

NORTH OF 60 MINING news



page 8 Dominion intensifies exploration near Ekati, Diavik diamond mines

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NEWS NUGGETS

Compiled by Shane Lasley



TRILOGY METALS INC.

Trilogy Metals is collecting the final data for a prefeasibility study on developing an open-pit mine at the Arctic deposit in Northwest Alaska.

Excellent copper, zinc recoveries in clean concentrates from Arctic

Trilogy Metals Inc. April 19 said recently completed metallurgical testing demonstrates that excellent metals recoveries and clean copper and zinc concentrates can be generated from the copper-lead-zinc-gold-silver ores at Arctic, a volcanogenic massive sulfide deposit at the Upper Kobuk Mineral Projects in Northwest Alaska. During 2016, Trilogy completed four holes targeting mineralized material that is planned to be mined during the first seven years of production at Arctic. A 600-kilogram composite sample of this material was used in bench scale testing to confirm the performance of the previously defined flotation process; as well, a large volume of the sample was processed in a pilot plant to provide sufficient volumes of a copper-lead bulk concentrate to complete detailed copper and lead separation test work. Copper recoveries averaged 91.7 percent and formed a concentrate averaging 28.7 percent copper metal. Zinc recoveries averaged 87.8 percent and formed a concentrate averaging 60 percent zinc metal. The revenue stream in a 2013 preliminary economic assessment for Arctic showed that copper produced 60 percent of the revenue stream, with zinc contributing 21 percent, silver at 9 percent and gold at 6 percent. Lead was the least valuable of the metals. The bulk of the precious metals report to the zinc concentrate and further testing is being carried out to determine optimal recoveries for lead, gold and silver. Neither the zinc nor the copper concentrates contain any significant deleterious penalty metals and are considered excellent quality by world standards. "We are very pleased with the results of this metallurgical test work program at Arctic. Recoveries and concentrate grades for our two principle metals – copper and zinc are excellent. We are currently conducting additional test work to determine the optimal recoveries of our three other metals – lead, gold and silver, and will report on that work in due course," said Trilogy Metals President and CEO Rick Van Nieuwenhuysse. In addition to the metallurgical work, the company reported that the in-pit geotechnical and hydrology studies for Arctic are now completed to a level that they can be incorporated into a prefeasibility study, which is expected to be finalized in the first quarter of 2018. Roughly US\$17 million has been budgeted for the 2017 program at Arctic. This work includes US\$7.1 million invested into collecting the final information for the Arctic prefeasibility study and US\$10 million, funded by South32 Ltd., for exploration at Bornite, a high-grade copper deposit about 16 miles south of Arctic. "The PFS will demonstrate the true value of the high-grade Arctic deposit which we expect will be the first in a series of potential mines in the Ambler mining district," said Van Nieuwenhuysse. "With the recent announcement that the BLM has initiated the permitting process on the AMDIAP (Ambler Mining District Industrial Access Road); our recently announced option agreement with South32 whereby they will fund a \$10 million program at our Bornite deposit in 2017; and an upswing in demand for copper and zinc, the company is well positioned to add value for shareholders by advancing development of the Ambler mining district." ●



NANA REGIONAL CORP.

The Red Dog Mine in Northwest Alaska produced 1.29 billion pounds of zinc in 2016, accounting for nearly 5 percent of the global mine output of the galvanizing metal last year. This world class operation is, by far, the largest taxpayer to the Northwest Arctic Borough where it is located.

● PUBLIC POLICY

Taxing negotiations

Teck, Northwest Arctic Borough find middle ground on Red Dog Mine taxes

By SHANE LASLEY

Mining News

After roughly two years of taxing negotiations, Teck Alaska and Northwest Arctic Borough have found middle ground on a tax structure that offers the municipality added funds to provide services to a sprawling remote borough without risking the viability of Red Dog Mine during the lows of cyclical metals markets.

Teck is the operator of Red Dog and Northwest Arctic Borough is a regional municipality that blankets 40,750 square miles of Northwest Alaska, a minerals rich expanse about the size of Kentucky.

The agreement on the table, which still needs to go before the borough assembly for a final vote, calls for Red Dog to pay around US\$25 million a year into the borough. While this is roughly double what the mine has been paying in recent years, Teck believes the compromised payments in lieu of taxes structure strikes a good balance between the borough's fiscal needs and certainty for world-class zinc mine.

"We are very pleased to have reached this new agreement through discussion and cooperation between Red Dog and the Northwest Arctic Borough," Red Dog General Manager Henri Letient said in the news release. "This agreement will provide more resources for the people and communities of the region, while also supporting Red Dog's ability to stay competitive and continue generating jobs and economic activity."

More than a year later, the two sides have finally found middle ground, settling on a PILT structure that significantly increases funds going into Northwest Arctic Borough coffers while also providing certainty for the future of the Red Dog Mine.

Too far apart

Since Red Dog began production in 1989, the primary source of revenue for the Northwest Arctic Borough has come from 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, which averaged roughly US\$9.1 million directly to the municipality and another US\$2.4 million per year to the school district, expired at the end of 2015.

In the months leading up to the expiration of the 2010 to 2015 PILT agreement, the Northwest Arctic Borough began negotiating for significantly larger payments from Red Dog for the next five years.

The two sides, however, were too far apart to find middle ground before the PILT agreement expired.

In making its case for the higher payments, the

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