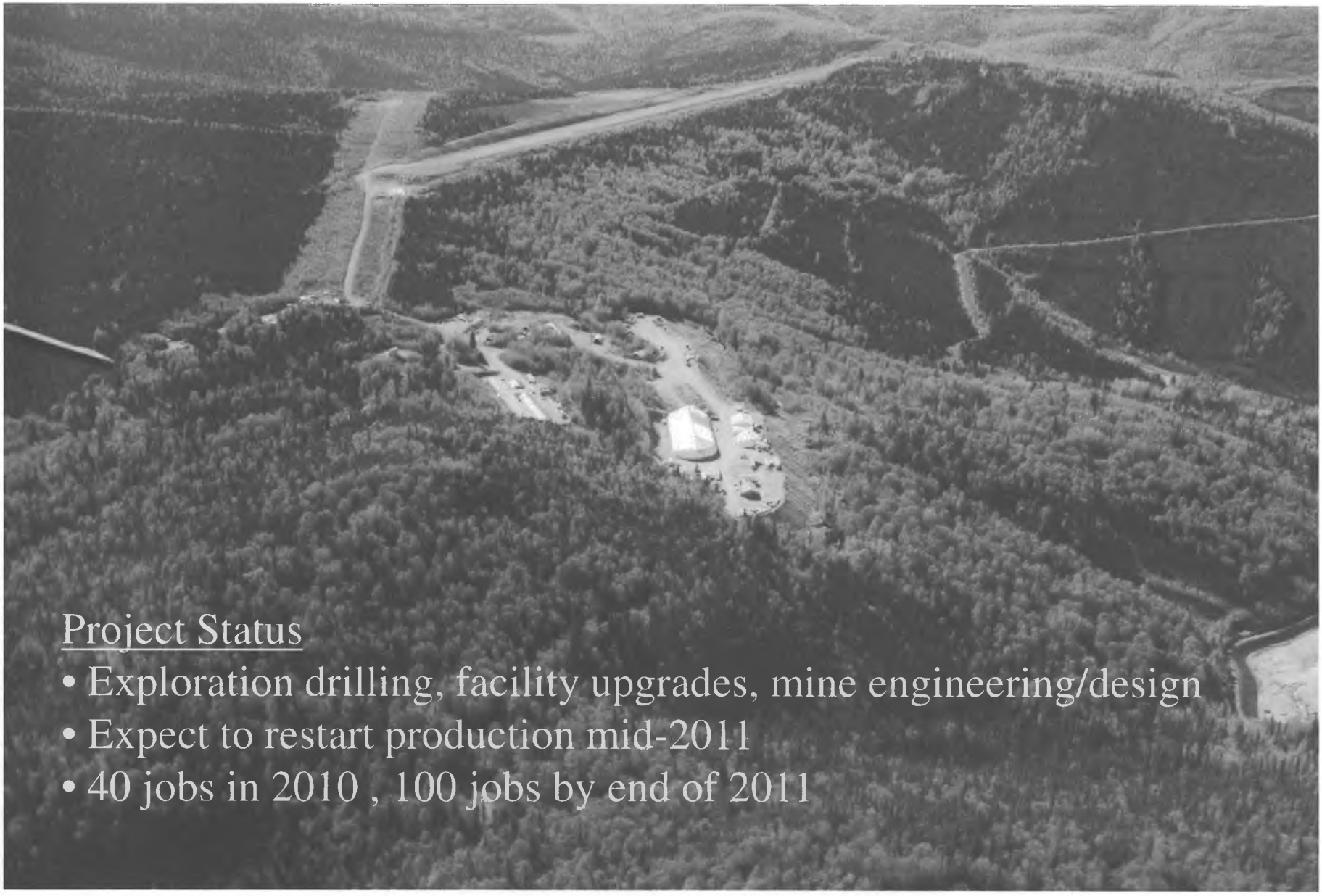
Limited On-site Accommodations

RDC Board at Lower Slate Lake

Mines in Idle Status

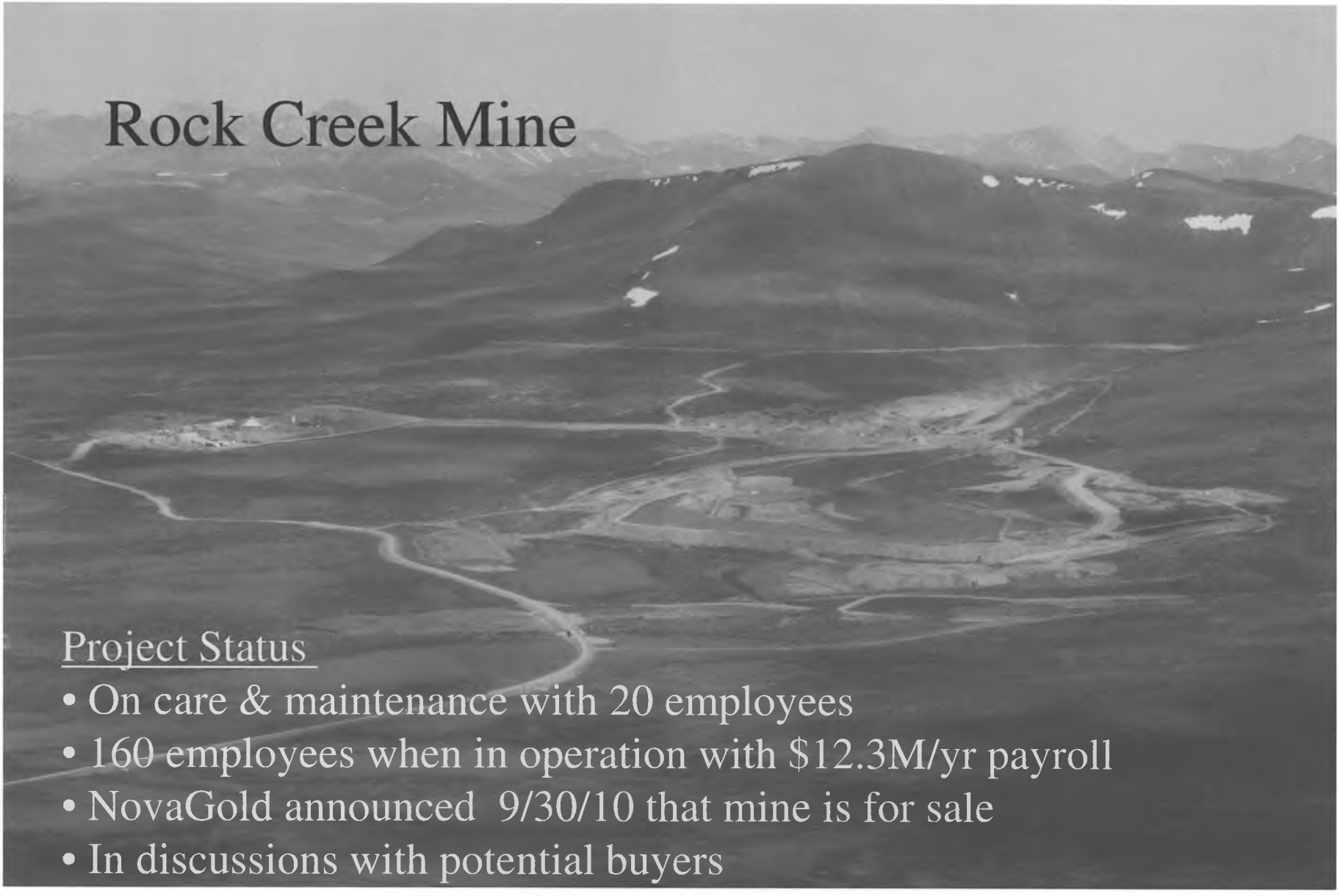
- **Nixon Fork - Fire River Gold**
- **Rock Creek - Alaska Gold/ NovaGold**

Nixon Fork Mine



Project Status

- Exploration drilling, facility upgrades, mine engineering/design
- Expect to restart production mid-2011
- 40 jobs in 2010 , 100 jobs by end of 2011


Rock Creek Mine
Project Status
• On care & maintenance with 20 employees
• 160 employees when in operation with $12.3M/yr payroll
• NovaGold announced 9/30/10 that mine is for sale
• In discussions with potential buyers

Projects in Advanced Exploration and Permitting

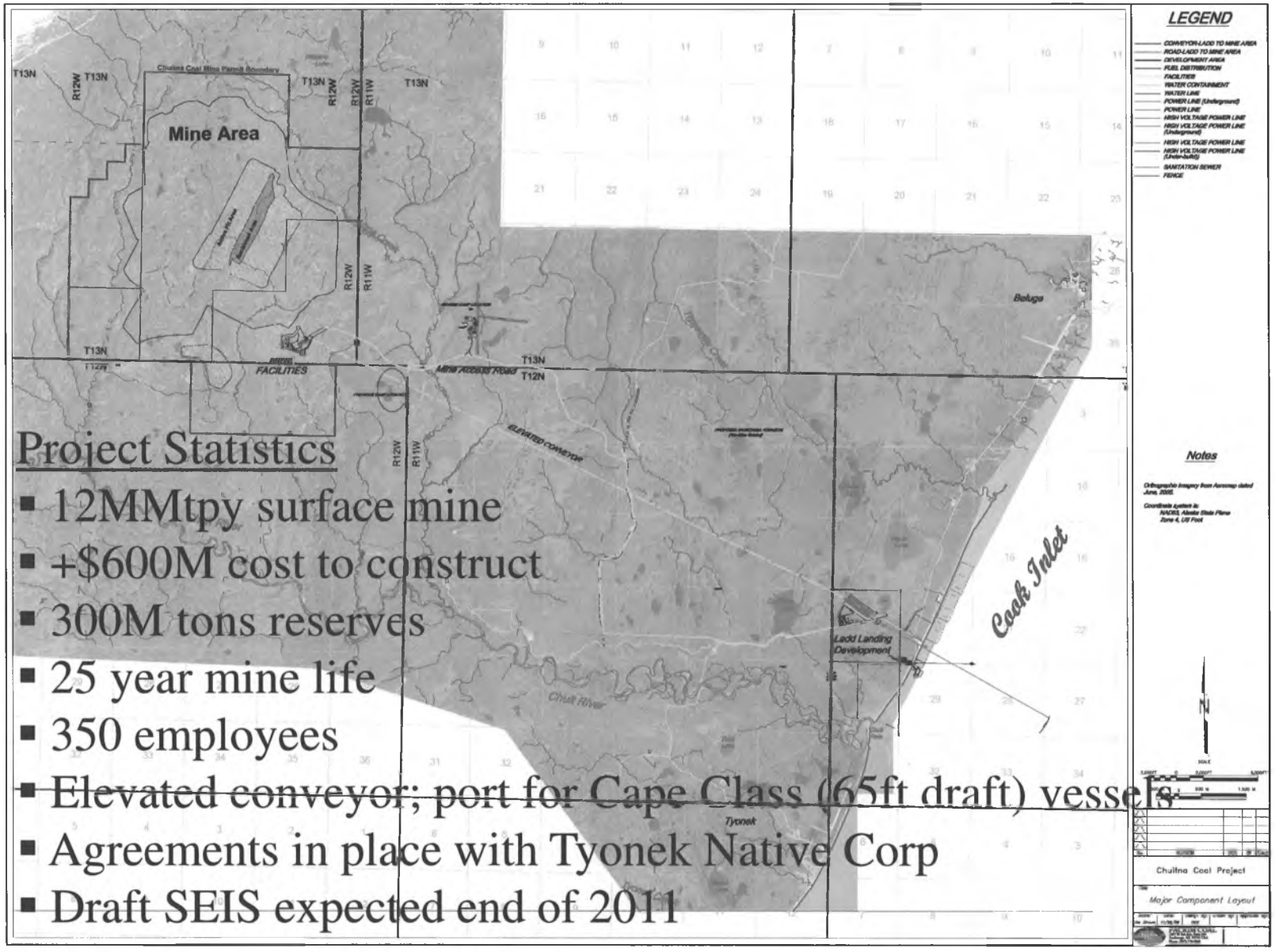
Advanced Permitting

1. Chuitna Coal PACRIM Coal

Advanced Exploration/Pre-permitting

2. Donlin Creek Barrick/NovaGold JV
3. Pebble Partnership NDM/Anglo American JV

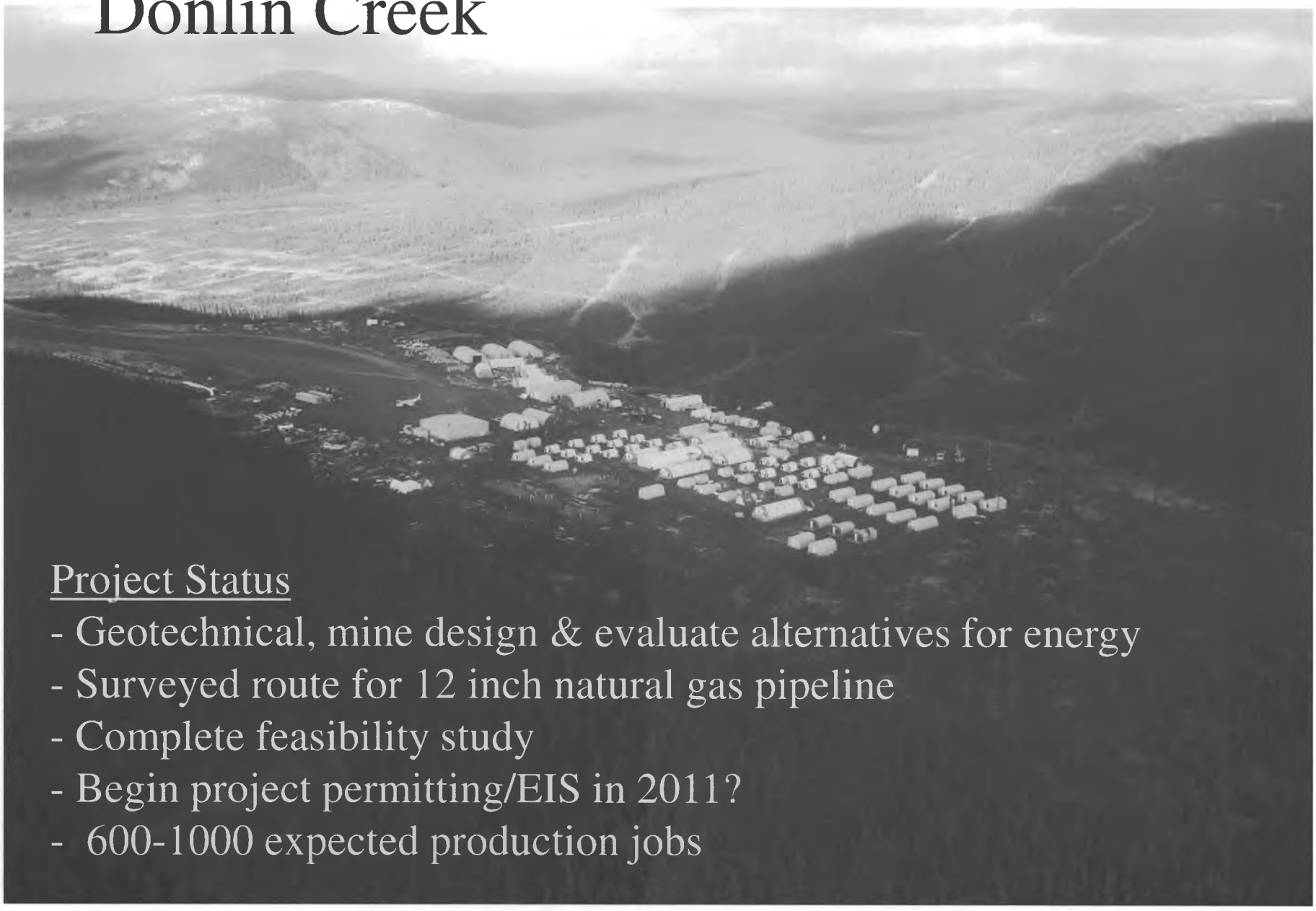
Chuitna Coal Project



Project Statistics

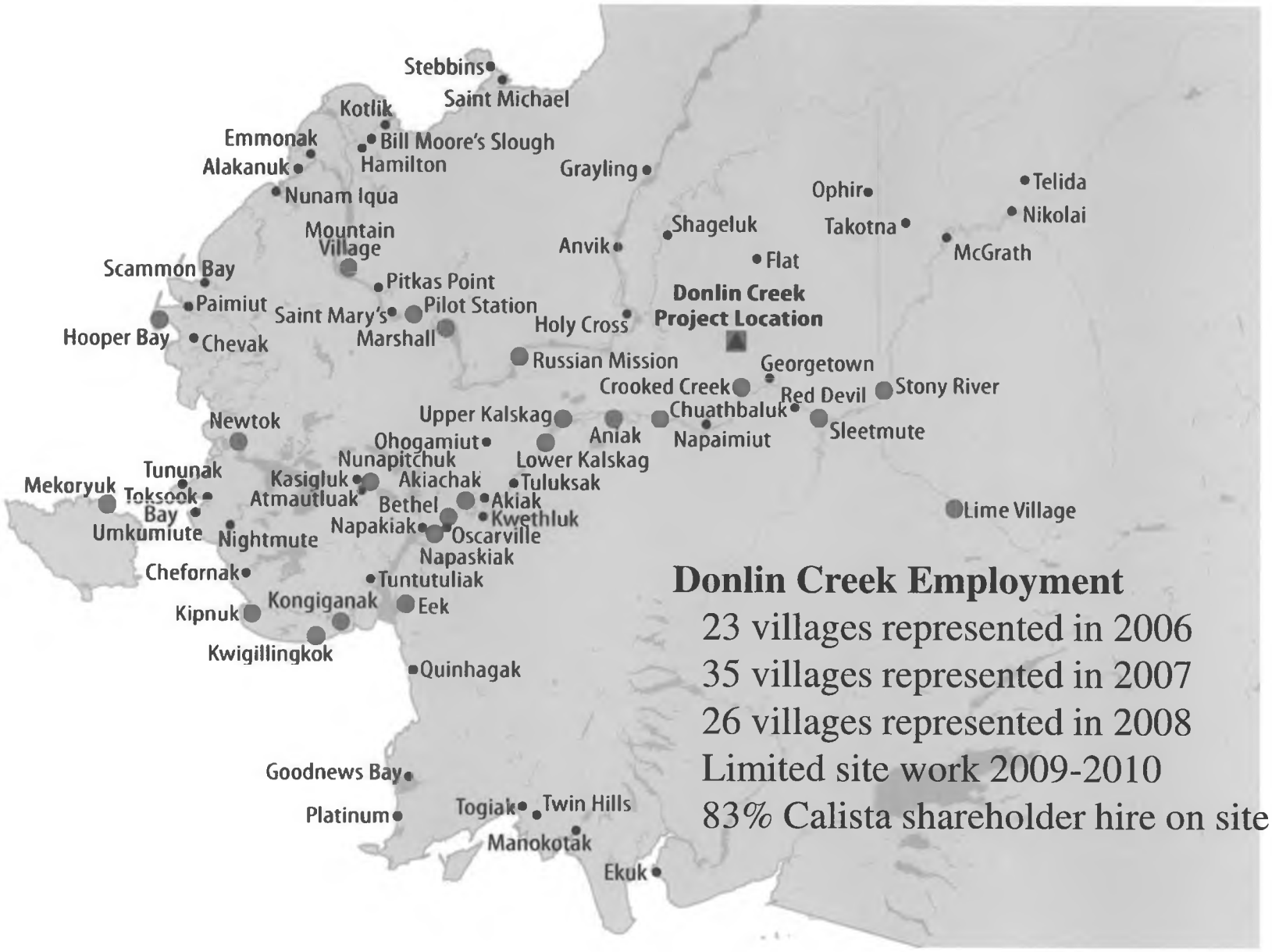
- 12MMtpy surface mine
- +$600M cost to construct
- 300M tons reserves
- 25 year mine life
- 350 employees
- ~~Elevated conveyor; port for Cape Class (65ft draft) vessels~~
- Agreements in place with Tyonek Native Corp
- Draft SEIS expected end of 2011

Donlin Creek



Project Status

- Geotechnical, mine design & evaluate alternatives for energy
- Surveyed route for 12 inch natural gas pipeline
- Complete feasibility study
- Begin project permitting/EIS in 2011?
- 600-1000 expected production jobs



Donlin Creek Employment

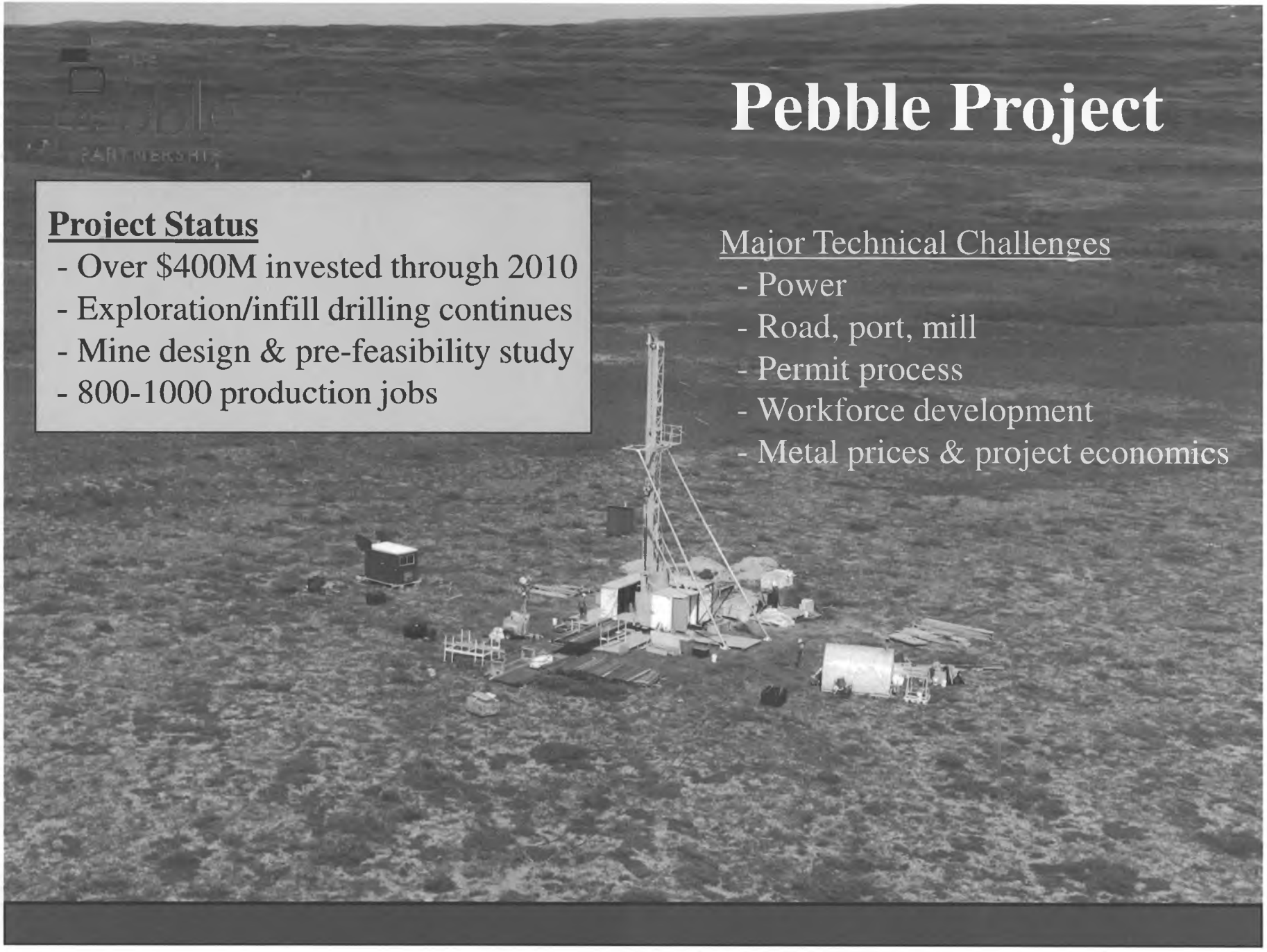
23 villages represented in 2006

35 villages represented in 2007

26 villages represented in 2008

Limited site work 2009-2010

83% Calista shareholder hire on site


Pebble Project
Project Status
- Over $400M invested through 2010
- Exploration/infill drilling continues
- Mine design & pre-feasibility study
- 800-1000 production jobs
Major Technical Challenges
- Power
- Road, port, mill
- Permit process
- Workforce development
- Metal prices & project economics

Drill Site Reclamation

After drill removed

After one year

Pebble – Environmental Baseline Studies

- Surface Water
- Water Quality
- Groundwater
- Geochemistry
- Snow Surveys
- Analytical QA/QC
- Fish & Aquatic Resources
- Macroinvertebrates
- Wetlands
- Trace Elements
- Flow Habitat Study
- Iliamna Lake Study
- Marine
- Wildlife
- Air Quality
- Noise
- Cultural Resources
- Subsistence
- Land Use
- Recreation
- Socioeconomics
- Visual Aesthetics
- Impact assessment & management
- Mine closure & reclamation

>50 independent consulting firms
>500 contractors
>$120 million expended to date

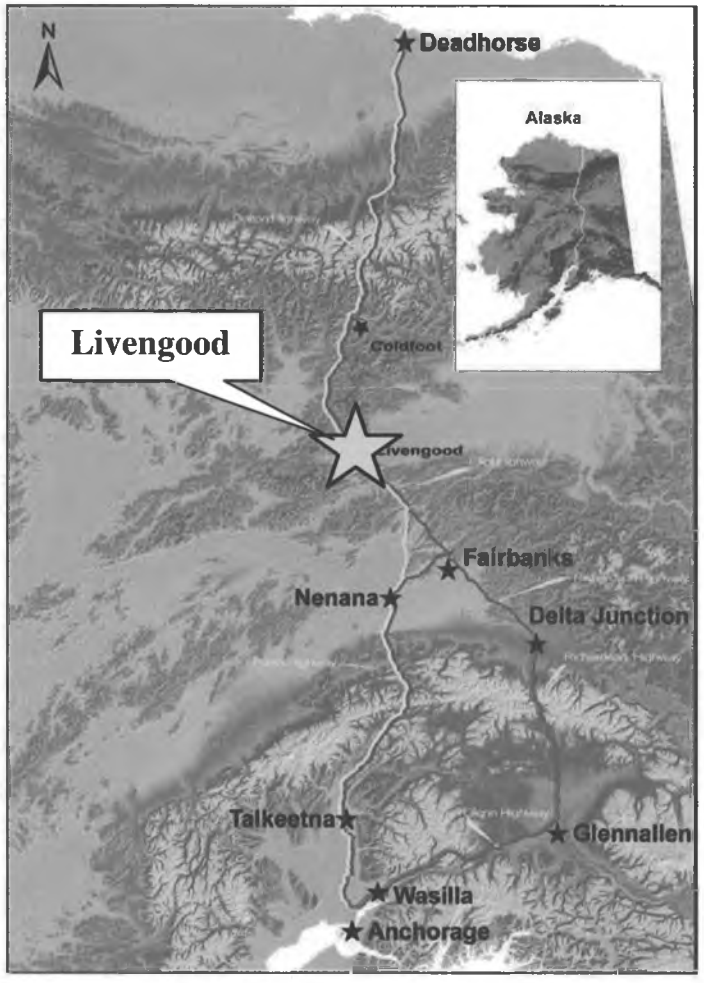
Major Exploration Projects

- 24 projects spent >$1 million each in 2010
- Expect higher number in 2011

Four Example Projects

- Livengood - International Tower Hill Mines
- Niblack - Heatherdale Resources
- Arctic – NovaGold Resources
- Palmer - Constantine Resources

Livengood Gold Project Highlights



Gold Deposit

Indicated Resources of 10.9Moz @ 0.83 g/t Au & Inferred Resources of 2.4Moz @ 0.79 g/t Au (0.5 g/t cutoff). (June 2010)

Geometry of deposit supports low-cost bulk tonnage mining

Favorable infrastructure

All weather paved highway, 70 miles north of Fairbanks

Potential natural gas pipeline - would help project

Project Status

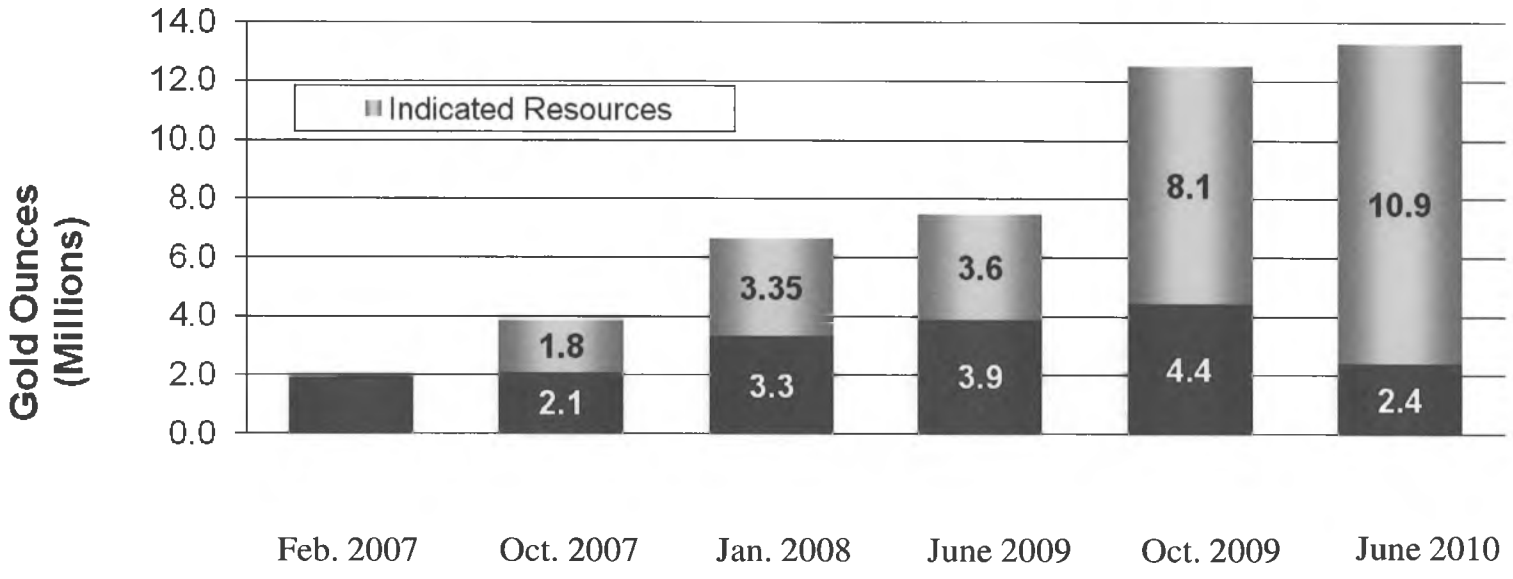
+100 persons on site for drilling, environmental, and engineering work

Over $50 million spent in past 3 years

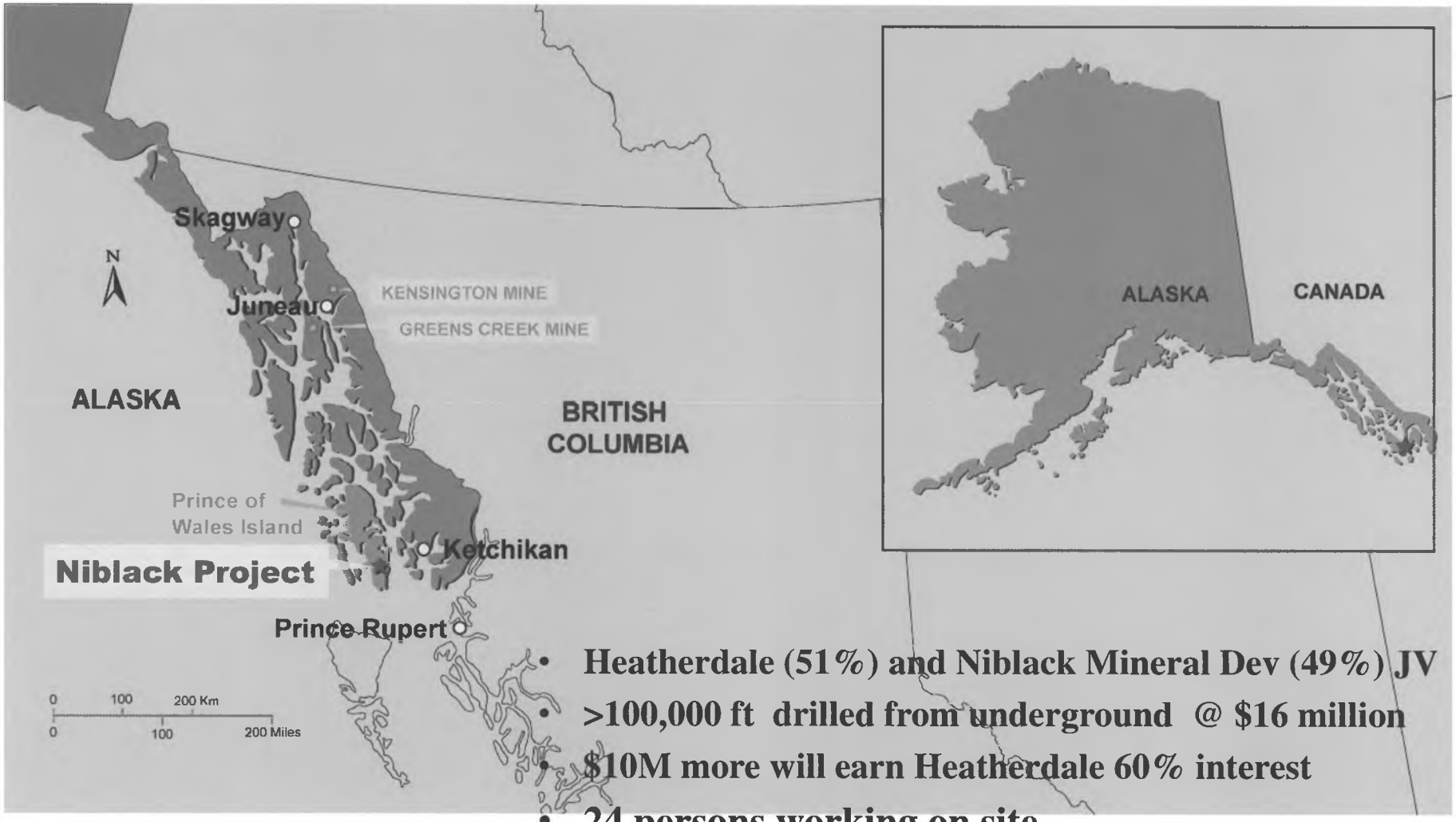
TALONGOLD Alaska Inc. A SUBSIDIARY OF ITH

INTERNATIONAL TOWER HILL MINES LTD

Livengood Resource Growth

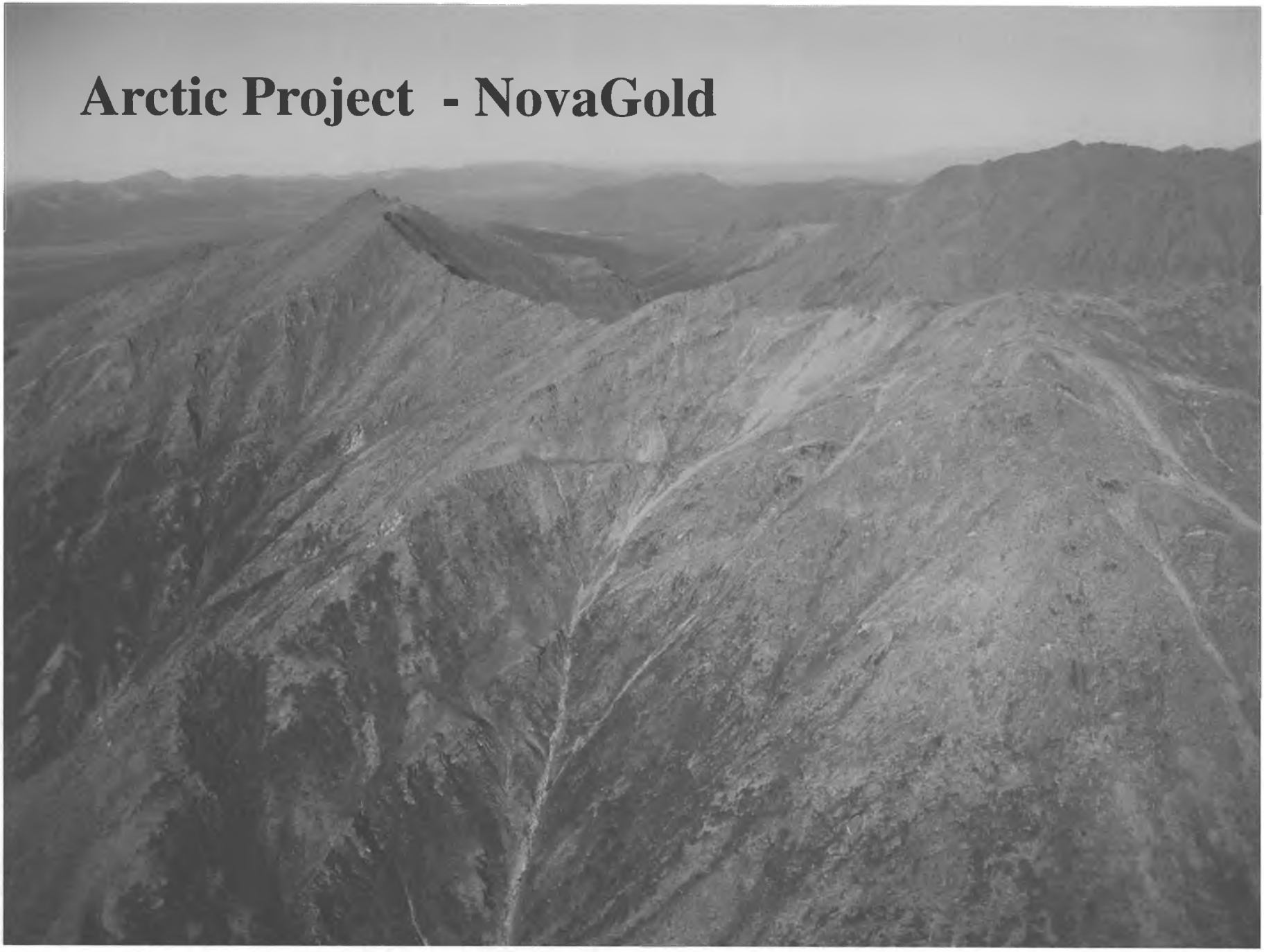


HEATHERDALE
RESOURCES LTD.



- Heatherdale (51%) and Niblack Mineral Dev (49%) JV
- >100,000 ft drilled from underground @ $16 million
- $10M more will earn Heatherdale 60% interest
- 24 persons working on site
- $50 million invested through 2010

Niblack Project


Arctic Project - NovaGold


Palmer Project at Haines – Constantine
• Copper-zinc-gold-silver VMS deposit
• Discovered by Merrill Palmer in 1969
• Explored by seven companies since then
• Constantine spent >$10M over past several years

ALASKA MINERS ASSOCIATION, INC.

Infrastructure for Mines

September 2010

By Steve Borell

Most people assume that the basic infrastructure required for Alaska mines is provided by the state or federal government. By basic infrastructure I refer to electrical power, roads, railroads, airfields, and ports.

I first researched the topic several years ago when I was asked to speak at an Alaska session in Tacoma, Washington. My assigned topic was to describe the infrastructure that the state will have to build to service various prospective mining projects. However, as I began to research the topic, I realized that most of the basic infrastructure used by Alaska's large mining operations was not built by the state or federal government but rather by the mines themselves.

Infrastructure is a major cost item wherever it occurs, and especially in remote parts of the state. Furthermore, the infrastructure is often needed long before the mine has a positive cash flow from operations because infrastructure is needed before the mine can even be built. It is needed to bring in the supplies and equipment that are used to build the mine. Infrastructure costs have a huge adverse financial impact on the project's rate of return because of the time value of money which must be spent long before there is any return.

The table titled "Infrastructure for Alaska Mines" is a list of Alaska's large mines and major projects showing how their infrastructure was funded. The six large operating mines have a total of 18 items of infrastructure. Twelve of those items, shown with an (*), were paid for entirely by the mines. Three items were existing infrastructure. Two items, indicated by (+), were paid by a government "authority" and the cost recovered by charging the mine a user fee. One item, indicated by (*+), was constructed by the mine with a partial payment by the State.

Infrastructure for Alaska Mines

Mine/Project	Power	Road	Airfield	Port
Major mines now in operation				
Usibelli Coal	On grid	On road & RR		
Greens Creek	*Diesel, now on grid	*7 mi		*Yes
Red Dog	*Diesel	+55 mi	*4500 ft	+Yes
Fort Knox	*24 mi to grid	*4 mi		
Pogo	*55 mi to grid	*55 mi	*3000 ft	
Kensington	*Diesel	*+6 mi		*Yes
Major mines now in idle status				
Nixon Fork	*Diesel		*4500 ft	
Rock Creek	*6 mi to grid	3mi by State		
New large projects in permitting or advanced exploration				
Chuitna Coal	*10 mi to grid	*13 mi	*3000 ft	*Yes
Donlin Creek	*Diesel & wind	*23 mi	*5000 ft	*Yes
Pebble	*105 mi to grid	*~80 mi		*Yes

* Constructed by the mine
\+ Reimbursed by mine based on throughput
*+ Combination of mine and State funding

The mines in idle status have a total of four items of infrastructure. Three of the four were constructed by the mines and one item, a three-mile road, was part of the "Roads to Resources" program and was constructed by the State. For the three advanced projects – if these projects can get through the permitting process, all 11 items of infrastructure required will be constructed by the mines.

To summarize the numbers – 88% (30 of 34 items) of the items of infrastructure required by the major mines and advanced projects has been paid (or will be) by the mines.

The situation is very different in other states and countries. In the lower 48 states and much of Canada, only the final few miles of road or powerline will be paid by the mine. It is a rare case where the mine is isolated from the road system or must build its own power plant, airfield, or port. Throughout Canada, the roads, railroads, and powerlines are typically built by the government.

In some countries the governments will provide much of the infrastructure. I recall hearing a few years ago that a project in Inner Mongolia of northern China was going to need a road. This need was expressed to the government officials. Within a year a 200 km road was under construction; two years later it was complete.

I often hear that the State of Alaska built the road and port facilities for the Red Dog Mine. That is correct. The Alaska Industrial Development & Export Authority (AIDEA) paid for construction of the road and port known as the Delong Mountains Transportation System (DMTS). But Red Dog makes annual payments to AIDEA based on throughput of concentrates that are shipped. If the mine does not meet a certain level of throughput each year, Red Dog must still pay a guaranteed minimum amount to AIDEA. That has not yet happened because every year since the mine began operating in 1989 the throughput has been more than the minimum. The initial construction of DMTS was $180 million with a subsequent upgrade of $85 million for a total cost of $265 million. Thus far the state has received $312 million of interest and principle on its investment. That says nothing about the jobs and other benefits to the region and the entire state.

There are numerous other roads and other infrastructure throughout Alaska that was built by the mining industry. Electrical power generation in Juneau is a case of particular note. Juneau has the lowest power cost in the state because of the mining industry. There are five hydroelectric generating plants in Juneau. Three of these were built by the mining industry and a fourth was built because of mining guarantees. The three plants built by the mines are Gold Creek (1893), Salmon Creek (1913) and Annex Creek (1915). When the A-J mine closed these plants were sold to Alaska Electric Light & Power (AEL&P). Salmon Creek was upgraded in 1984 with a new generator but the others still operate with the original equipment.

A fourth hydroelectric power plant, Dorothy Lake (2009), was built because the Greens Creek mine signed a contract guaranteeing that it would take any power not required by the city. The result was that AEL&P was able to obtain funding for the plant.

As I previously mentioned, most people assume that the basic infrastructure required for Alaska mines would be provided by the state or federal government. Those people would be wrong and the facts clearly show that the basic infrastructure requirements are most often constructed by the mines themselves.

ALASKA MINERS ASSOCIATION, INC.

Issues of Concern
for the Alaska Mining Industry for 2011

Actions needed by the Administration and/or the Legislature: January 2011

CRITICAL ITEMS: PERMITTING INTEGRITY – LITIGATION REFORM – ENERGY – INFRASTRUCTURE

Integrity of Permitting System - Ensure the integrity of the current, very rigorous, science-based state permitting process and fund it at a level that will ensure its integrity.

- Provide sufficient staff and funding for permitting functions of the Departments of Natural Resources, Fish & Game and Environmental Conservation.
- Establish public confidence in the permitting system.

Alaska Coastal Management Program (ACMP) – Ensure reforms made in 2003 are not compromised.

Litigation Reform – Support efforts to bring more accountability to the appeals and litigation processes for community and resource development projects.

Infrastructure - Advocate for and fund infrastructure that will provide access to remote areas of Alaska so natural resource projects can be developed.

- Settle on a route from the Parks Hwy to Nome and begin development of it.
- Establish an effective standard for pioneer roads.
- Fund roads between communities.

Energy - Advocate and adopt a state energy plan and fund interties, pipelines, hydroelectric, etc. to provide energy for resource development and communities.

- Ensure that Healy Plant #2 comes on line at the earliest possible date.
- Rationalize the management and control of the railbelt electrical intertie system.
- Fund and construct an intertie between the railbelt intertie and Bethel.
- Develop and implement a strategy to provide stable sources of energy to the railbelt.

PERMITTING PROCESS

Water Quality Standards - Continue to revise water quality standards to ensure standards are scientifically supportable and developed using Alaska-specific criteria. Also, ensure continued availability of mixing zones and adoption of anti-degradation regulations.

Non-Profit Foundation Money - Enact legislation to require public disclosure whenever funds from 501(c)(3) non-profit foundations are used to affect public policy; disclosure to include name of the source, amounts and purpose for which the moneys are given.

Financial Assurance - Ensure that financial assurance (bonding) requirements for environmental compliance are managed exclusively by the State. Aggressively oppose federal takeover.

Endangered Species Act/Essential Fish Habitat – Continue to aggressively oppose ESA listings in the courts to ensure decisions are based on sound science.

FISCAL ISSUES

Taxation - Maintain an equitable and stable tax structure at state and local government levels to ensure Alaska industry remains competitive.

State Fiscal Policy - Adopt a long range fiscal plan.

Annual Airborne Geophysical Mapping Program - Increase funding for the extremely effective airborne geophysical mapping program; initiate statewide baseline water quality mapping.

Mineral Education & Training - Continue to support mining engineering and geological engineering, geology, the Mining and Petroleum Training Service (MAPTS), and the Delta Mine

Training Center (DMTC) at levels that will ensure a trained workforce; continue funding the State's share of Alaska Resources Education (formerly AMEREF).

LAND MANAGEMENT ISSUES

State Authorities - Ensure development of state-owned natural resources is not compromised by municipal or borough regulations or taxation.

Land Management Philosophy - Ensure that uses of land are not mutually exclusive - resource development and recreation; mining and fish; oil and caribou; resource development and subsistence.

RS-2477 Rights-of-Way & Navigability - Continue to systematically and aggressively pursue State rights, both administratively and in the courts, to RS-2477 rights-of-way and State ownership and authority over navigable waters as granted at Statehood.

Wetlands Mitigation & Banking - Ensure that mitigation or banking are not required as long as less than 1% of Alaska's wetlands are undisturbed. ANILCA guarantees most of Alaska wetlands will never be affected.

State Lands - Ensure no net loss of multiple use lands. *Oppose* additions to any state parks, refuges, critical habitat areas, marine restricted areas, or any other restricted-use areas, *unless* an equal acreage of other lands already having the same designation is released and the new area being designated is first evaluated for mineral potential.

Land Transfers - Prior to any state land transfers to boroughs, land disposals/sales, or leases not required for resource development, require a detailed mineral evaluation, to include airborne geophysical surveys, be completed to help ensure that mineralized lands or key access routes are not transferred.

Outdated Federal Withdrawals - Pursue removal of old federal land withdrawals (where purpose for withdrawal has expired) which are blocking land transfers to the State, such as PLO 5150, the outer pipeline corridor. Encourage BLM to remove such PLOs and open the lands through its land planning process.

New Federal Withdrawals - Oppose all new federal land withdrawals, roadless initiatives, marine restricted areas, Antiquities Act designations, BLM wilderness studies, etc. and fight vigorously against additional buffers or other restrictions to multiple use of federal lands in Alaska. The Alaska National Interest Lands Conservation Act (ANILCA) provides that "no more" federal land will be withdrawn for parks, preserves, monuments, wilderness designations, wild & scenic river designations, etc.

International Heritage & Biosphere Designations - Oppose establishment of international parks, biosphere reserves, and world heritage sites, such as the so-called Beringia (over the Seward Peninsula & Bering Sea), NPRA, or ANWR. International designations would - 1) surrender partial sovereignty to the United Nations, and 2) eliminate access across the affected lands and waters.

Federal Mining Law - Continue to oppose changes to federal law and regulations that would be adverse to Alaska miners.

OTHER ISSUES

Business Climate – Address the negative perceptions identified in polls by CNBC, Forbes, etc.

NEPA - The Administration develop an MOU with the Corps of Engineers to ensure timely coordination of future Environmental Impact Statements.

Coal Development - Encourage utilization of coal liquefaction and gasification technologies for Alaska's vast coal resources.

Climate Change - Oppose all federal actions unless they are based on sound data and peer-reviewed science.

Jones Act - Because Jones Act vessels for bulk mineral shipments are not available, petition Congress to amend the Jones Act to allow use of non-Jones Act vessels for shipment of "non-petroleum bulk natural resources within or from Alaska or intra-Alaska shipments of petroleum".

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The Economic Benefits of Alaska's Mining Industry

Mining is a growing force in Alaska's economy ...

providing jobs for thousands of Alaskans and millions of dollars of personal income throughout Alaska. Alaska's mining industry includes exploration, mine development, and mineral production. Alaska's mines produce zinc, lead, gold, silver, platinum, coal, as well as construction materials, such as sand, gravel, and rock.

In 2010, Alaska's mining industry provided:

- **3,500 direct** mining **jobs** in Alaska.
- **5,500 total** direct and indirect **jobs** attributed to Alaska mining industry.
- **$350 million** in total direct and indirect **payroll**.
- Some of Alaska's highest paying jobs with an estimated **average annual wage of $95,000**, double the state average for all sectors of the economy.
- **$13 million** in **local government revenue** through property taxes and payments in lieu of taxes.
- **$58.9 million** in **state government revenue** through rents, royalties, fees, and taxes, up 40% from 2009.
- **$145.9 million** in payments to **Alaska Native corporations**, more than triple 2009 levels.
- **Mostly year-round jobs for residents** of more than **120 communities** throughout Alaska, half of which are found in rural Alaska where few other jobs are available.

Largest Producing Mines and Selected Advanced Exploration Projects

State and Local Government Tax Obligations

	Land Status	Mining License Tax	State Royalty Payments	Local Govt. Tax Payments
Producing Mines				
Usibelli Coal	State	X	X	X
Greens Creek	Private	X		X
Red Dog	Private	X		X
Fort Knox	State/Mental Health Trust	X	X	X
Pogo	State	X	X	
Kensington	Private/Federal	X	X	X
Advanced Exploration Projects *(Projected Payments)*				
Nixon Fork	Federal	X		
Chuitna Coal Project	State/Mental Health Trust/ Private/Borough	X	X	X
Wishbone Hill	State/Mental Health Trust/ Private	X	X	X
Donlin Creek Project	Private	X		
Livengood	State/Mental Health Trust	X	X	X
Pebble Project	State	X	X	X
Niblack Project	State/Federal	X	X	

2010 Economic Benefits

estimated

Exploration

- **$225 million** spent on exploration, up 25% from 2009.
- **50 exploration projects** spending more than $100,000, of which **24 projects spent more than $1 million**.
- **$2.3 billion** spent on exploration since 1981.

Development

- **$250 million** spent on **mine construction,** down 24% from 2009, on 8 existing mines and development projects.

Production

- **$3 billion** in **gross mineral production value** from Red Dog, Greens Creek, Fort Knox, Pogo, Kensington, and Usibelli Coal mines, placer mines, and rock, sand, and gravel operations, up 24% from 2009.
- More than **200 placer mines** produced **60,000 ounces** of gold, as well as platinum.
- **$106 million in production value** from more than 120 active rock quarries, and sand and gravel operations.
- Export value of **$925 million**, or **28%** of Alaska's **total exports** (2009).

Usibelli Coal Mine

Coal

- Alaska's only operating coal mine, exporting 50% of its production in 2010
- Fuels 40% of Interior Alaska's electricity
- Producing an all-time high of 2 million tons in 2010
- Founded in 1943
- 130 employees in 2010

Greens Creek Mine

Silver, zinc, gold, and lead

- Among the top 10 silver producers in the world
- Largest Southeast Alaska for-profit employer, in terms of payroll
- Largest payer of property tax in the City & Borough of Juneau
- Discovered in 1975, producing from 1989 to 1993, and continuously since 1996
- 340 employees, plus 12 full-time contractors in 2010

Red Dog Mine

Zinc, lead, and silver

- One of the world's largest zinc concentrate producers
- Only taxpayer in the Northwest Arctic Borough
- Discovered in 1968, producing since 1989
- 550 employees (including contractors) in 2010

Fort Knox Mine

Gold

- Alaska's largest surface gold mine
- Largest property taxpayer in the Fairbanks North Star Borough
- Discovered in 1984, producing since 1996
- 500 employees, plus 350 contractors in 2010

Pogo Mine

Gold

- Discovered in 1994, producing since 2006
- Reached a production milestone of a million ounces of gold in 2009
- 300 employees, plus 100 contractors in 2010
- Paid more than $36 million in wages in 2010
- Capital spending exceeded $10 million in 2010

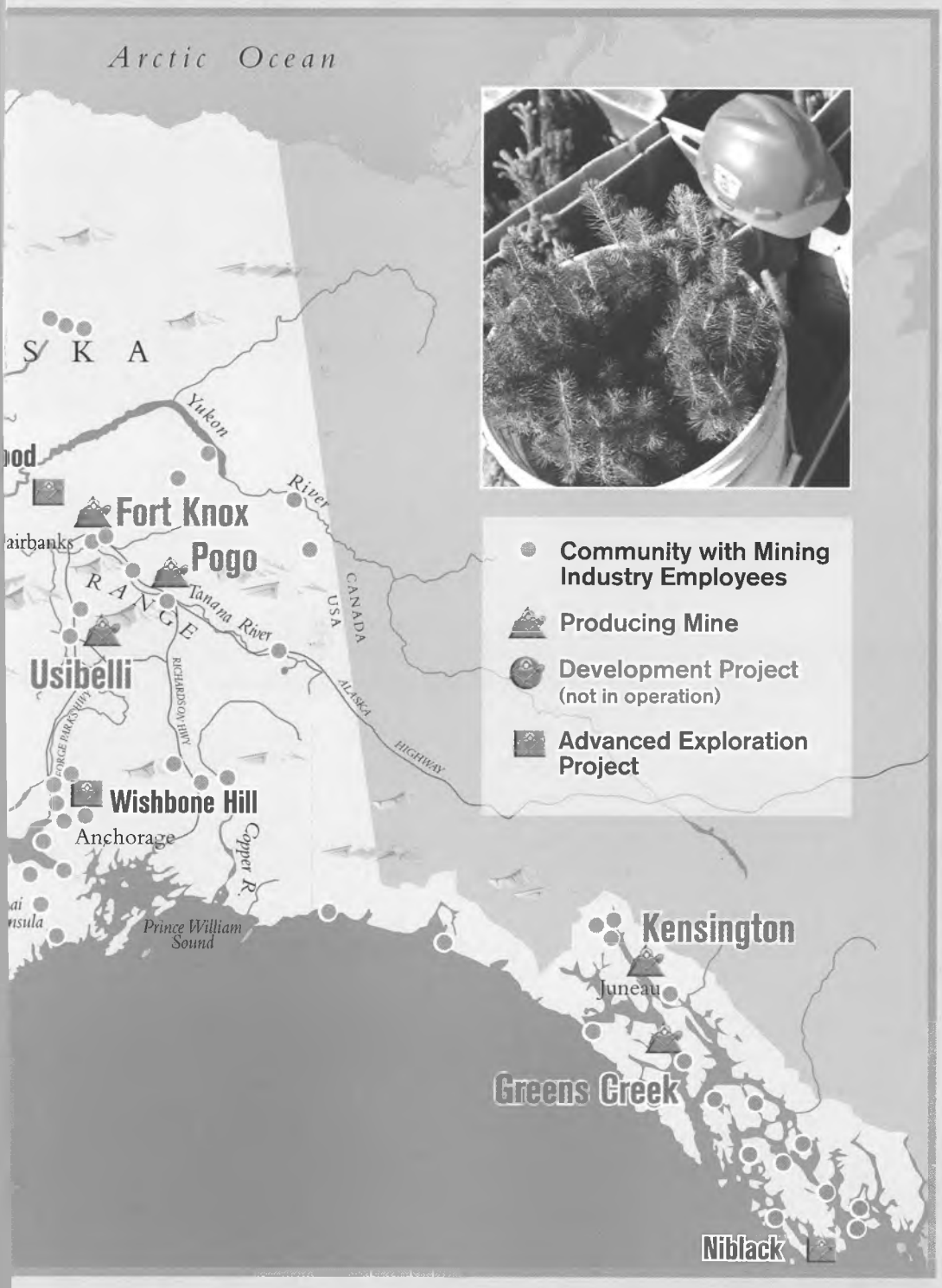
Kensington

Gold

- Production started July 2010
- Expected to produce 125,000 ounces of gold annually
- Will be the second largest Southeast Alaska for-profit employer, in terms of payroll
- 200 employees in 2010

Mining Activity in Alaska

Mining companies employ Alaska residents from more than 120 Alaska communities, and purchase supplies and services from hundreds of Alaska businesses.



Rock Creek/Big Hurrah

Gold

- Started and suspended production in 2008
- 135 potential production jobs

Nixon Fork

Gold and copper

- Discovered in 1917, intermittent production since 1920s
- Production suspended in 2007
- Preliminary Economic Assessment completed in 2010
- 40 jobs in 2010

Chuitna

Coal

- Currently in the permitting process
- 300-350 expected production jobs

Wishbone Hill

Coal

- First mined in 1916
- Project feasibility study started in 2010
- 75-125 potential production jobs

Donlin Creek

Gold

- Discovered in 1988, ongoing exploration since 1995
- Project feasibility study to be completed in 2011
- 83% Calista shareholder hire on-site
- 600-1,000 expected production jobs

Livengood

Gold

- Placer mining began in 1913, lode deposit discovered in 2007
- $58 million invested through 2010
- 450-500 potential production jobs

Pebble Project

Copper, gold, and molybdenum

- Discovered in 1987, ongoing exploration and environmental studies since 2002
- Over $400 million invested through 2010
- 800-1,000 potential production jobs

Niblack

Gold, silver, copper, and zinc

- Ongoing exploration for more than 10 years
- $50 million invested through 2010

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Strengthening Local Economies and Communities

Mining companies strengthen Alaska's local economies by employing Alaska residents from more than 120 Alaska communities. The industry also purchases supplies and services from hundreds of Alaska businesses.

These mining companies are also an important source of stable revenue for local governments, as well as significant state government revenue.

In 2010, Alaska's mining industry paid an estimated total of **$13 million to local governments,** including:

- $6.7 million in payment in lieu of taxes (PILT) by Red Dog to the Northwest Arctic Borough.
- $4.6 million in property taxes paid by Fort Knox to the Fairbanks North Star Borough.
- $1.7 million in property taxes paid by Greens Creek and Kensington to the City and Borough of Juneau. Now in production, Kensington may become the largest taxpayer in Juneau.
- Tax payments to other local governments, including Denali and Matanuska-Susitna boroughs, City of Nome and others.
- Mining industry employees also pay local property and sales taxes.

Mining companies paid an estimated **$58.9 million to state government** in royalties, rents, fees, and taxes, up 40% from 2009.

The mining industry also paid over $54.5 million in other state government-related revenues, including:

- $25.2 million to the Alaska Railroad Corporation – $17.9 million for moving coal and $7.3 million for moving sand and gravel.
- $29.3 million to Alaska Industrial Development & Export Authority for the use of state-owned facilities.
- $1.0 million to the Alaska Mental Health Trust for rents and royalty payments, and construction material sales.

Partnering with Alaska Native Corporations

All Alaska Native corporations benefit from mining industry activity – in 7(i) and (j) **royalty sharing payments**, in **jobs** for shareholders, or **through business partnerships**.

- **$145.9 million in royalties** paid by Red Dog to NANA; of which $83.4 million was redistributed to other Alaska Native regional and village corporations.
- **56%** of the **550 year-round jobs** at Red Dog are filled by **NANA shareholders**, including Teck Cominco, NANA Lynden and NANA Management Services jobs.
- Calista Corporation anticipates **$2 million in royalties for mineral agreements**, including lode exploration, placer gold production, and construction material sales.
- **83%** of the **on-site jobs** at Donlin Creek filled by **Calista shareholders**.
- Coeur Alaska works with Central Council Tlinglit & Haida Indian Tribes of Alaska and the Berners Bay Consortium (Goldbelt, Inc., Kake Tribal Corporation, and Klukwan, Inc.) to provide training, employment, and contracting opportunities for Alaska Natives at Kensington.

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