



NEWS NUGGETS

Compiled by Shane Lasley

Novagold balance sheet healthy; junior focuses on permitting Donlin Gold Mine

Novagold Resources Inc. Jan. 28 reported year-end 2015 financial results and provided project updates for its 50 percent-owned Donlin Gold and Galore Creek projects. Novagold's highlight for the year was the publishing of a draft environmental impact statement for the Donlin Gold project. "Our most important achievement in 2015 was the publication of the Donlin Gold draft EIS, a major milestone in the permitting process for the project," said Novagold President and CEO Greg Lang. "Novagold and its joint-venture partner Barrick Gold are particularly gratified with the professionalism of all the parties involved in the process and the level of constructive engagement of the Native corporations, local communities, various levels of government and non-governmental organizations. We are all working together to achieve an important common goal of permitting this world-class project." The November release of this environmental document by the U.S. Army Corps of Engineers triggered a five-month comment period, which runs through April 30, for the plan to develop this 39-million-ounce gold project in western Alaska. A series of meetings to accept public input on the Donlin Gold draft EIS are scheduled during the comment period. Six of these meetings have been held over the past two weeks and the balance are scheduled to be held before the end of March. Work at the Galore Creek copper-gold project, which is equally co-owned by Novagold and Teck Resources Ltd., primarily focused on the continued optimization of the integrated mining, waste rock and water management concepts. For the year ended Nov. 30, 2015, Novagold reported US\$31.7 million in loss from operations, or US\$6.3 million less than the US\$38 million in 2014. The company reported lower general and administrative expenses and smaller investments in both the Donlin Gold and Galore Creek project in 2015 compared with the previous year. Novagold reported a net loss of US\$32 million for 2015, or about US10 cents per share, compared with US\$40.5 million, or US13 cents per share, in 2014. Novagold said it ended its year with US\$127 million in cash and term deposits, which the company says is enough to complete permitting of Donlin Gold, fund activities at Galore Creek and fulfill other current obligations. In 2016, Novagold expects to spend roughly US\$25

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Northwest Arctic Borough says Red Dog is a highly profitable mine that can afford increased payments under a severance tax that took effect at the beginning of 2016.

FISCAL POLICY

Tax chasm widens

Northwest Arctic Borough argues Red Dog can afford higher severance tax

By SHANE LASLEY

Mining News

Nearly three weeks after Teck Alaska, operator of the Red Dog Mine in northwest Alaska, sued the Northwest Arctic Borough over a steep tax hike implemented at the beginning of the year, the chasm between the two sides seems to have only widened.

In preparation for its plans to "aggressively pursue a satisfactory legal resolution" to the charges brought by Teck, Northwest Arctic Borough has released information outlining its perspective on the argument.

In a Jan. 26 statement, the borough said during the past 25 years, Red Dog has evolved from an uncertain prospect located in the remote Northwest Alaska Arctic to a world-class zinc mine that "has made C\$5.2 billion in gross profits for Teck since 2005."

Considering the profitability of the zinc mine and the Northwest Arctic region's growing needs, the borough contends that the US\$11.5 million per year average that Red Dog has recently paid to the

local borough and school district is not adequate.

"The borough's leadership will not sit idle while a multinational mining company refuses to pay its taxes for a billion-dollar mine that pays large corporate salaries and shareholder dividends," the borough wrote.

Replacing PILT

Since Red Dog began production in 1989, the Northwest Arctic Borough has been the recipient of payments in lieu of taxes paid by the mine.

These "PILT" payments are the result of agreements negotiated between the Red Dog Mine and Northwest Arctic Borough every five years. The latest negotiated agreement expired at the end of 2015.

Northwest Arctic Borough said it spent six months in negotiations with Teck Alaska but the two sides could not come to a PILT settlement before the latest agreement expired.

"The borough expended considerable time, effort, and money to negotiate with Teck in good

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