



# Why aren't there more metal mines in Alaska? Opportunities and Challenges

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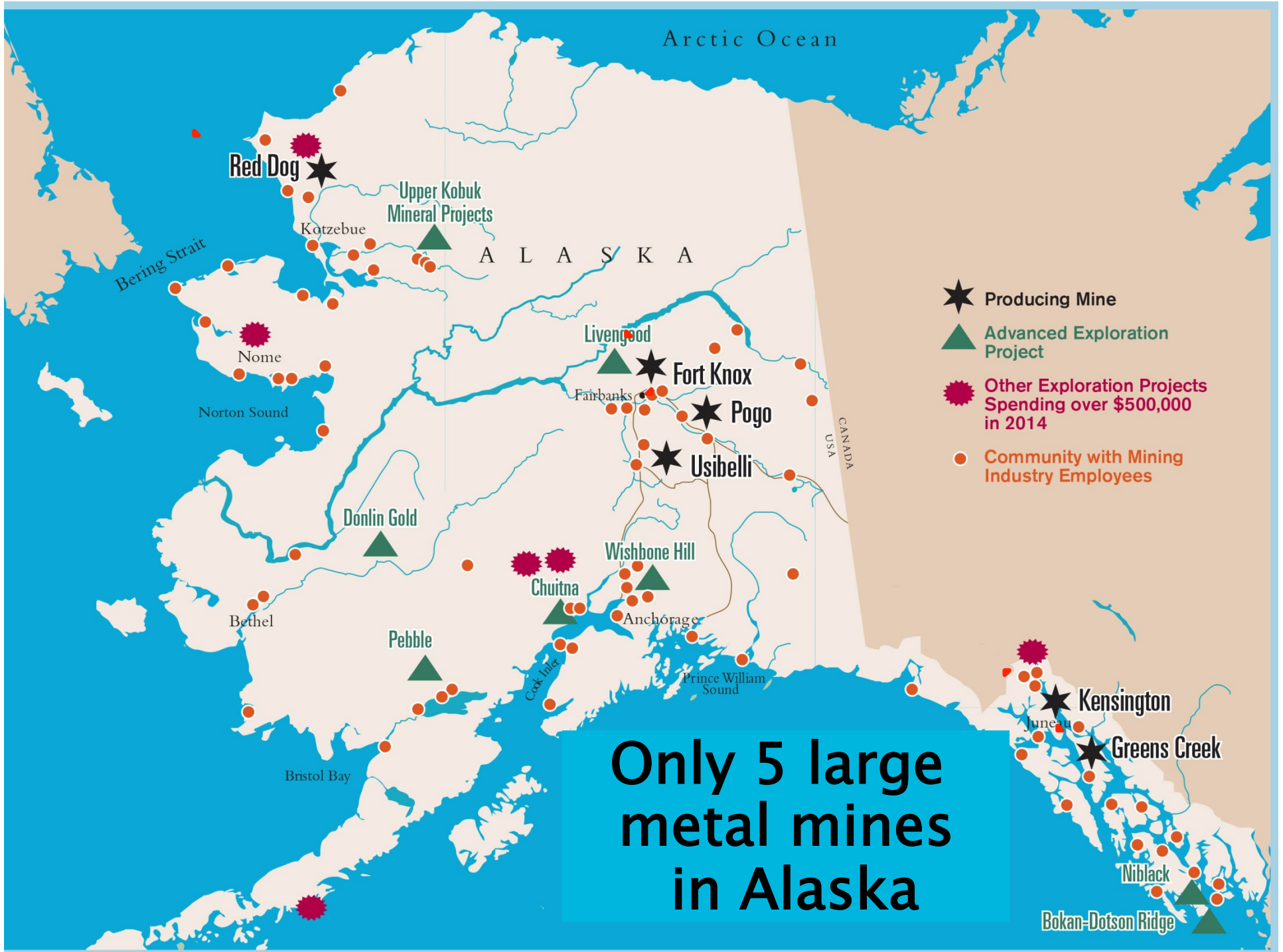


# Mining in Alaska Passes the Test

- ☑ It pays for itself
- ☑ It has strict environmental/safety standards
- ☑ It benefits Alaskans



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## ☑ Mining pays for itself

- Companies pay exploration, development and construction costs
- This often includes access and infrastructure
- Reimbursable Service Agreements
- Financial assurance for reclamation and closure



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# Capital intensive, long timelines

Mine	Discovered	First Production	Development Period
Greens Creek	1975	1989	14 years
Red Dog	1968	1989	21 years
Pogo	1994	2006	12 years
Fort Knox	1984*	1996	12 years
Kensington	1983*	2010	27 years

\*Historic district, first modern deposit discovery

Mining pays for itself



## AIDEA's Return on Investment

Mission: encourage Alaska's economic growth

AIDEA has already received \$450 million in payments from its \$267 million investment in the Red Dog port and road. Under current schedule, payments continue to 2034.

Mining pays for itself



## Infrastructure

- Mining resulted in lower cost electricity to Juneau and Fairbanks.
- Donlin Gold's proposed natural gas pipeline could bring access to cheaper and cleaner energy in Western Alaska.

Mining pays for itself



## ☑ Strict environmental/safety standards

- Permitting
- Operational oversight
- Closure/Reclamation
- Financial Assurance



# No Single Permit to Mine: there are many permits & authorizations

Mine permitting is a mixture of State, Federal and 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!

Strict standards



True North (Fairbanks)



Poker Flats (Healy)

## Reclamation and Closure

- 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

Strict standards

# ALASKA BENEFITS\*

\$1.6 BILLION

\$620 MILLION DIRECT & INDIRECT PAYROLL

\$167 MILLION ANCSA REVENUE SHARING

\$167 MILLION LOCAL/STATE REVENUE

\$169 MILLION EXPLORATION/DEVELOPMENT

\$500 MILLION LOCAL PROCUREMENT

\$3 MILLION CHARITABLE DONATIONS & SCHOLARSHIPS

\* Annual figures based on most recent available data



Benefits Alaskans



# Low commodity prices impact industry

01/2011-01/2015

- S&P/TSX Global Mining Index *dropped 50%*
- 5 global mining companies active in Alaska saw an average 75% drop in their share price

Exploration spending in Alaska  
(\$ millions)



Economic realities

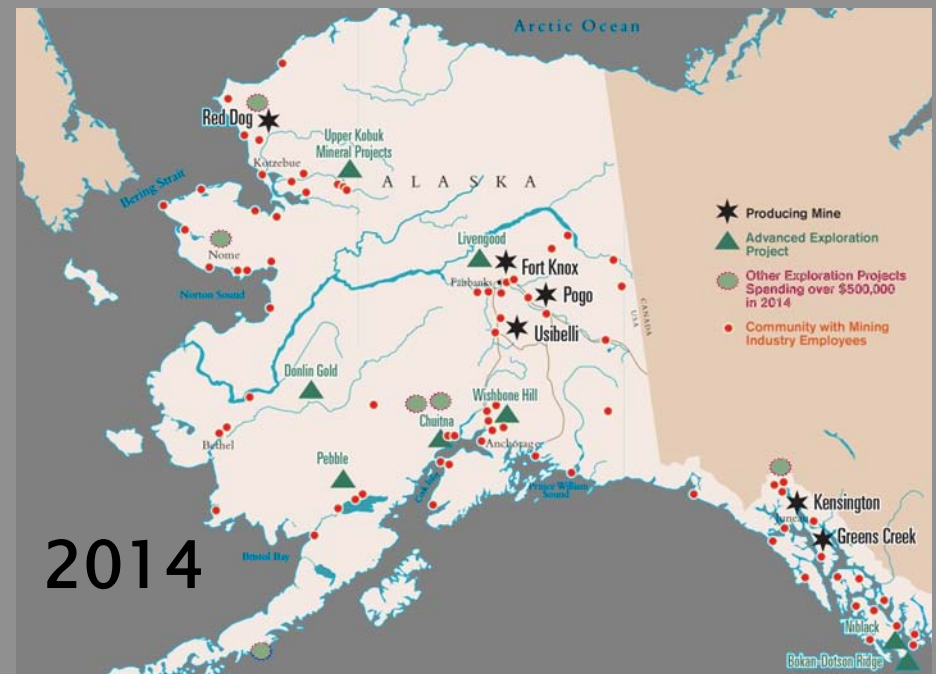
# Operating Costs Keep Rising

	2003	2013
Average mining salary	\$70,750	\$100,000
CAT haul trucks	(789) \$2,000,000	(793F) \$4,100,000
Average diesel price per gallon	\$1.11	\$3.66
6 yard underground loader	\$570,000	\$1,100,000
40 ton underground haul truck	\$560,000	\$1,300,000

Economic realities



120+ communities with mining industry employees



50+ communities with mining industry employees

Economic realities



# Fraser Institute Survey 2014

Alaska:

- Pure Mineral Potential: #3
- Policy Perception: #23
- Investment Attractiveness: #10



# Fraser Institute Survey 2014

## Investment Attractiveness

1. Finland
2. Saskatchewan
3. Nevada
4. Manitoba
5. W. Australia
6. Quebec
7. Wyoming
8. Nfld/Labrador
9. Yukon
10. **Alaska**





**Donlin Gold: 600–1,400**



**Livengood: 450**



**Chuitna: 300–350**



**Pebble: 800–1,000**

***Potential new mining jobs***



## Mining in Alaska:

- ✓ Paying for itself
- ✓ Achieving strict environmental & safety standards
- ✓ Benefitting Alaskans
- ✓ Providing economic diversity