



NEWS NUGGETS

Compiled by Shane Lasley

Bokan drilling cuts deeper REEs

Ucore Rare Metals Inc. Jan. 28 reported that all five holes drilled beneath the existing resource at the Bokan-Dotson Ridge heavy rare earth element project in Southeast Alaska intercepted mineralization with grade and rare earth content consistent with what has already been delineated. The existing Bokan resource currently extends to an average depth of 220 meters and the five deeper holes drilled in 2014 cut the mineralized zone an average of 100 meters below all previous drill intersections. This confirmation that the REE mineralization continues to depth could result in significant resource expansion at Bokan. A total of 17 diamond holes (3,960 meters) were drilled at Bokan in 2014. In addition to the five deep holes, 12 infill holes were designed to upgrade the existing Bokan resource.

Palmer expansion slated for 2015

Constantine Metal Resources Ltd. Jan. 26 reported final drill results and summarized key advancements of the 2014 exploration program at its Palmer copper-zinc-gold-silver project in Southeast Alaska. Two of the newly reported holes, CMR14-64 and CMR14-65, intersected the massive sulfide electromagnetic plate target of the South Wall zone. Hole 64 cut 4.1 meters grading 0.55 percent copper, 4.98 percent zinc, 21.1 grams per metric ton silver, 0.16 g/t gold and hole 65 cut 11.3 meters grading 0.30 percent copper, 3.95 percent zinc, 27.2 g/t silver, 0.23 g/t gold along the western, up-dip edge of the South Wall expansion area. Constantine says the wide-spaced drilling completed in 2014 has confirmed the target is developing into a sizeable new zone with excellent potential for expansion. The third hole, CMR14-67, cut 3.9 meters grading 0.19 percent copper, 5.11 percent zinc, 92.5 g/t silver, 0.37 g/t gold at the Palmer project's RW zone, a flat-lying continuation of the nearly vertical South Wall zone. The company says hole 67 substantially expands the RW zone footprint, and extends the total unfolded length of continuous RW-South Wall mineralization to more than 1,500 meters. The 2014 program at Palmer involved 9,796 meters of drilling in 16 exploration holes and one geotechnical hole. Constantine says the results from drilling completed in 2010, 2013 and 2014 will be incorporated in a new resource estimate for Palmer to be initiated in early 2015. Dowa Metals & Mining Co. Ltd. has the option to earn a 49 percent joint venture interest in Palmer by investing US\$22 million over four years. Through 2014, the second year of its option agreement, the Tokyo-based smelting and mining company has spent roughly US\$10 million at Palmer. Dowa has notified Constantine of its intent to continue its participation in their partnership at Palmer, with this year's budget and program scope to be finalized early in 2015.

Senators seek to limit EPA veto

Sens. David Vitter (R-LA) and Joe Manchin (D-WV) Jan. 7 re-introduced legislation aimed at prohibiting the Environmental Protection Agency from pre-emptively or retroactively vetoing a permit under Section 404 of the Clean Water Act. The re-introduced legislation, "Regulatory Fairness Act of 2015", has been designated S.54. The EPA previously used CWA Section 404 authority to revoke permits issued for the Mingo Logan coal mine project in Manchin's home state of West Virginia. If passed, the Regulatory Fairness Act of 2014 would prevent EPA from pre-emptively vetoing CWA permits needed to develop the Pebble copper-gold-molybdenum deposit in the Bristol Bay region of Southwest Alaska.

DEVELOPMENT

Bumpy road ahead

Alaska mining faces ups, downs from low oil prices, budget-cutting moves

By SHANE LASLEY

Mining News

Plummeting oil prices have put Alaska residents and Alaska miners in the same boat. Suddenly, it's less expensive to top off the tank of an SUV or a haul truck, but the state budget, fueled by oil revenue, is teetering on the edge of an estimated \$3.5 billion deficit. That's \$10 million a day for 2015.

"We know Alaska is experiencing a significant drop in revenue – the price of oil has dropped more than 50 percent over the past six months," Alaska's new governor, Bill Walker, said during his inaugural State of the State Address.

While this oil money shortfall will likely gouge into state-funded projects across the board, from fundamental programs such as schools to the most ambitious like building a 200-mile road to the Ambler mining district in Northwest Alaska, Walker told Alaskans and their legislators that there is no reason to panic about the state of the state.



GOV. BILL WALKER

"Some might call this a crisis – I call this a challenge and an opportunity," Walker said in his Jan. 21 speech. "We have an opportunity to make impactful and constructive changes, to challenge the traditional ways of doing business."

"Now is not the time to sound the alarm my fellow Alaskans. Now is the time to pull together; to make a plan; to sharpen our focus; and to get to work," he rallied.

Natural gas pipeline

High on the list of Walker's planned initiatives is bolstering Alaska's income and lowering expenses by reducing the high cost of energy in the state, an agenda item that appeals to Alaska's residents and miners.

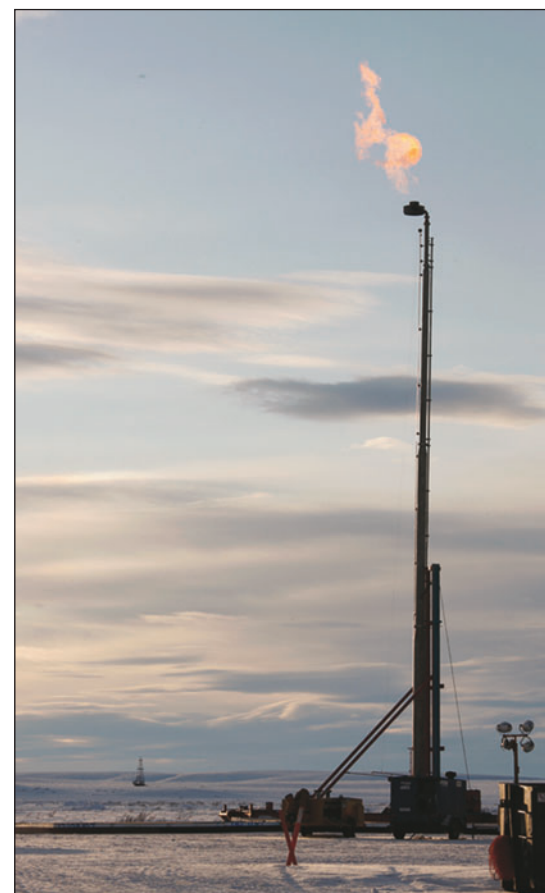
"This administration will not rest until Alaska is squarely on track to become an economic powerhouse, thanks to low-cost energy that will bolster and diversify our economy," the governor vowed.

He envisions a large portion of this low-cost energy being delivered to Alaskans and world markets via a large-diameter pipeline that taps vast reserves of natural gas on the North Slope.

"Under my administration we will finally begin building the Alaska gas-line to tidewater," Walker said.

Companies developing the next generation of mega-mines in Alaska, such as the Donlin Gold and Pebble copper-gold-molybdenum projects in western and southwestern Alaska, respectively, have already determined that natural gas is the most economical and environmentally sound way to fuel their operations, even if it means importing the fuel from outside of the state.

Donlin Gold LLC – an operating company equally owned by subsidiaries of Novagold Resource Inc. and Barrick Gold Corp. – believes so much in the natural gas idea that it is willing to



PETROLEUM NEWS FILE

Gov. Bill Walker vows Alaska will begin to build a natural gas pipeline from the North Slope to tidewater under his watch, a development that would likely lower energy costs for many existing and future mines across the state.

invest \$1 billion to build a 14-inch diameter pipeline spanning the 315 miles between tidewater in Southcentral Alaska and the 40-million-ounce gold deposit located in the Yukon-Kuskokwim region to the northwest.

In April, the company applied for a state right-of-way lease and a public comment period on the company's proposal closed Jan. 28.

Donlin Gold hopes to have authorizations in hand to begin pipeline construction in 2016 with a goal of delivering natural gas to the mine site by mid-2019.

The U.S. Army Corps of Engineers, meanwhile, continues its preparation of an environmental impact statement for the proposed Donlin gold mine. The regulatory agency estimates that a decision on the final EIS for Donlin will be determined in 2016.

Though the estimated 2020 startup at Donlin is likely at least three years prior to the most optimistic timeline for completion of a natural gas pipeline from the North Slope, the companies developing the mine are not dismissing the possibility of using an in-state source of natural gas.

"There may be an opportunity in the future to source natural gas from within Alaska," Novagold explains on its website.

If Walker's vision is realized, it would reverse the irony of importing natural gas into a state that has roughly 37 trillion cubic feet of this clean-burning fuel in known reserves.

In addition to an in-state supply of gas for