



NEWS NUGGETS

Compiled by Shane Lasley



KINROSS GOLD CORP.

Through the first nine months of 2015, Kinross Gold Corp.'s Fort Knox Mine near Fairbanks produced 313,992 ounces of gold at a cost of US\$604 per ounce.

Kinross axes staff, Denver office; Fort Knox shines

Kinross Gold Corp. Nov. 10 reported that its global operations produced 680,679 gold-equivalent ounces during the third quarter of 2015. This is down slightly from the third quarter of last year, due to heavy rains hampering production at its Maricunga Mine in Chile. The company said strong production at its Fort Knox Mine in Alaska, Kupol-Dvoynoye operation in Russia and Round Mountain Mine in Nevada helped offset some of this loss. In terms of operational excellence, we saw very strong performance from Fort Knox, Paracatu and Kupol," said Kinross CEO Paul Rollison. Fort Knox produced 115,258 ounces of gold during the third quarter, a 10 percent increase over output during the same period in 2014 and fairly consistent with the previous quarter. Cost of sales for Fort Knox production during the third quarter was US\$556/oz., which is US\$247 lower comparable costs a year earlier. "Fort Knox, with strong production and lower power costs, delivered the mine's lowest cost of sales in two years," Kinross COO Warwick Morley-Jepson told investors and analysts Nov. 10. Through the first nine months of 2015, the open-pit mine near Fairbanks has produced 313,992 oz. of gold. The cost of sales across all of Kinross' operations was US\$668 per gold-equivalent ounce, which is a slight decrease from the US\$698 per gold-equivalent oz. a year ago. Kinross expects to produce 2.5 million-2.6 million gold-equivalent oz. at an all-in sustaining cost of US\$975-US\$1,025 per gold-equivalent oz. and cost of sales US\$690-US\$730 per gold-equivalent oz. in 2015. As part of the company's cost-reduction efforts, Kinross said it has reduced corporate headcount

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SUMITOMO METAL MINING POGO LLC

Sumitomo Metal Mining Pogo celebrated two milestones this fall – pouring its 3 millionth ounce of gold at Pogo and completing 2 million man-hours of work at the underground mine without a lost-time incident.

ECONOMY

Digging for optimism

Alaska miners seek reasons to celebrate in low metals-price environment

By SHANE LASLEY
Mining News

A four-year rout in metals, coal and oil prices left Alaska's mining community digging deep for reasons to be optimistic during their annual gathering at the Alaska Miners Association convention in Anchorage.

While depressed metals prices naturally cut into the bottom lines of those companies mining gold, silver, zinc, lead and coal in Alaska, the effects reverberate across the entire mining community.

In order to adjust to lower metals prices, the producers have cut back on discretionary spending. This means that these companies are taking a hard look at programs not directly related to mining ore – exploration, development, engineering, environmental, etc. – and cutting back on any of those not

deemed essential.

While these cuts are prudent in a low metals price environment, much of this discretionary work is carried out by independent contractors that make up the larger mining community in Alaska.

At the same time, the share prices of junior mineral exploration companies have been hammered by the low metals prices and a lack of investment in the sector. The per-share price of 11 exploration focused junior mining companies with assets in Alaska have fallen an average of 89 percent since their individual peaks in 2011, with the exception of NovaCopper Inc. which began trading in April 2012. These sharp losses come despite encouraging results from a number of the multimillion-dollar exploration programs carried out in Alaska this year.

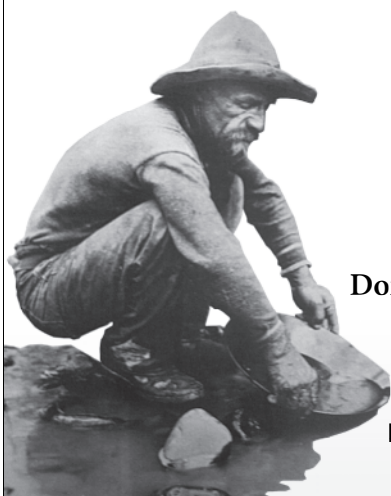
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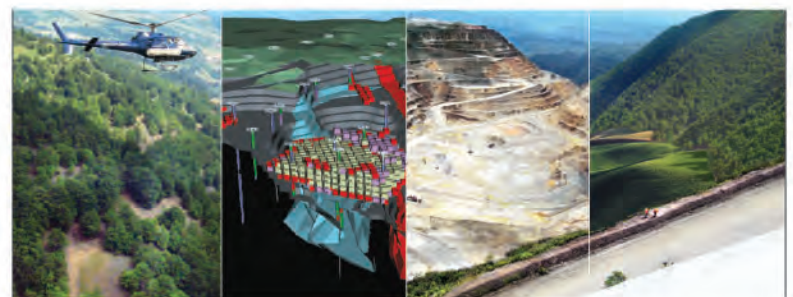
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NORTHERN NEIGHBORS

Compiled by Shane Lasley



TMAC RESOURCES INC.

TMAC Resources Inc. says the Hope Bay gold mine project in Nunavut remains on track and on budget to begin production by the end of 2016.

Hope Bay on-track for late 2016 production

TMAC Resources Inc. Nov. 5 provided an update on progress in developing a mine at the Hope Bay gold project in Nunavut. The building and offsite testing of the processing plant is 22 percent complete and remains on schedule for shipping early in the third quarter of 2016. Meanwhile, underground mobile mine equipment capable of mining at a rate of 1,000 metric tons per day; 15 million liters of diesel; the mill building; and first-year mining parts and supplies were delivered to Hope Bay in anticipation of beginning production by the end of 2016. “The third quarter of 2015 was our first quarter as a TSX-listed, fully-financed, gold development company. During the quarter, we significantly de-risked the Hope Bay Project financially by securing equity and debt financing for gross proceeds of over C\$350 million. In addition, we continued test mining underground at Doris, commenced construction on the foundations for the mill building, shipped the mill building components to site, and continued our work with Gekko Systems of Australia to execute on the procurement, fabrication and testing of the processing plant for shipment and installation during the third and fourth quarters of 2016. We remain on track and on budget for reaching production at the end of 2016,” summarized TMAC CEO Catharine Farrow. Mining crews began extracting a test stope in Doris in order to validate planned mining methods and increase management’s confidence in the assumptions for the mining costs in the pre-feasibility study. The crews were able to achieve a stope width of less than one meter, decreasing the tonnage in this particular stope from an estimate of 1,600 to 650 metric tons. By decreasing the dilution, the grade increased from an estimated 13 grams per metric ton to 31 g/t. The lessons learned from the mining conducted in the test stope are being applied to the 2015 and 2016 mine plans to reduce mining dilution and improve head grades. The primary objective of TMAC’s 2015 exploration and evaluation budget is to support the advancement of Hope Bay through continued geological modeling, diamond drilling and metallurgical test work and resource definition at the Doris and Madrid deposits. Drilling at Doris is focused on further definition of stopes within the first two years of the Hope Bay mine plan. A total of 4,382 meters of surface drilling in 38 holes was completed on the Doris North zone in the third quarter. Drilling at the Madrid deposit trend is focused on the Naartok zone with the objective of further defining the high-grade areas and the addition of gold ounces to the resource base. A total of 6,163 meters were drilled in 24 holes during third quarter 2015 on the Naartok zone. Assay results are pending and geological interpretation is in

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OPINION

Which way is the political wind blowing?

Obama administration seems committed to leaving a legacy of lost resource-development opportunities for Alaska in its wake

By J. P. TANGEN

Special to Mining News

I believe that the earth is warming; I believe that the sea level is rising; I believe that climate change is at least partially due to anthropomorphic activities such as burning wood around a campfire; I believe that the earth has been warming consistently since the last global maximum, about 12,000 years ago.

I believe that cow flatulence and the melting of permafrost emit methane and probably other greenhouse gasses into the atmosphere; I believe that if people who live next to the ocean become aware of the fact that in a hundred years or so the sea level will rise two or three feet; they will move inland a little; I believe that if the subways of Manhattan are flooded by the odd nor’easter, commuters will take the bus.

I believe that no matter how outrageous the current administration is with regard to the development of resources; the bums will be voted out of office next year and the next administration will make things worse.

You can call me a “true believer” if you like, or a cynic, or maybe just a graybeard; but I have yet to hear the first candidate for POTUS say, imply or even acquiesce in the concept that we need to mine for metals and coal, drill for oil and gas and harvest timber in Alaska. Income disparity, immigration reform, terrorism in the Middle East, income tax reform, black lives, gay rights, universal health care, free post-secondary education and I forget how many other pressing issues are all hugely important; however, for me cutting down trees, breaking rocks and pumping oil have the edge.

I note with interest that our tax dollars were turned into a glossy report by NOAA last week entitled “Explaining Extreme Events of 2014 From a Climate Perspective.” According to the report 32 groups of scientists from around the

Mining & the law

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J.P. TANGEN

world investigated 28 individual extreme climatic events in 2014 and, after much deliberation determined that seventeen of them were most likely influenced by deep breathers exhaling carbon dioxide and the rest, such as bad winter weather along the Atlantic seaboard were due to “natural variability” [read: deep breathers inhaling].

I also note with interest that our Supreme Leader last week released a memorandum to the secretaries of Defense, the Interior, Agriculture, and the administrators of the EPA and NOAA on the subject of “Mitigating Impacts on Natural Resources from Development.”

The memorandum is a classy wish list requiring the U.S. Forest Service to develop a handbook that addresses “avoidance, minimization, and compensation for impacts on natural resources” in the forests and a minimization regulation. It also directs the Bureau of Land Management to “finalize a mitigation policy that will bring consistency to the application of avoidance, minimization, and compensatory actions or development activities and projects impacting public lands and resources.”

The U.S. Fish and Wildlife Service is not spared. In addition to developing a revised mitigation policy, it also must finalize a policy for taking “action to

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• PEBBLE

Pebble leaders blast EPA's actions

Congressmen, others suspect environmental agency's pre-emptive bid to block mine's development may be unlawful, unfair and unwise

By SHANE LASLEY
Mining News

Unlawful, unfair and unwise – this is how the leadership of the Pebble Limited Partnership characterized the U.S. Environmental Protection Agency's efforts to detrimentally limit the company's ability to apply for the permits needed to develop a mine at the world-class Pebble copper-gold-molybdenum project in Southwest Alaska during separate speeches delivered Nov. 5.

"It is outrageous that one federal agency would bypass everything else, all the processes, come to a predetermined conclusion that a mine couldn't be built, without any science," Pebble Partnership Chairman John Shively told colleagues during an impassioned presentation at the Alaska Miners Association annual convention in Anchorage. "It is just wrong and very wrong, and we are not going to give up on it!"

Just hours earlier, Pebble Partnership CEO Tom Collier delivered a similar message to the U. S. House Committee on Science, Space, & Technology.

"I believe the actions taken by EPA to be unlawful, fundamentally unfair, and profoundly unwise," Collier testified during a hearing on EPA's predetermined efforts to block the Pebble Mine.

A day earlier, the U. S. House Committee on Oversight and Government Reform released a report that agrees with at least two of Collier's assertions – EPA actions to stop Pebble were unlawful and unwise.

In conjunction with the report, Committee Chairman Jason Chaffetz, R-Utah; Subcommittee on the Interior Chairman Cynthia Lummis, R-Wyoming; and Subcommittee on Health Care, Benefits and Administrative Rules Chairman Jim Jordan, R-Ohio, penned a letter to EPA Administrator Gina McCarthy.

"EPA's actions with respect to Pebble Mine are highly questionable and lacking a legal basis," the Oversight Committee leadership wrote.

Unlawful

The legality of EPA's approach to stopping Pebble is something that is being weighed in a case that the Pebble Partnership has brought against EPA in U.S. District



JOHN SHIVELY

Court for the District of Alaska.

The hopeful copper mine developer alleges that EPA unlawfully worked behind the scenes with lawyers, scientists, non-governmental agencies and other anti-Pebble activists to develop a strategy to use Section 404 (c) of the U.S. Clean Water Act to prevent Pebble from entering the permitting process and then crafted the Bristol Bay Assessment as a basis to carry out the plan.

The Pebble Partnership asserts that the behind-the-scenes collaboration between EPA and the anti-mine groups to devise and execute a plan to keep Pebble out of the permitting process violates advisory committee law and taints the entire process on which the environmental agency is basing its Clean Water Act determination with regards to Pebble.

Based on the evidence available a year ago, District Court Judge H. Russel Holland issued a preliminary injunction that ordered the EPA to halt its efforts to use the CWA Section 404 (c) process to pre-emptively block Pebble from entering the permitting process until the case was settled.

"A preliminary injunction is only granted if a judge believes you have a better than even chance of prevailing," Shively informed the mining crowd gathered in Anchorage.

Further evidence being uncovered during the discovery phase of the trial, as well as documents being rooted out by House Oversight and others seem to increase the odds that EPA will be found guilty of unlawfully conspiring with anti-Pebble groups.

During the Nov. 5 hearing on Pebble, House Committee on Science, Space and Technology revealed new e-mail exchanges that add to the mounting pile of evidence that EPA staffers were helping the anti-Pebble groups draft a petition urging the EPA to review the project under Section 404(c) of the Clean Water Act.

In one such email from April 2009, Phil North, a former Alaska-based EPA biologist, provided the Pebble opposition "suggested edits" to the petition.

"It is really very clear now from the information we have – and we don't have all the information from him – that he (North) conspired with our opposition to get the petition written," Shively surmised.

EPA would later use this petition from "several Bristol Bay Alaska Native tribes, fishers, and other stakeholders" as its justification for initiating its investigation of the potential affects large mines might have on the Bristol Bay watershed, and ultimately protecting the region from the development of the Pebble Mine.

When the House Oversight Committee asked North to testify on the matter, he left the United States and is now believed to be in Australia.

This apparent reluctance to testify has many wondering what the former EPA employee has to hide.

"What is there that made him say to the congressional committees that want to interview him, 'I will not be interviewed, and I am going to (another) country so you are going to drag me out of that country if you do want to?'" Shively queried.

To find out, District Judge Holland has issued a subpoena to bring North to Alaska to fill in blanks left by several years of lost e-mails and other intriguing evidence that includes a pair of encrypted thumb drives left by North that EPA says it lacks the passwords to access whatever information is locked away inside.

Unfair

The Pebble Partnership contends that it is unfairly being prevented from the opportunity to have its plan to develop a mine at Pebble vetted under the federal permitting process established for just that task.

"Just let us have due process," Collier stated.

"There is no environmental harm that will happen, whatsoever, if we are simply allowed to go through the permitting process," he added.

Space, Science and Technology Committee Chairman Lamar Smith, R-Texas, agrees that the Pebble Partnership should be allowed to make its case, and the EPA should not be granted the power to singlehandedly stop projects from entering the permitting process.

"Allowing EPA to proceed in this pre-emptive fashion raises many concerns about the due process that should be afforded to those who apply for permits under the Clean Water Act," the congressman remarked.

Collier admits that developing a world-class copper-gold mine in Southwest Alaska is a tall order, but believes that the Pebble Partnership can design a mine that protects the environment.

"We recognize there are environmental challenges with building a mine in Bristol Bay, but we think we have answers to those, if we just get an opportunity to have that debate," he testified.

Many anti-Pebble advocates contend that the Pebble Partnership has had plenty of time to submit its mine plan for permitting.

Shively had sharp criticism for those that are trying to

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TANGEN

conserve species in advance of potential future listing under the Endangered Species Act."

Of course, there's more – much more – in the President's "memorandum," but the fun part is that the foregoing mitigation policies are, for the most part, required to be in place within one year; and, kiddies, guess what happens exactly one year from now. Election Day! Yep, we're talking legacy here.

To be sure, the entrenched apparatchiks will work with all their hearts and souls to meet the deadline, even if it does leak over into Inauguration Day in January 2017. You can count on the folks in Interior to be finalizing the associated implementation documents as they clean out their desks.

One other tiny problem sits on the horizon. If the authors of these mitigation policies come up with their final product just before they head for the ivy towers of academia or a six-figure job with a green lobbying group, who will make sure that the policies aren't rescinded or allowed to fall by the wayside?

That problem, fortunately, will be solved by the 100 or so minions who, true to faith, will "burrow in" to the professional civil service.

In the best tradition, even as we speak, mid-level political appointees are scurrying about trying to find a quiet perch where they can weather the storm of a new administration. If successful, these new public servants will be able to wait quietly in the wings, doing as they are told, with the sure and certain knowledge that they cannot be fired or demoted or reprimanded for "doing their job" even if they do it in a way that bears a striking resemblance to the Obama Doctrine.

These hearty souls will keep their heads down and their mouths shut until opportunity knocks. Then they will spring into action, making sure that pipelines don't get built (how many permits does a trans-Alaska gas pipeline need?); trees don't get cut; and coal doesn't get loaded onto trans-Pacific tankers.

I believe in global warming; and I believe in the Tooth Faerie; but I do not believe in the Easter Bunny anymore, because I understand that Santa Claus ate him for Christmas dinner last year. ●

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NEWS NUGGETS

costs by 23 percent and is closing its Denver office. “We are also closing our Denver office, which was the headquarters of our Americas region, while Toronto, where we reduced headcount by 15 percent, is absorbing the regional responsibilities for our U.S. operations,” Rollison explained. Mining News has received unconfirmed reports that the latest staff reduction includes some personnel at the Fort Knox Mine. This headcount reduction is in addition to the September departure of 222 employees of Kinross’ Tasiast operation in Africa. Kinross reported an adjusted net loss of US\$23.9 million (US5 cents per share) for the third quarter 2015, compared with adjusted net earnings of US\$70.1 million (US6 cents per share) for the same period last year. The company reduced its net debt to US\$949.2 million, repaid the remaining balance on the Kupol loan and ended the quarter with US\$1.02 billion in cash and cash equivalents.

Graphite One issues shares to preserve cash

Graphite One Resources Inc. Nov. 12 said that in order to preserve cash to fund

development of its Graphite Creek project in western Alaska, it has entered into agreements to issue shares to settle outstanding debt of C\$66,000 with certain arm’s length creditors. To settle the debt, Graphite One intends to issue 733,334 common shares of Graphite One at C9 cents per share. The transaction is subject to TSX Venture Exchange approval. “We are pleased to settle this debt with shares to help the company preserve cash resources for operations and proceed with technical evaluation of Graphite Creek graphite,” explained Graphite One President and CEO Anthony Huston. Graphite raised C\$1.99 million in two financings that closed in September and November.

Endurance Gold samples Elephant Mountain

Endurance Gold Corp. Nov. provided results from the 2015 exploration program at its Elephant Mountain gold property about 76 miles west of Fairbanks, Alaska. To date, exploration has confirmed an intrusive-hosted target area of at least 1,800 meters by 600 meters that encompasses two soil and rock sample gold anomalies – North and South zones – and an untested induced polarization chargeability anomaly located between the two soil anomalies. In 2015, 207 power-assisted auger soil samples were completed to

an average depth of 1.22 meters. Together with auger samples collected in 2014, Endurance has completed a grid of 247 soil samples on the South Zone target. The company said these samples, with peak values up to 320 parts per billion gold, together with shallower soil samples collected in 2013, have confirmed a continuous 1,000-meter-long soil anomaly exceeding 100 ppb gold, which remains open for expansion. Associated with the gold-in-soil anomaly are coincident arsenic and antimony. In 1991, Placer Dome Inc. collected a grab sample from the South Zone that assayed 12 ounces of gold per ton. During its tenure, Placer Dome drilled 10 holes at Elephant Mount in 1992. The best of the holes of this historical drilling cut 99.4 meters of 0.51 grams per metric ton gold at North Zone.

Northern Empire refines Richardson targets

Northern Empire Resources Corp. Nov. 5 reported results from the first phase of its 2015 prospecting and sampling program at the 28,763-acre Richardson gold property in Interior Alaska. The work program at Richardson, completed in two phases, focused on soil sample lines north of the Democrat Pit, portions of the adjacent intrusive body known as the Wide Zone, and at Tenderfoot Creek. According to a

1990 State of Alaska publication entitled “Alaska’s Mineral Industry, 1989,” the Democrat Pit was the site of a 70,000-short-ton bulk sampling program in 1988 where 2,000 ounces of gold was recovered. A review by Northern Empire of drill logs and drill core from drilling conducted in 1988 and 2005 shows that mineralization in the Democrat Pit and along the mineralized Richardson Lineament is hosted in fault bounded brecciated rhyolite porphyry and coeval fine-grained intrusives. During the initial phase, 23 rock samples were taken in or near to the Democrat Pit zone. Highlights for this sampling include: 71.2 g/t gold and 48.6 g/t silver; 4.6 g/t gold and 111 g/t silver; 2 g/t gold and 233 g/t silver; 5.88 g/t gold and 6.09 g/t silver; and 1.78 g/t gold and 67.3 g/t silver. Northern Empire said soil samples collected on two east to west soil lines to the north of Democrat Pit both returned anomalous values and were statistically high in silver. Soils collected along two east-west reconnaissance lines in the Wide Zone returned anomalous gold and copper values. “The initial results from both the Democrat Pit area and the Wide Zone, including finding high-grade gold and silver in outcrop at the Democrat Pit, have greatly refined our areas of focus for the 2016 exploration season,” said Northern Empire Chairman John Robins. ●

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NORTHERN NEIGHBORS

progress. TMAC also carried out regional exploration work beyond the Doris, Madrid and Boston trends that included airborne magnetic-electromagnetic and induced polarization geophysical surveys over the Hope Bay greenstone belt. Further afield, the company flew airborne geophysics over its Elu claims, which the company also purchased from Newmont in 2013. The Elu claims cover 305 square kilometers (118 square miles) of the Elu greenstone belt, which is about the same age as the Hope Bay greenstone belt about 35 kilometers (22 miles) to the southwest. TMAC says limited historical exploration at Elu suggests that there is potential for significant gold mineralization similar to the deposits found within the Hope Bay greenstone belt. Through Sept. 30, TMAC had incurred C\$120 million of the planned C\$165 million of the path to production expenditures for the 2015 financial year, which is in line with TMAC’s budget and timing. The total estimated expenditure and working capital for 2015 and 2016 remains at C\$290 million. At Sept. 30, TMAC had C\$84.99 million in

cash and cash equivalents. In addition, the company had C\$18.66 million invested in long-term cash deposits or restricted, for a total of C\$103.65 million in cash and cash investments.

Kivalliq expands Dipole-RIB uranium trend

Kivalliq Energy Corp. Nov. 10 reported results from soil sampling along the Dipole-RIB Trend and rock samples collected in the Yat Target area of its Angilak property in Nunavut. This year, the company collected 408 soil samples along the Dipole-RIB Trend, which is located roughly 25 kilometers (16 miles) southwest of the Lac 50 deposits at Angilak. The majority of these samples were collected within the RIB area of the trend. Combined with the 2014 data, Kivalliq says the results define a 4,000-meter-long trend of anomalous uranium-in-soil occurring northeast, southwest and south of the historical drilling completed by Noranda. As demonstrated by the success of this year’s drilling of significant uranium mineralization at Dipole, the combination of geochemical sampling and geophysical surveying has proven to be an effective tool for successfully discover-

ing basement-hosted uranium in the Dipole-RIB Trend. The company said incorporation of additional data from historical ground geochemical, geophysical and radiometric grids has highlighted specific conductors for follow-up and drill testing of these multiple coincident geochemical-geophysical targets at RIB is warranted. “The Dipole-RIB Trend has emerged as an area with tremendous exploration potential based on our compilation of previous exploration, the recently drilled Dipole discovery, and now the multiple kilometer-scale coincident geophysical and uranium-in-soil trends identified at RIB,” said Kivalliq President Jeff Ward. The company also revisited Yat, a target area located about 10 kilometers (six miles) northeast of the Dipole deposit. One of three boulder grab samples within hydrothermally altered host rocks situated on the edge of a pronounced magnetic low at Yat returned the highest precious metal assays ever reported from Angilak: 1.82 percent U3O8 (triuranium octoxide), 6.8 percent copper, 211 grams per metric ton gold, 80,900 g/t silver, 3.1 g/t platinum and 6.7 g/t palladium. Kivalliq said Yat has emerged as a compelling and unexplained target, which will be evaluated during future programs at the Dipole-RIB Trend. ●

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EPA HEARING

push the company into permitting before an environmentally sound mine plan is developed.

“We are going to go into permitting on our timeframe,” the Pebble Partnership chairman said.

Unwise

The wisdom of EPA’s attempt to stop Pebble ahead of the permitting process may come down to the outcome of the various investigations and trials that have sprung up.

Collier informed the House Science Committee that the Pebble Partnership has uncovered documents revealing EPA’s over-arching intent in pre-emptively stopping the Pebble Mine.

“They want to be able to zone the watersheds of America,” Collier summarized.

EPA discussed this potential expansion of its regulatory reach in a 2010 discussion matrix on blocking Pebble, say-

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MINING OPTIMISM

NovaCopper Inc., for example, only received a slight bump in the value of its stock on late October news that the State of Alaska has decided to move forward with an environmental impact statement required for building a road that would connect the company's copper-rich assets in Northwest Alaska to markets.

NovaCopper President and CEO Rick Van Nieuwenhuyse told Mining News that junior mining companies should not take the market's lackluster response to news personal.

"It's just the market," he said.

Curing low zinc prices

Fortunately for Alaska's mining sector, the zinc and gold markets have held up relatively well. At roughly US\$2.6 billion, these two metals accounted for about 79 percent of the value of the commodities mined in the state in 2014.

Alaska mines produced 1.43 billion pounds of zinc valued at roughly US\$1.4 billion in 2014, according to the Alaska Minerals Report 2014, an annual tally published by the Alaska Division of Geological and Geophysical Surveys. Record production at the Red Dog Mine in Northwest Alaska, coupled with strong prices, helped rank zinc as the top commodity mined in Alaska for 2014.

Analysts have predicted a rise in zinc prices due to several mine closures restraining supply. However, cooling demand for the galvanizing metal has sent zinc prices sharply lower, from a peak of nearly US\$1.10/lb. in May to around US75 cents/lb. in recent weeks.

Red Dog, which accounted for 1.31 billion pounds of the zinc produced in Alaska during 2014, has recovered about 965.6 million pounds of the galvanizing metal through the first nine months of this year.

With a lower average price and slightly less production, the value of Alaska's zinc production is expected to take a hit for 2015.

Teck Resources Ltd., operator and 70 percent owner of the Red Dog Mine, is optimistic about the future of zinc prices.

Teck President and CEO Don Lindsay reminded shareholders and analysts that "the best and most effective cure for low commodity prices is, and always has been, low commodity prices. And remember that the darker the winter is, the brighter the spring will be."

Helping to administer this cure, Glencore PLC recently announced that it is cutting its annual zinc production by roughly a third, or about 1.1 billion lbs. This comes on top of the imminent closures of two large zinc producers, the Century Mine in Australia and the Lisheen

"There is really a lot of uncertainty that has been created by low oil prices."

—Mark Edwards, economist, Northrim Bank

Mine in Ireland.

Glimmering gold mines

With good news coming from the owners of Alaska's big three gold mines – Fort Knox, Pogo and Kensington – the precious metal provided some glimmer to this year's AMA convention.

So far, gold prices have averaged about US\$1,174/oz. in 2015, which is only 7 percent lower than the US\$1,266/oz. average price in 2014. Despite performing better than most metals, gold is still down around 41 percent from its 2011 peak price of US\$1,900.

During 2014 Alaska produced roughly 948,547 oz. of gold, down from just over 1 million oz. in output a year earlier, according to Alaska Minerals Report 2014. The retreating prices and lower production adds up to US\$1.2 billion worth of gold produced in Alaska last year, about 23 percent less than the US\$1.55 billion value of the precious metal produced in the Far North State in 2013.

This year it looks like gold production in Alaska will once again top the 1-million-oz. threshold.

Strong production at Kinross Gold Corp.'s Fort Knox Mine near Fairbanks is expected to be a key to Alaska reclaiming seven-digit gold production in 2015. Through the first nine months, this Interior Alaska mine has produced 313,992 oz. of gold, which puts it on pace for roughly 420,000 oz. in total output for the year.

Sumitomo Metal Mining Pogo LLC Sept. 30 reported production of 3 million oz. of gold at its Pogo Mine in Interior Alaska.

This production milestone comes just over a month after the mine workers had achieved two years without a lost-time injury.

"It is very special for us, it doesn't happen a lot in an underground mine," Chris Kennedy, the mine's general manager commented on the safety milestone.

"Safety is No. 1 for us," he added.

Pogo's 2015 gold production is anticipated to dip slightly from the 347,127 oz. produced last year, due to lower grades.

The Kensington Mine in Southeast Alaska has produced 92,442 oz. of gold through the first three quarters of 2015 and is expected to recover roughly 120,000 oz. of the yellow metal this year.

Coeur Mining Inc., the owner of Kensington, is looking forward to increasing the mine's gold output once it taps higher grade ore from the historic Jualin

Mine area.

"Currently, Jualin is estimated to contain about 289,000 tons of inferred resources with an average grade of 0.62 ounces per ton, which is over triple Kensington's average reserve grade," said Coeur President and CEO Mitchell Krebs. "Once we gain better access from underground, we will begin to more efficiently drill Jualin to better define and hopefully expand this new high-grade discovery before mining begins in 2017."

Plummeting silver

Silver – the primary metal produced at the Greens Creek Mine in Southeast Alaska and an important byproduct of Red Dog Mine – is selling for around US\$15/oz., a staggering 69 percent off its peak of \$48.70/oz. in 2011.

Fortunately for owner Hecla Mining Co., once you credit the gold, zinc and lead also recovered, Greens Creek is one of the lowest cost silver mines on the planet.

Through the end of September, Greens Creek had produced 5.9 million oz. of silver at a cost of US\$3.79/oz.

"Greens Creek continues to drive Hecla's strong, consistent production performance," said Hecla President and CEO Phillips S. Baker, Jr.

Greens Creek is on pace to produce roughly 8 million oz. of silver, 58,000 oz. of gold, 120 million lbs. of zinc and 40 million lbs. of lead in 2015.

Oil uncertainty

Sharply lower oil prices are a mixed bag for Alaska's mining community. While lower costs for diesel certainly bolster the bottom lines of the mines that depend heavily on the fuel to run large machinery and oftentimes to generate electricity, most of the 1,000-plus partici-

pants in the AMA convention live in Alaska, a state that depends heavily on revenue generated from its rich oil reserves.

How Alaska is going to reconcile a roughly US\$3.5 billion budget deficit resulting from oil prices that have dropped below US\$50 per barrel was a hot topic at the gathering of miners.

"There is really a lot of uncertainty that has been created by low oil prices," Mark Edwards, economist, Northrim Bank, informed the crowd gathered for a Nov. 2 luncheon at the AMA convention.

Despite the drag low oil prices are creating on Alaska's government and overall economy, Edwards said he is very optimistic about the future of the state.

"We have trillions of dollars of natural resources left to be developed in this state, I think that we are still a very young state, and in the long run, this is going to be the beginning of Alaska's resource development curve," the economist explained.

In the short term, however, the Alaska Legislature and administration are tasked with tough decisions on how to balance the budget, while the state still has a reserve of cash that was stashed away when oil prices were much higher.

Lt. Gov. Byron Mallott prefaced his talk on Alaska-British Columbia coordination on transboundary mining with an update on the administration's plans to close the gap in the state budget.

He told the mining crowd that Gov. Walker will present a plan to close the fiscal gap by using some of the earnings of Alaska's vaunted permanent fund, implementing broad-based taxes and making adjustments to existing state taxes.

Mallott said immediate execution of this plan will help Alaska weather low oil prices by slowing the rapid drawdown of Alaska's dwindling budget reserve. ●

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EPA HEARING

ing a pre-emptive veto of Pebble permits would "serve as a model of proactive watershed planning" in the United States and listed this assertion in the pro column of the dialogue document.

If EPA prevails, it would certainly be precedent-setting. However, if it is proven that the regulator skirted the law in trying to prevent the Pebble Mine from entering the permitting process, the environmental agency's credibility in judging Pebble in the permitting process could be compromised.

Meanwhile, a growing number of congressional Republicans are calling

on EPA to give up on trying to prevent EPA from entering the permitting process.

In its letter to EPA Administrator McCarthy, the House Oversight Committee characterized the agency's actions with respect to Pebble as "highly questionable and lacking legal basis" and said the Clean Water Act provides the regulator with all the tools it needs to analyze any proposal for mining the deposit.

"As such, we urge you to withdraw the proposed 404(c) determination for the Pebble deposit and ... allow for project proposals in Bristol Bay to undergo the conventional CWA and NEPA (National Environmental Policy Act) processes," the committee wrote. ●



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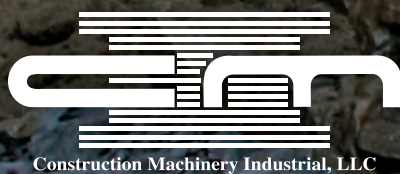


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