

02/05/14
OVERVIEW:
MINING
INDUSTRY
BRIEFING

<TARGET><BILL></BILL><SUBJECT>02-05-14 OVERVIEW MINING
INDUSTRY BRIEFING</SUBJECT><COMM>SRES28</COMM></TARGET>

Mining Industry Briefing

Alaska Miners Association
Council of Alaska Producers

Joint House/Senate Resources Committee
February 5, 2014



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Alaska Producers



Why Do We Mine?

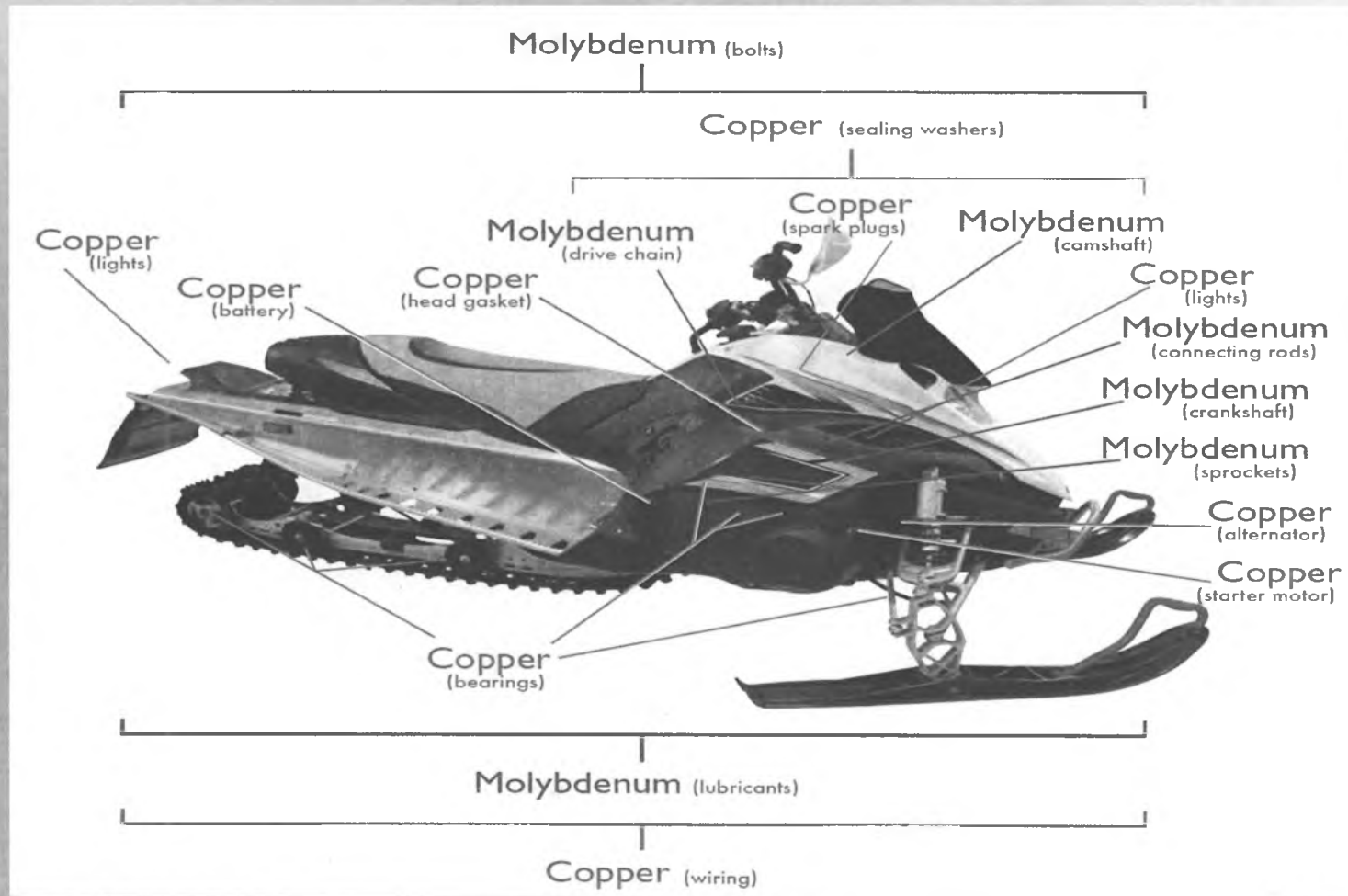
Broken-down Raw Materials of Worth in Your iPhone 5



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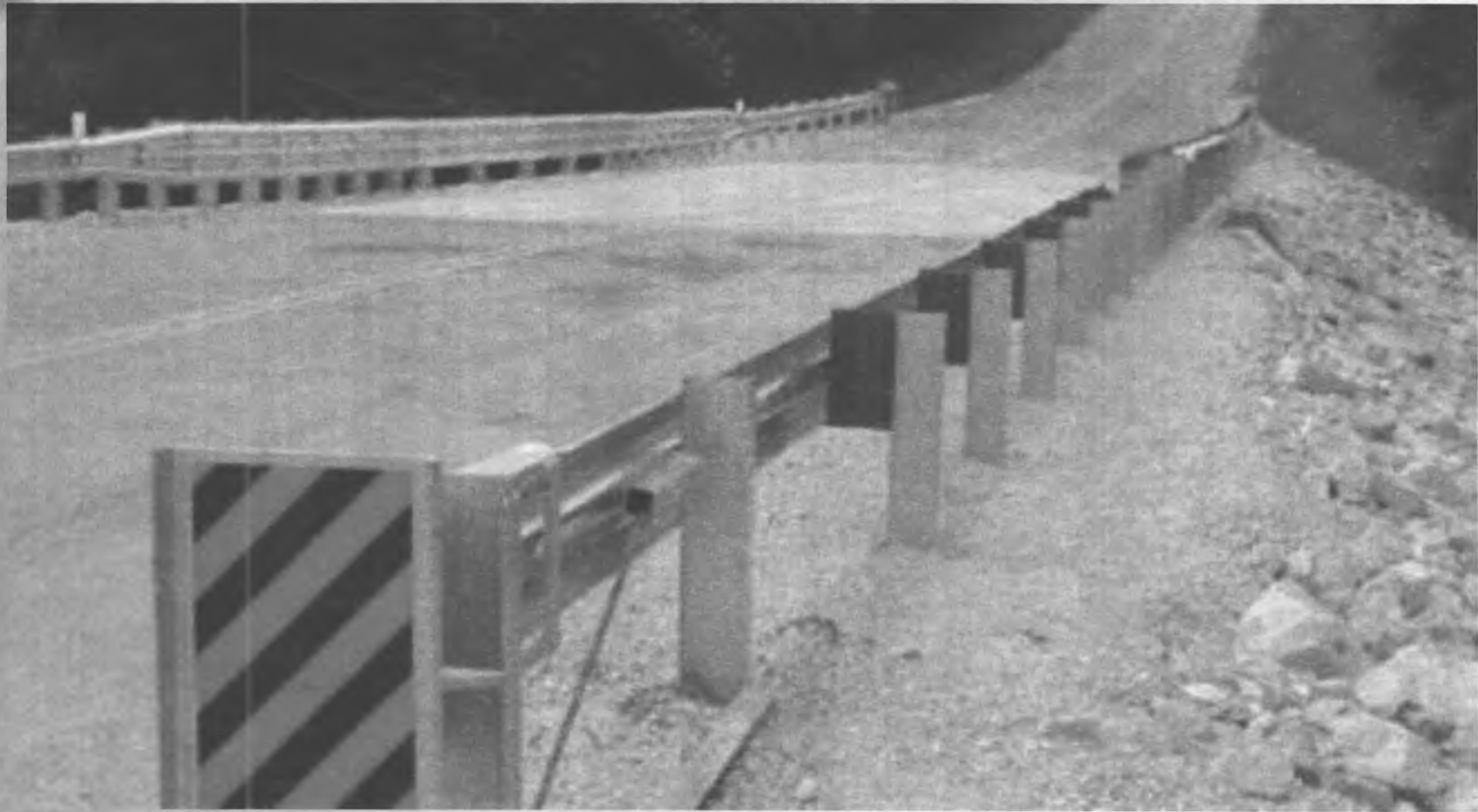


Why Do We Mine?



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Why Do We Mine?



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335 tons steel

700 lbs rare earths

molybdenum

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

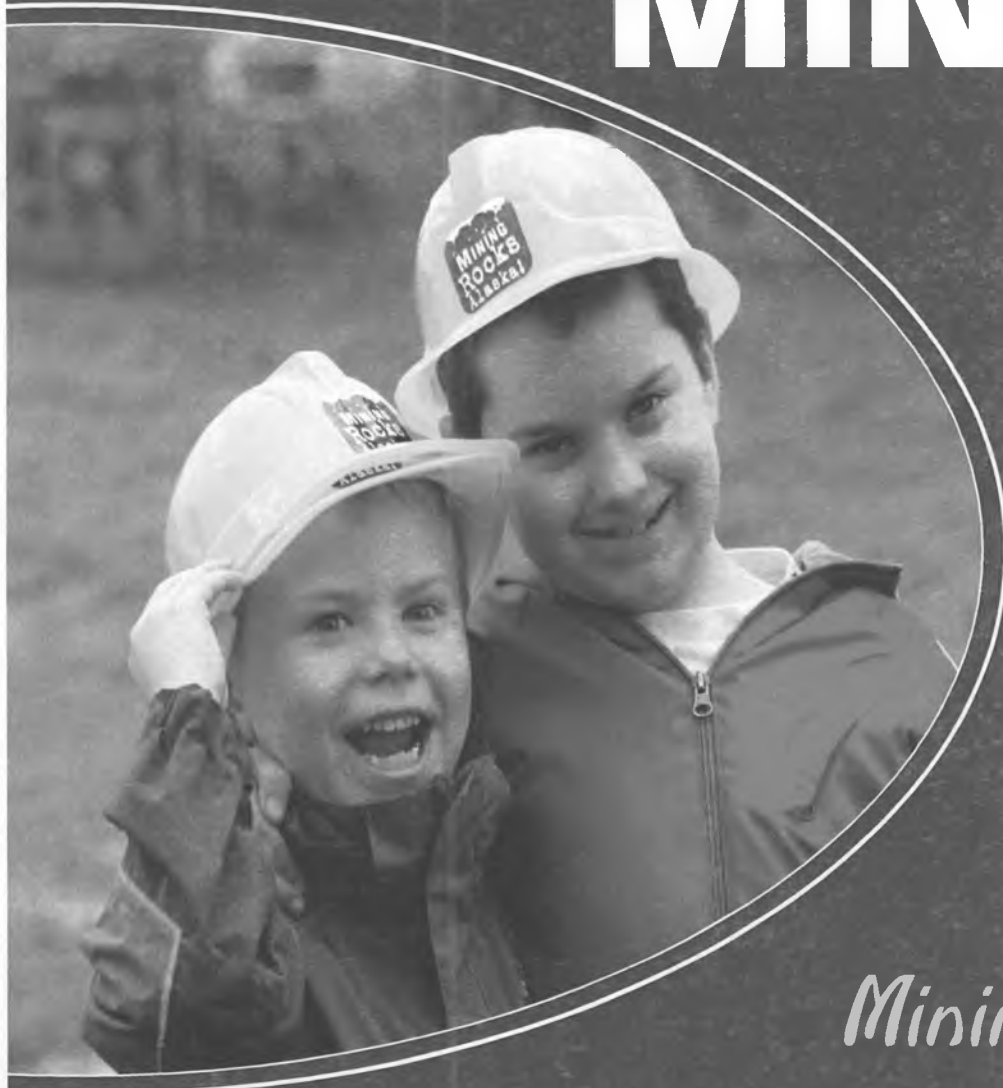
at the Fair

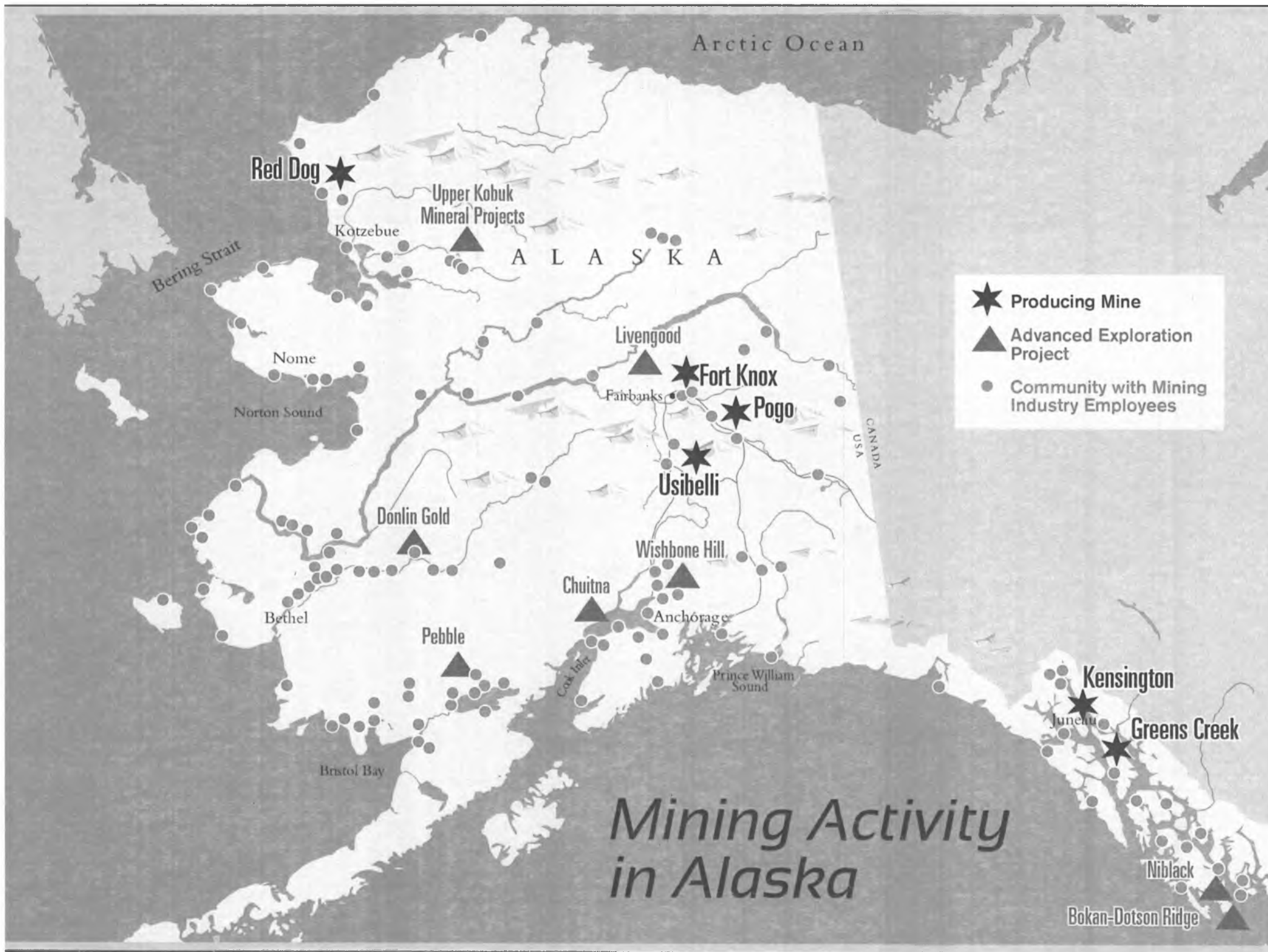
FRIDAY, AUGUST 3

- 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!

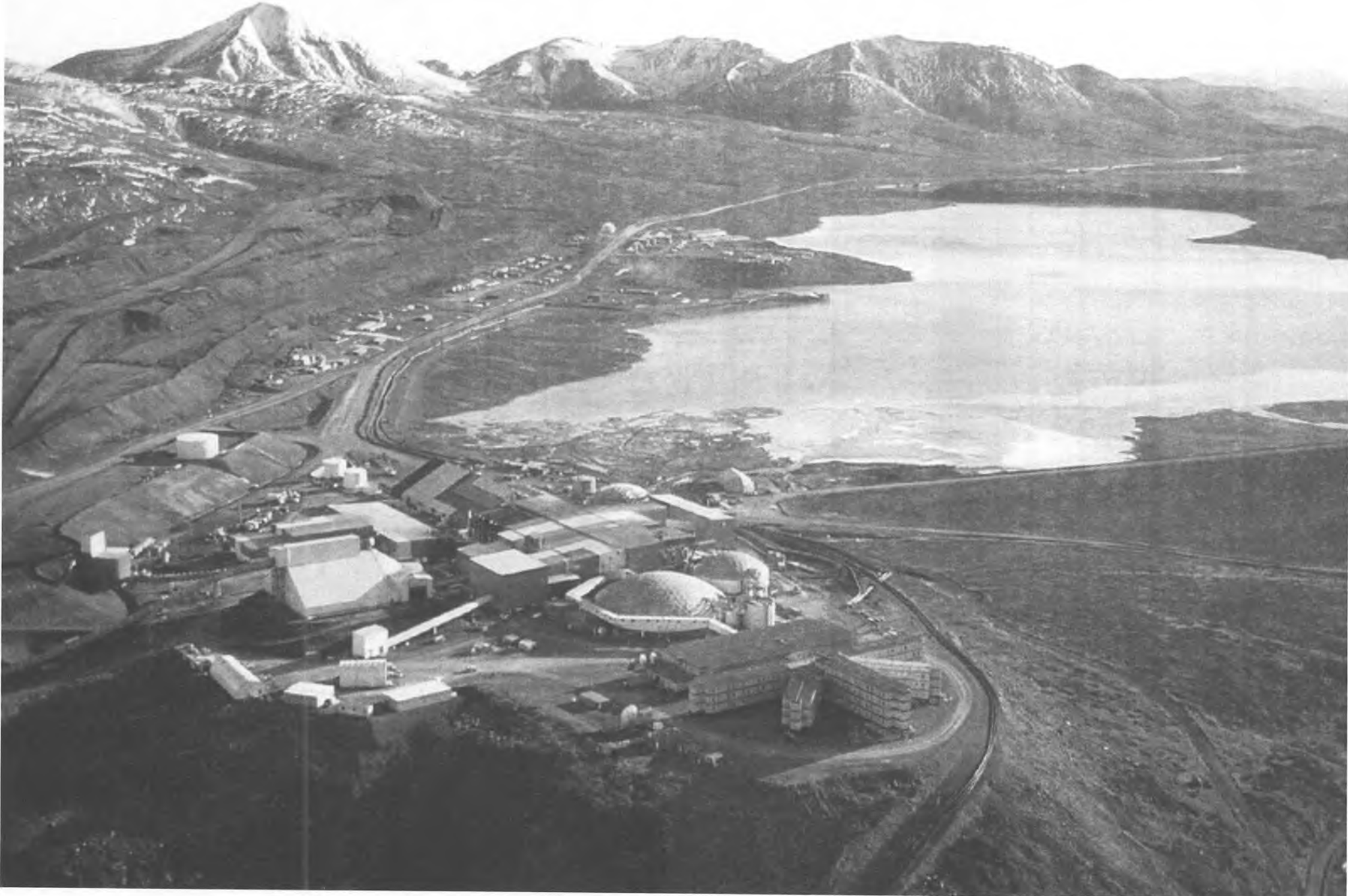




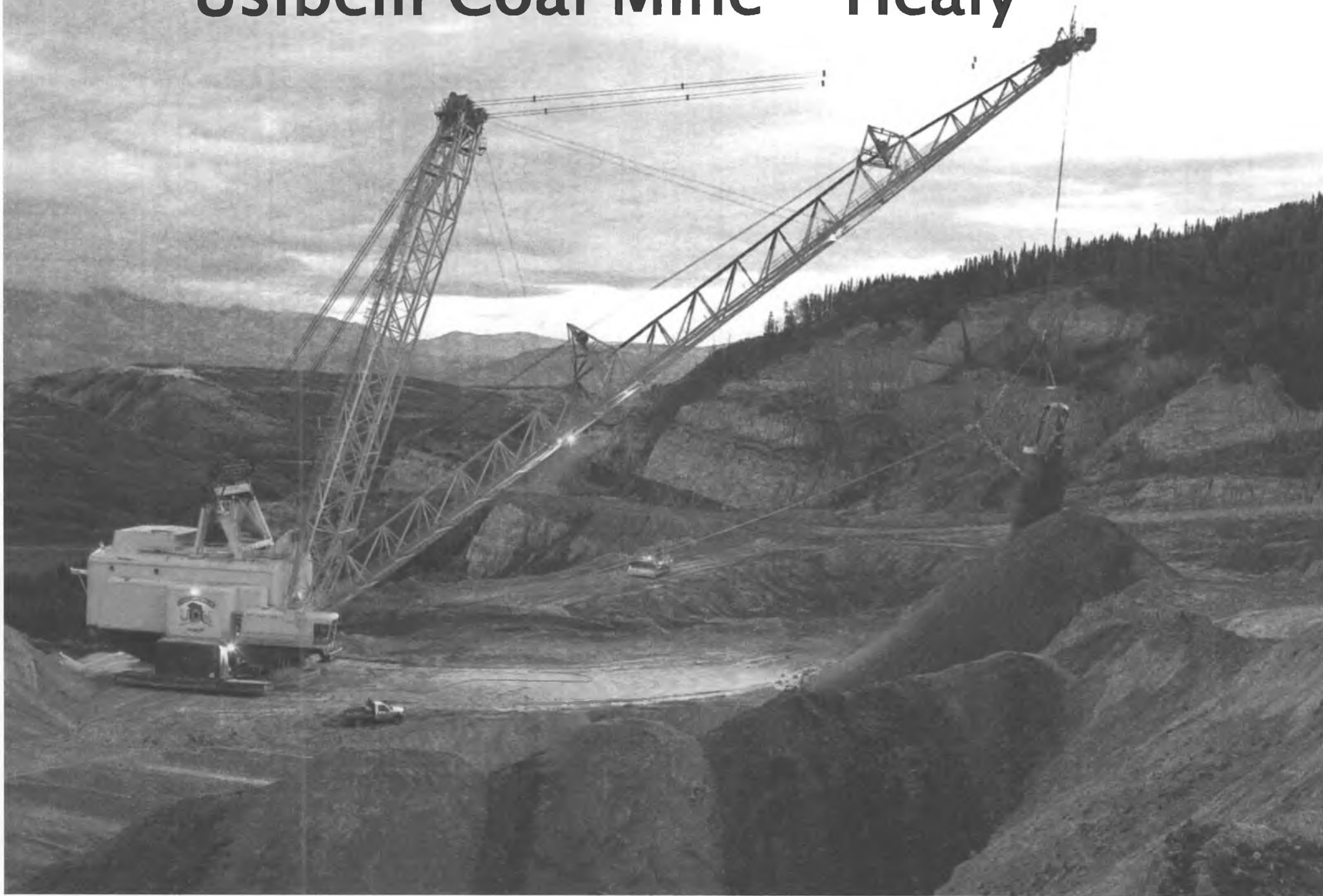
Mining Activity in Alaska

Bokan-Dotson Ridge

Red Dog Mine – Northwest Alaska



Usibelli Coal Mine – Healy



Fort Knox Mine – Fairbanks



Pogo Mine – Fairbanks / Delta Junction



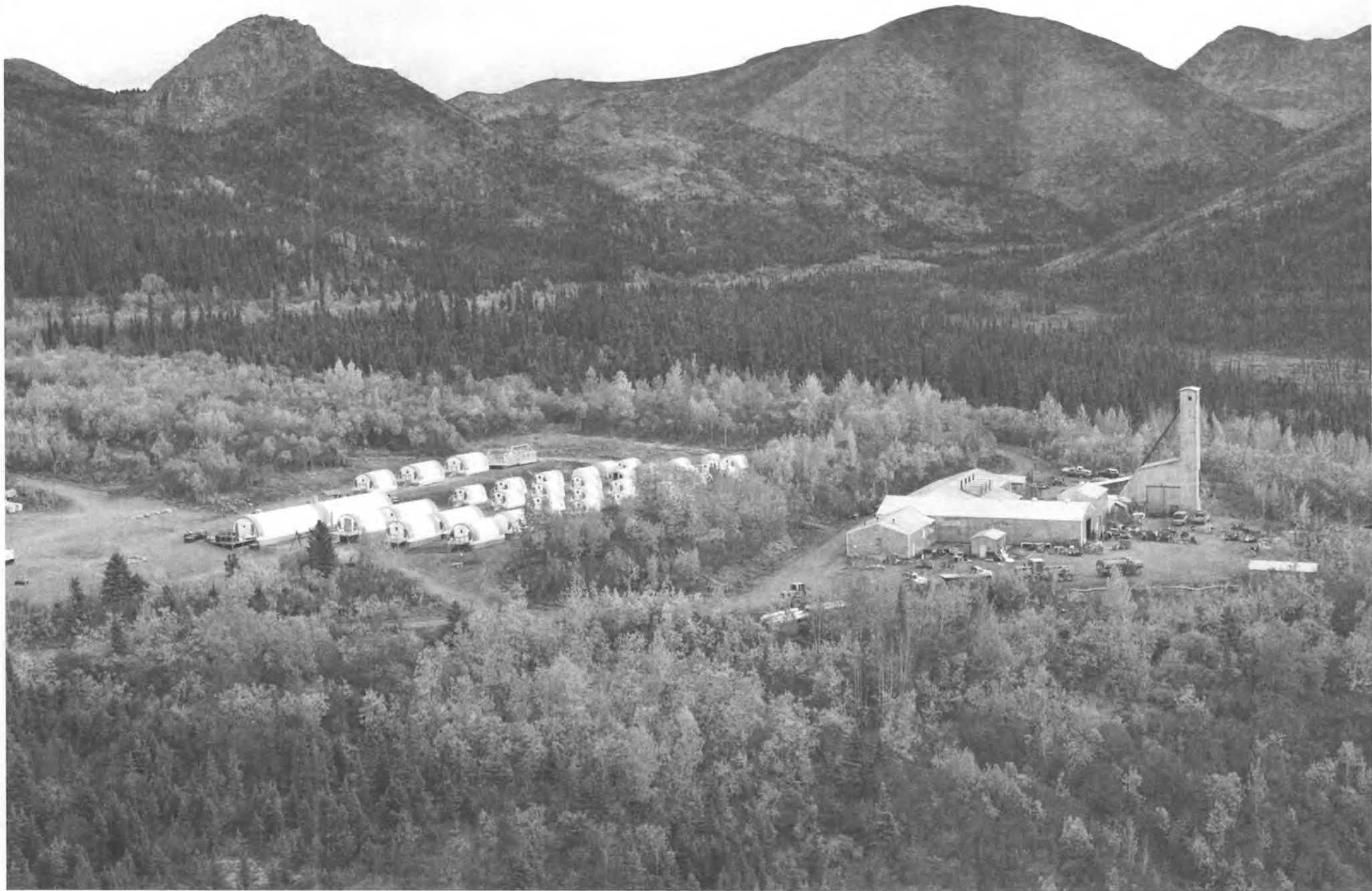
Greens Creek Mine – Juneau



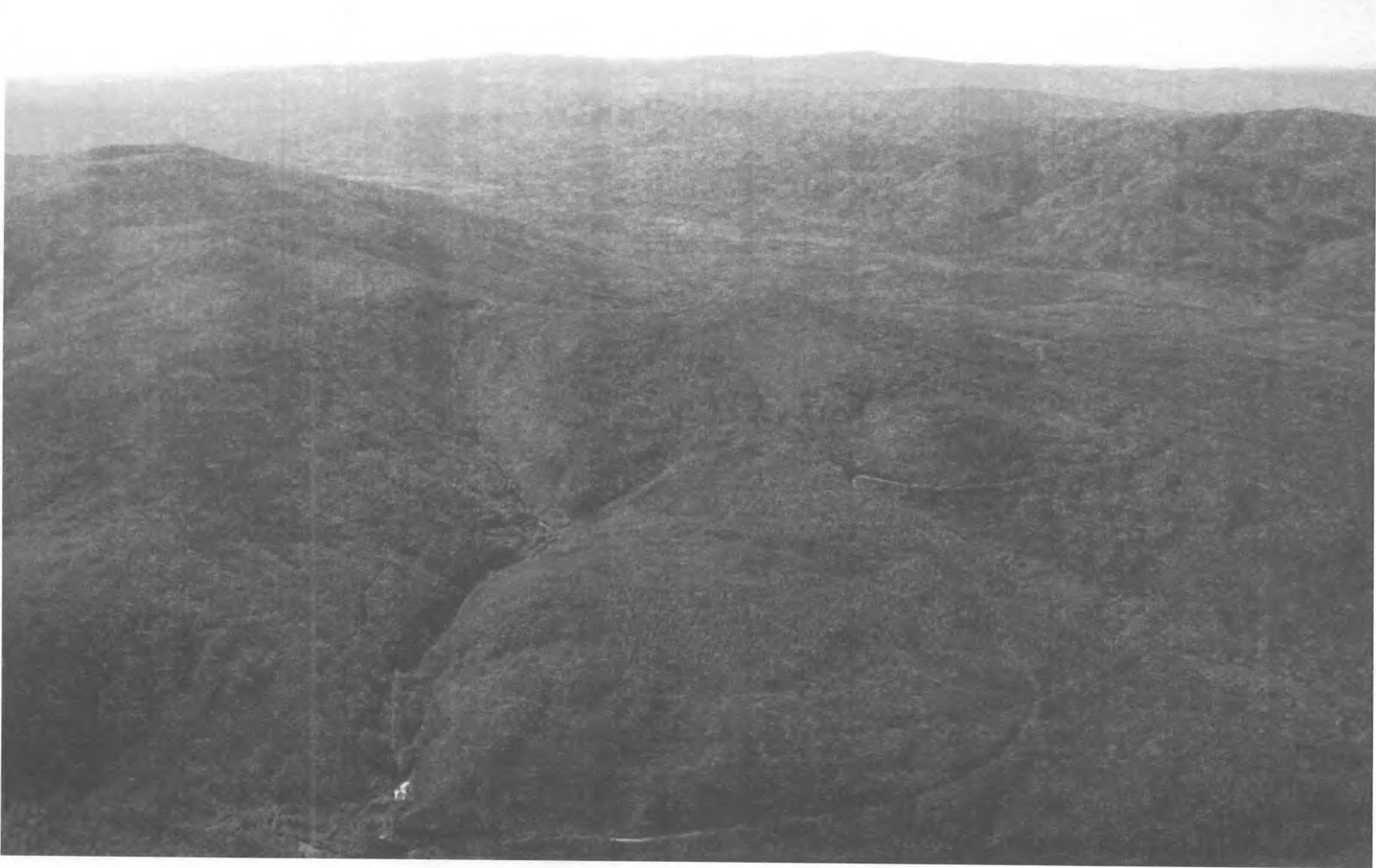
Kensington Mine – Juneau



Upper Kobuk Mineral Projects



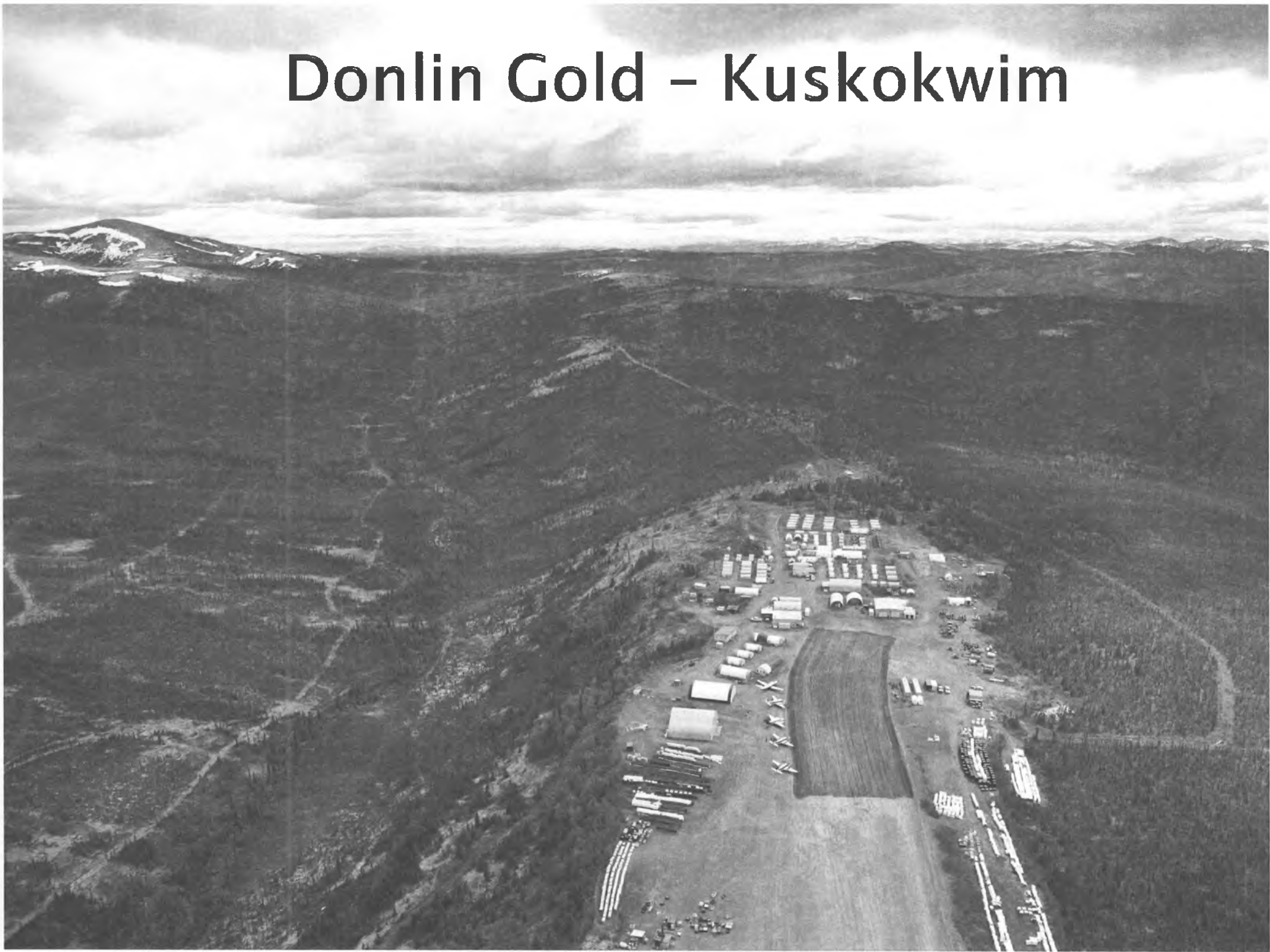
Livengood - Fairbanks



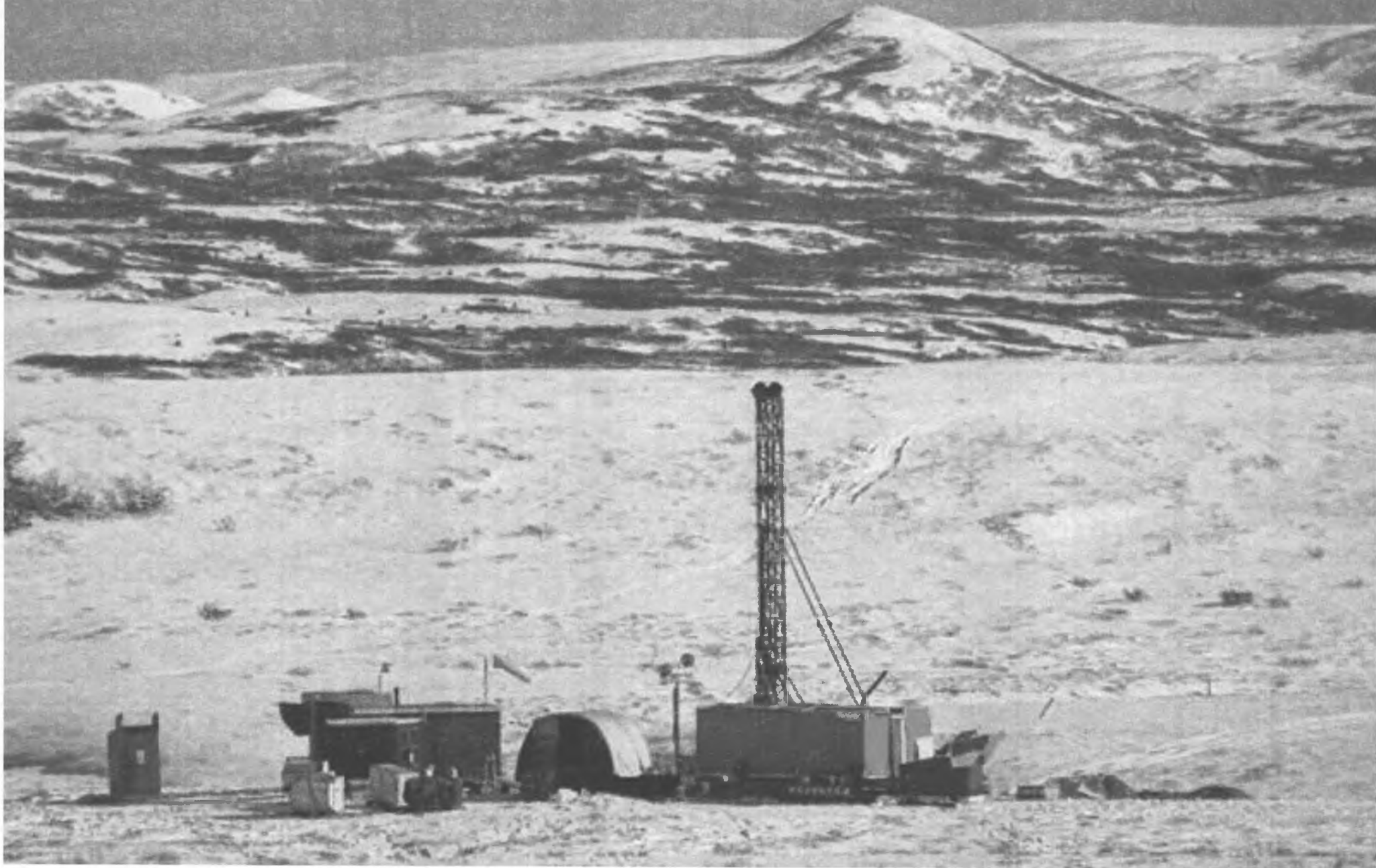
Wishbone Hill – Palmer



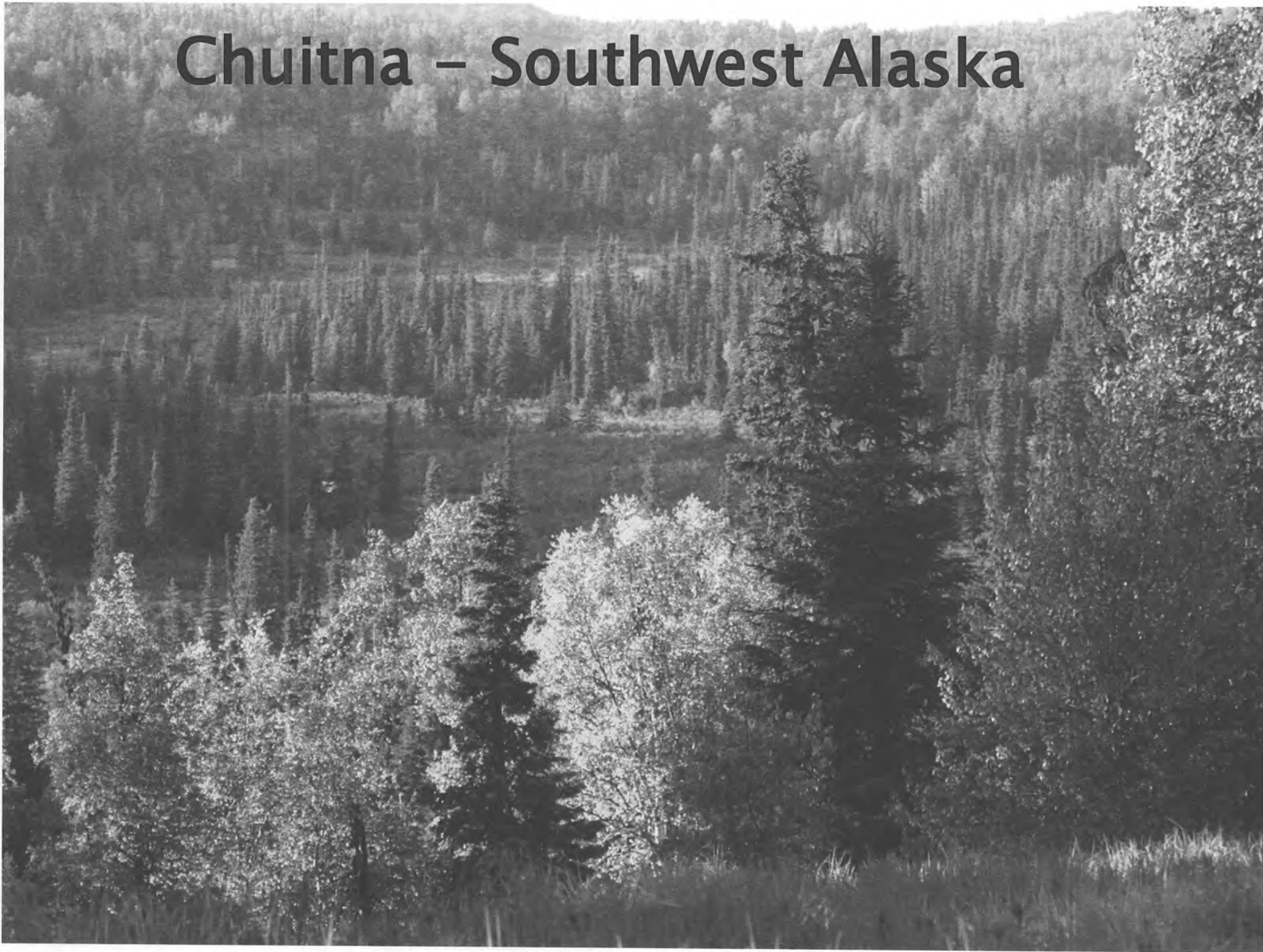
Donlin Gold – Kuskokwim



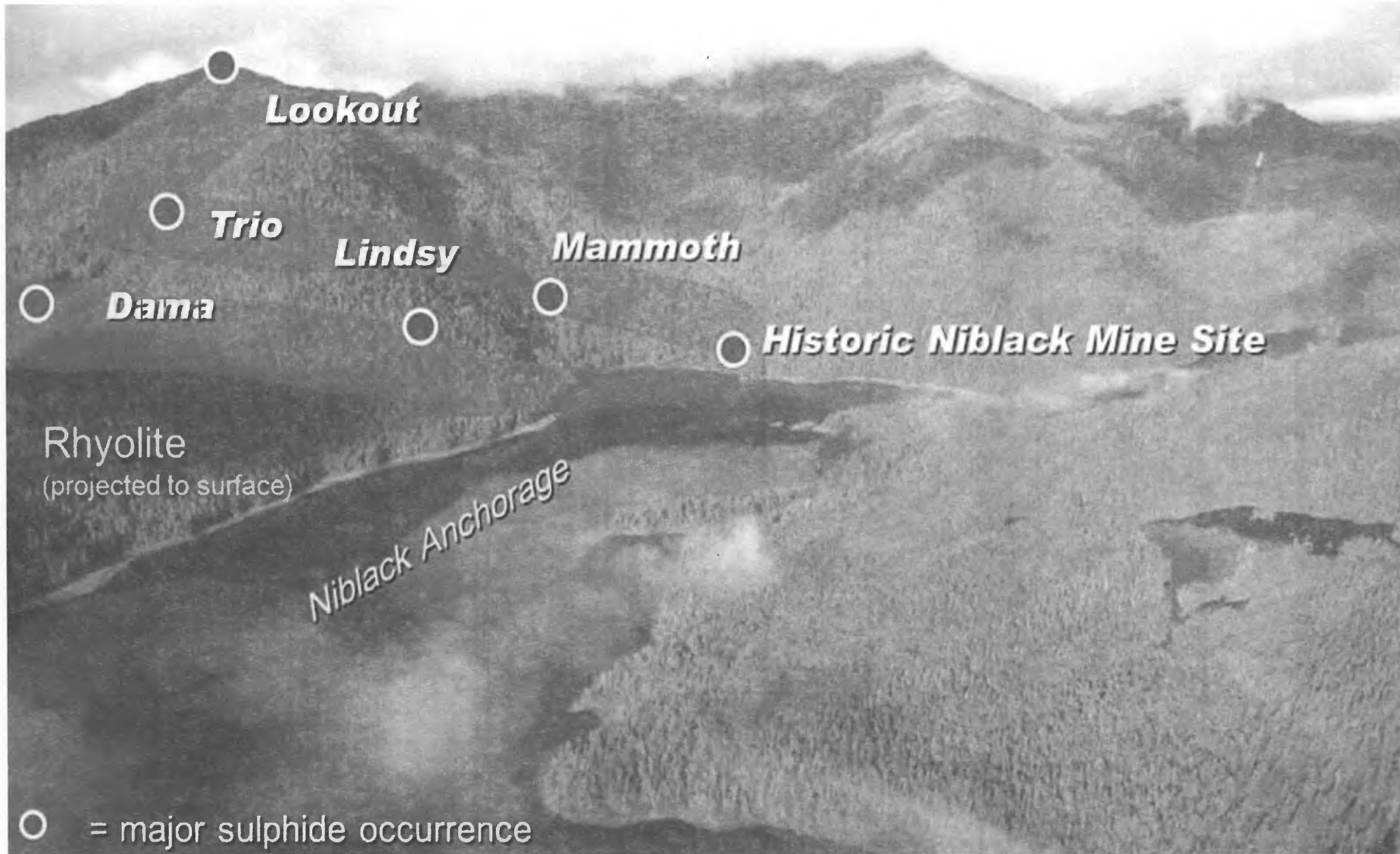
Pebble – Southwest Alaska



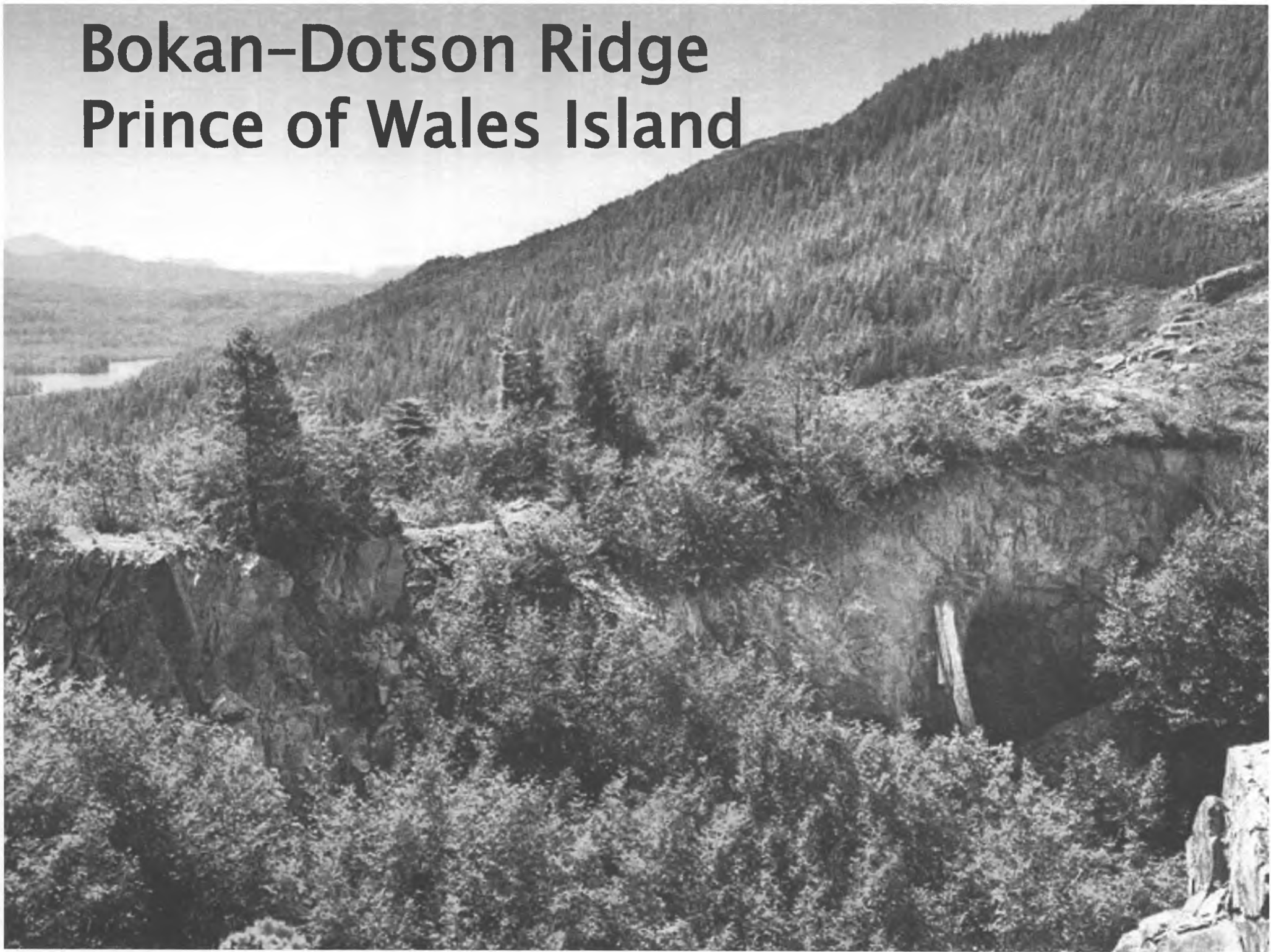
Chuitna – Southwest Alaska



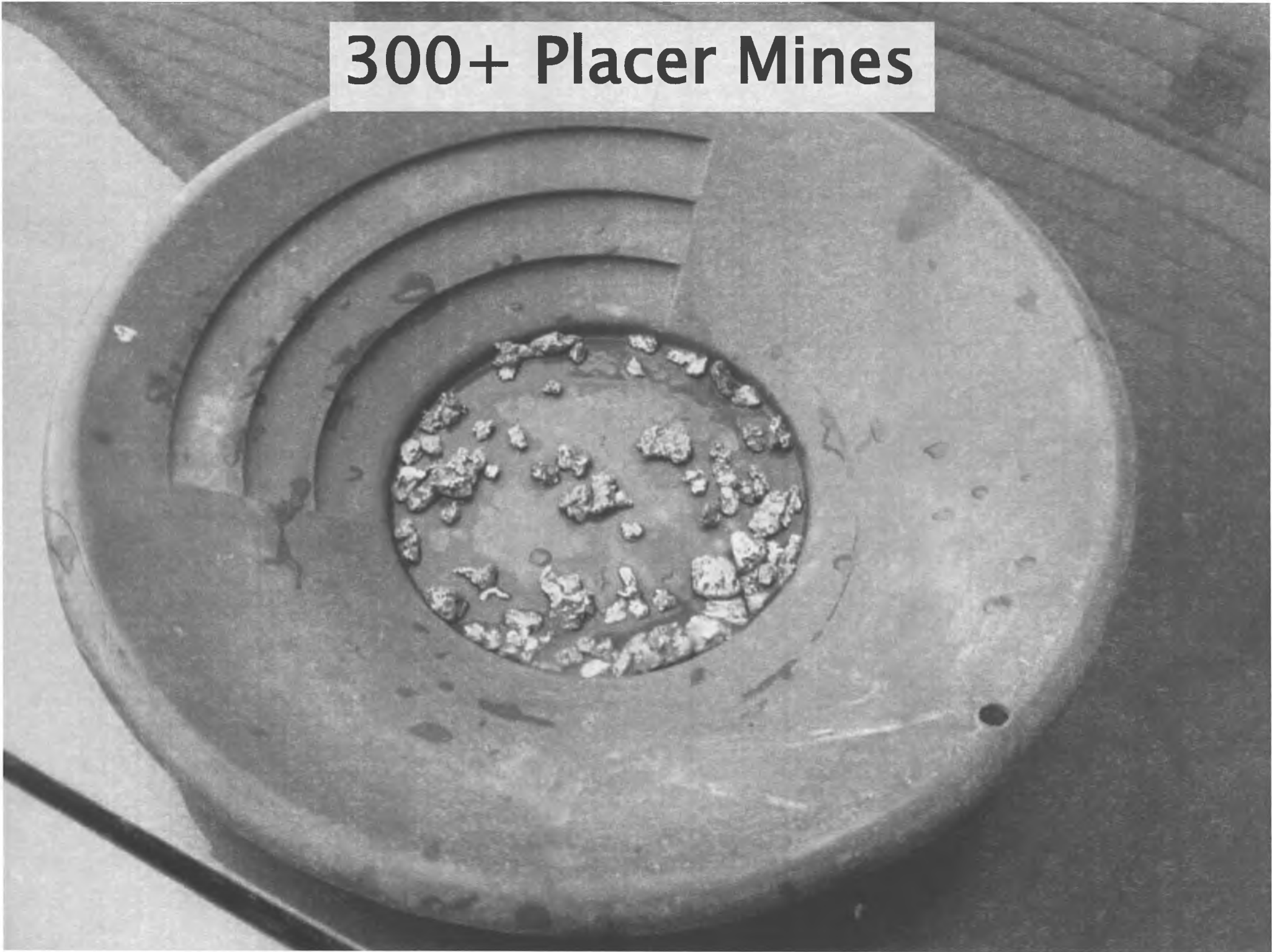
Niblack – Prince of Wales Island



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

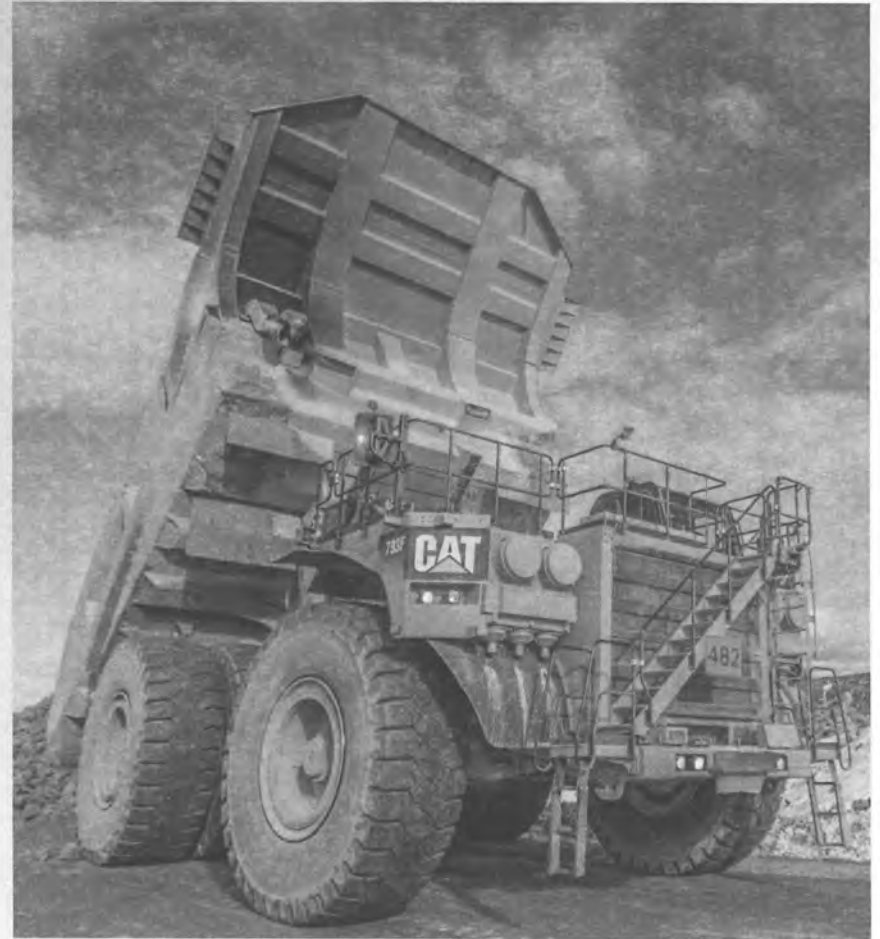


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Alaska Mining Activity in 2013

- \$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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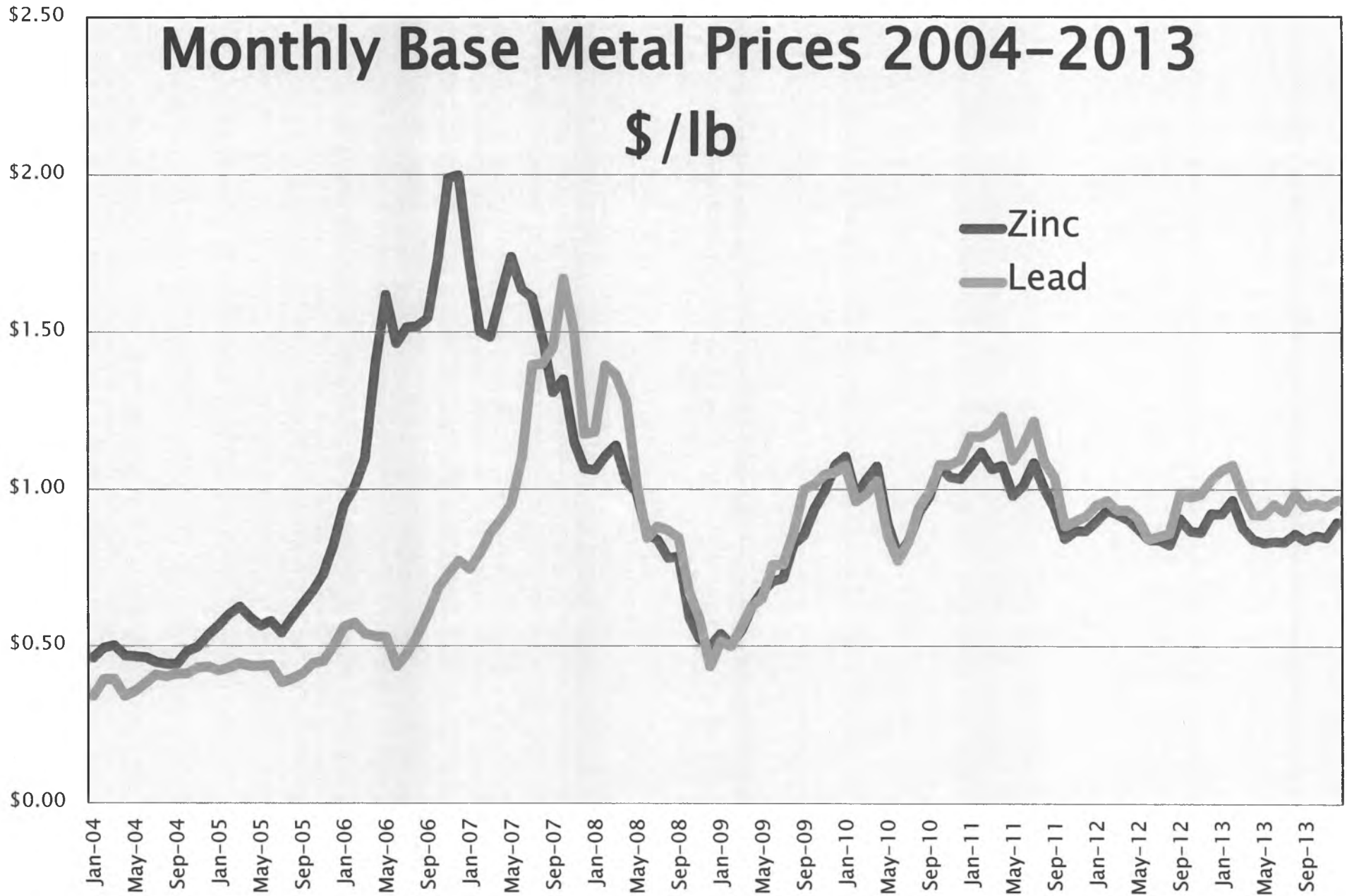
Monthly Copper Prices 2004–2013

\$/lb



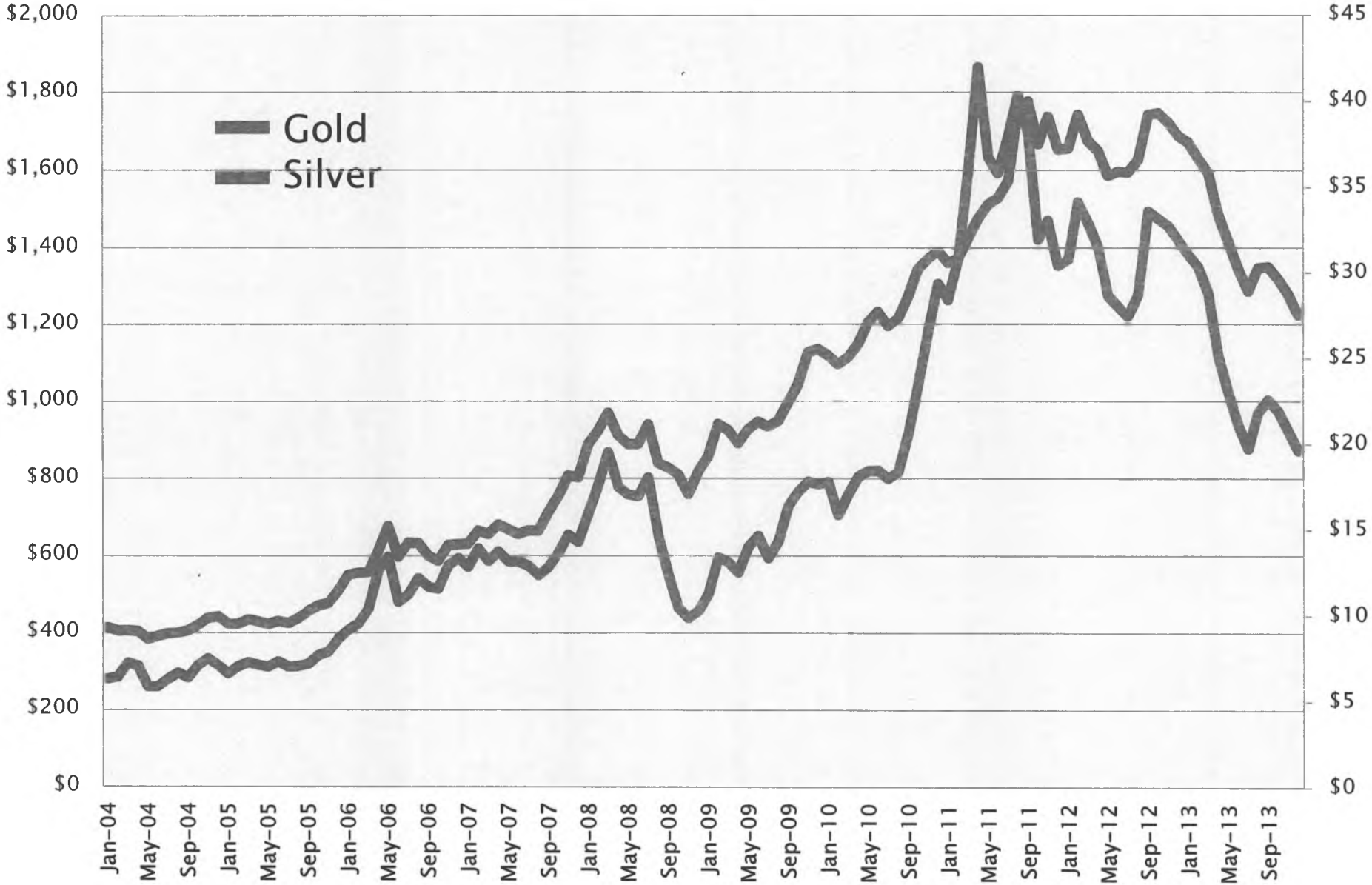
Monthly Base Metal Prices 2004-2013

\$/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

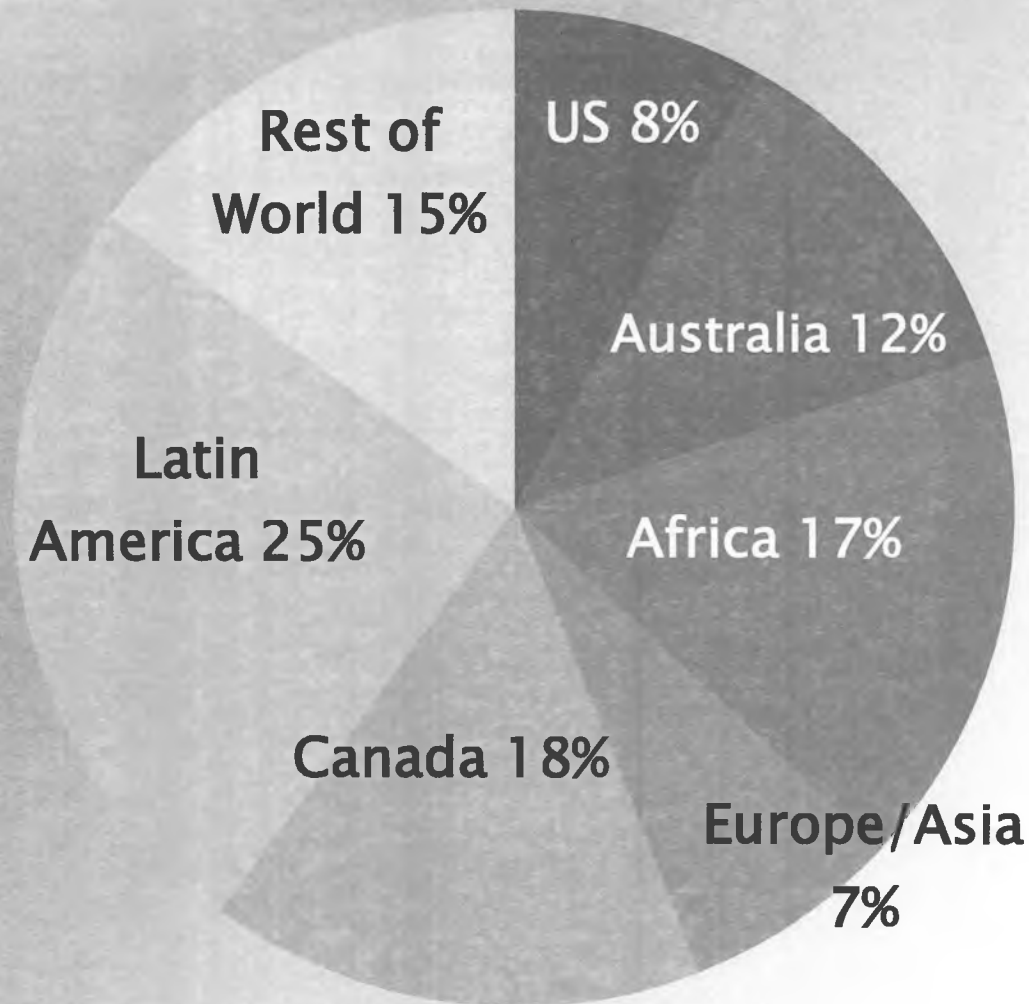


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2012 Exploration spending by region



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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