

True North Project

Proposed Decision To Issue Millsite Lease

ADL No. 416509

DEPARTMENT OF NATURAL RESOURCES
Division of Mining, Land and Water

July 11, 2000

I. Proposed Action

Fairbanks Gold Mining, Inc. (FGMI) has requested under AS 38.05.255 a Millsite Lease for the True North Project.

DMLW intends to issue a Millsite Lease to Fairbanks Gold Mining, Inc. as operator of the True North Project. This proposed decision is limited to surface use of land authorized by AS 38.05.255(a) within the True North Project area. This land is under the management authority of the Division of Mining, Land and Water. A Millsite Lease issued under AS 38.05.255(a) is exempt from the provisions of AS 38.05.075. Under AS 38.05.035(e)(6)(H) a written finding is not required for a surface lease under AS 38.05.255.

II. Discussion

General location: The proposed True North Project is located on the northwest flank of Pedro Dome approximately 25 miles northeast of Fairbanks. The project area is presently accessed from the Mile 20 on the Steese Highway by 6.5 miles of existing gravel road on the south side of Pedro Dome.

Area to be developed: FGMI has applied for an authorization to develop at this time the Hindenberg and East Pit of the True North Project. Exploration is presently ongoing to identify additional resources in the area.

Operating period: The proposed mine will operate 24 hours a day, 365 days a year. Mining is projected to begin in the third quarter of 2000 and continue for approximately three years on the Hindenberg and East pits. FGMI exploration crews are currently drilling to further define mineralization in the area. Exploration activities are

anticipated to continue during the mine life to locate possible areas for expansion and associated mine development.

Ore haulage: FGMI proposes to haul ore 24 hours a day, 365 days a year to the Fort Knox Mill using conventional highway tractor-trailer trucks. Each load will be 60 to 100 tons. Approximately 10,000 tons of ore per day will be hauled to the Fort Knox mine site. This equates to 100 to 170 truckloads to the mill daily.

Tanana Basin Area Plan and FNSB Zoning: The proposed Millsite Lease is located within the Tanana Basin Area Plan (TBAP) in Subregion 1-Fairbanks North Star Borough, Management Unit 1J2-Cleary Summit-Pedro. The primary surface use designation is Minerals/Public Recreation. The secondary surface use is Forestry. The proposed Millsite Lease is consistent with the designated uses in the TBAP.

The Fairbanks North Star Borough has zoned this area General Use.

A traditional use finding is not required for the proposed Millsite Lease as it is within the Fairbanks North Star Borough.

Discussion: Fairbanks Gold Mining, Inc. (“FGMI”), a wholly owned subsidiary of Kinross Gold Corporation, is the operator of the proposed True North Project. The True North Project as proposed includes an open pit mine, development rock dumps, ore stockpile, topsoil/growth medium stockpile, ore haulage, shop/office, power supply, water supply, and general infrastructure including access roads. FGMI proposes that ore would be hauled to the Fort Knox mill for processing. Under this proposal FGMI would be required to receive authorization from the Department of Environmental Conservation (DEC) before acceptance and processing could take place. Authorization would be under the Solid Waste Disposal Permit issued by DEC for the Ft. Knox tailings impoundment and would require that specific procedures be completed by FGMI and evaluated by DEC prior to DEC’s decision. The Millsite Lease will be conditioned upon FGMI receiving authorization from DEC to process True North ore at the Fort Knox facility.

The present proposal is to develop the Hindenberg and East Pits. The current projected mine life is approximately three years. Figure 3-1 of the Project Description (Attachment 1) depicts the Preliminary Site Plan for the True North Project and Figure 3-2 (Attachment 2) depicts the Preliminary Mine Plan. The Millsite Lease Boundary is shown in Figure 1 (Attachment 3) of this decision and does not include University Lands within the Millsite Lease.

Surface uses of state land included within the Millsite Lease shall be limited to those necessary for the prospecting for, extraction of minerals and shall be subject to reasonable concurrent uses. For purposes of the True North Millsite Lease the uses shall be limited to those surface uses described in the Project Description and Reclamation Plan as approved by the Division of Mining, Land and Water or as specifically authorized in the Millsite Lease (see Attachment 4: Millsite Lease).

FGMI shall be required to pay an annual rent as require under AS 38.05.255 and as provided in the Millsite Lease.

III. Authority / Administrative Record

The authority to issue a Millsite Lease resides in AS 38.05.255.

This Millsite Lease was requested under AS 38.05.255. The True North Project files and ADL 416509 comprise the administrative record.. The True North Project Description, Reclamation Plan, Socioeconomic Baseline Report, and other supporting documents have been reviewed and are a part of the record and ADL file. While these documents contain other information, only that information pertaining to the request for a Millsite Lease was considered and used to make this decision and prepare the terms and conditions of the Millsite Lease.

IV. Access

Access to the True North Project is being reviewed concurrently with the processing of FGMI's request for a Millsite Lease as FGMI

proposes to haul the ore from the True North Project to the Fort Knox mill facility (see Right-of-Way file ADL 416471).

V. Environmental Risk

FGMI proposes develop the True North Project. The proposed activity involves the construction of minimal facilities at the True North Project as described in the Project Description. The operation and limited maintenance of mining equipment, storage of equipment fuels and vehicle maintenance related lubricants and fluids, ammonia nitrate, and heating oil will occur on the project site. FGMI will be required to have an emergency response plan for hazardous material for the Millsite Lease. The Project Description identifies the bulk storage facilities at the True North site. Environmental risk for the Millsite Lease area is considered minimal.

Results of ore and development rock characterizations have been evaluated by a third-party consultant for the state. The evaluation showed minimum potential to any adverse impacts on any surface or ground waters of the state. The deposit is characterized by very low sulfur concentrations and elevated neutralization potential.

VI. Proposed Decision and Public Comment

The Division of Mining, Land and Water proposes to issue a Millsite Lease as shown in Attachment 4 and seek public input. DMLW 's proposed decision is based on AS38.05.255 and information provided for the True North Project. The proposed Millsite Lease is appropriate for the True North Project and will be issued to FGMI under the conditions and limitations imposed by law and those additional conditions and limitations set out in the proposed Millsite Lease attached hereto and made a part of this decision. Additional conditions may be added as a result of public and Agency input.

Although not required, a public meeting/hearing will be held August 3, 2000. Public notice and comment period will be from July 17, 2000 through the close of business (5:00P.M.) August 18, 2000. Display notices will be published in the Fairbanks Daily News Miner

to notify the public of the meeting and the deadline for public comments. Agency and public comments received during the public notice comment period will be considered. The School Trust Land litigants will receive notice of the proposed right-of-way during the public review period.

Formal agency review will be conducted for this Millsite Lease through the representatives on the project team. The Corps of Engineers (COE) provided notice of the True North Project on May 3, 2000. The COE extended its comment period to July 2, 2000 on May 22, 2000 and extended the comment period a second time. The various agencies have provided input to FGMI and the COE during project team meetings. In addition, two public meetings (April 18, 2000 and May 22, 2000) have been held to receive public comments on this project. The public has also provided comments in project team meetings. FGMI has evaluated the comments received during these meetings and has made some design changes in response to the comments. In addition, the agencies incorporated these comments into discussions with FGMI regarding the True North project.

Robert Loeffler – Director

Date

Attachment 1	Figure 3-1, Preliminary Site Plan
Attachment 2	Figure 3-2, Preliminary Mine Plan
Attachment 3	Figure 1, Millsite Lease Boundary
Attachment 4	Proposed Millsite Lease