KINROSS Fort Knox

ANNUAL ACTIVITY REPORT
for
REPORTING YEAR 2016

February 2017

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1. INTRODUCTION

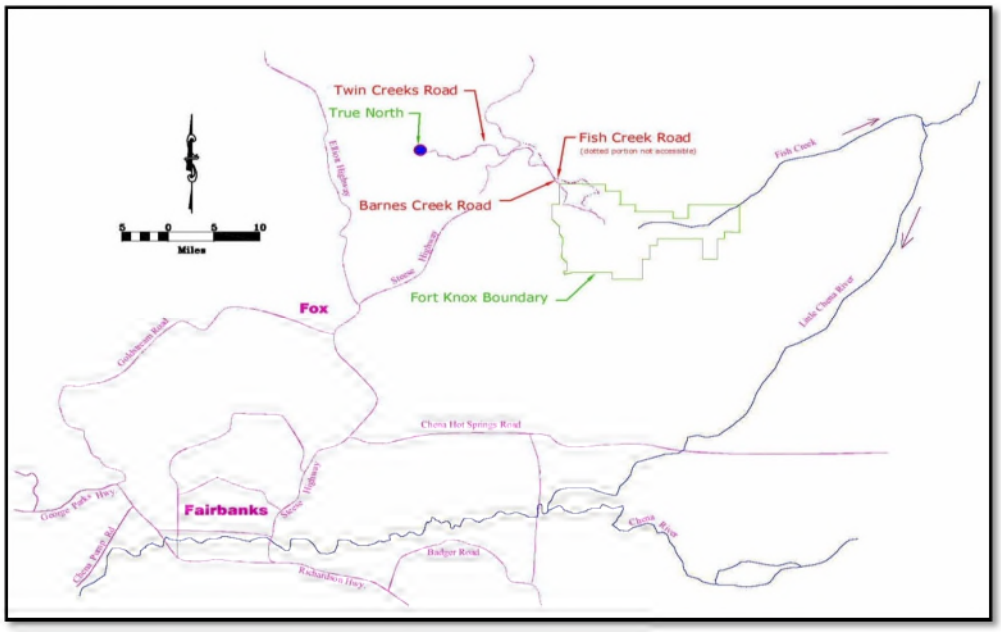
Fairbanks Gold Mining, Inc. (FGMI), a wholly owned subsidiary of Kinross Gold Corporation, has prepared this annual report to comply with the conditions described in Section 11.b. of the Amended and Restated Millsite Lease ADL Nos. 414960 and 414961 and the ADEC Waste Management Permit 2014DB0002 for the Fort Knox Mine.

The Kinross Fort Knox mine includes the open pit mine, mill, tailings storage facility, water storage reservoir and the Walter Creek Heap Leach facility. Major reclamation activities at the True North Mine were completed in 2012. Post-closure monitoring and maintenance activities continue at True North. These facilities are located within the Fairbanks North Star Borough, approximately 25 highway miles northeast of Fairbanks, Alaska (Figure 1).

The milling and mining operations at Fort Knox continue to operate 24 hours a day, 365 days a year. As of the end of 2016, FGMI employed 659 people. Fort Knox produced 409,845 gold equivalent ounces in 2016.

This report describes the permitting, mining, milling, heap leach and reclamation activities during calendar year 2016 and planned activities for 2017.

Figure 1: Facility Locations



2. SUMMARY OF ACTIVITIES

In 2016, Fort Knox had a range of activities underway in the areas of production, construction, and permitting. In summary, these activities included:

- Completed construction of Stage 5 of the Walter Creek Heap Leach Facility;
- Construction of Stage 6 Phase 1 & 2 of the Walter Creek Heap Leach Facility;
- Construction of 10 feet of the TSF Dam's 17-foot raise to elevation 1,557 feet above mean sea level (fmsl);
- Onsite land farming was completed at the Yellow Pup Waste Rock Dump for the former Fish Creek Fuel Island decommissioning material;
- Onsite land farming continued at the Yellow Pup Waste Rock Dump for the 2013 Fuel Island decommissioning material from 2015;
- Phase 8 pit stripping activities continued;
- Mining of Phases 7 & 8 ore continued;
- Completed construction of a reverse osmosis (RO) treatment system for the non-contact, non-process groundwater from pit dewatering wells,
- Completed bench and pilot testing for TSF pond and intercept system water for a future water treatment system, and;
- True North reclamation completed in August 2012 and is under post-closure monitoring.

In 2017, the major activities planned include:

- Construction of the final 7 feet of the 17-foot raise of the TSF dam to elevation 1,557 fmsl;
- Continue construction of Stage 6 of the Walter Creek Heap Leach Facility;
- Begin construction of Stage 7 of the Walter Creek Heap Leach Facility;
- Obtain approval for construction of the upper access to the Walter Creek Heap Leach Facility from the upper Barnes Creek Waste Rock Dump area;
- Construction of the upper access to the Walter Creek Heap Leach Facility from the upper Barnes Creek Waste Rock Dump area;
- Obtain approval for construction of the Barnes Creek Heap Leach Facility;
- Begin construction of the Barnes Creek Heap Leach Facility, and
- TSF Closure Panel evaluation.

3. PERMITTING ACTIVITIES

The following is a list of the approved plans and permits issued to FGMI in 2016:

- In February, ADNR issued a Certificate of Approval to Operate a Dam for Fort Knox Tailings Dam (AK00212);
- In February, ADNR issued a Certificate of Appropriation of Water LAS 21760 for Dewatering Well Field(s);
- In February, ADNR issued a Certificate of Approval to Operate a Dam for Walter Creek Heap Leach Pad Dam (AK00310);

- In March, ADNR issued Plan of Operation Amendment Approval F20149852POO.4 for clearing and grubbing 150 acres to access seal and filter material for the TSF dam raise;
- In April, USACOE issued POA-1992-574-M26 authorizing a time extension for POA-1992-574 (including M19, M24, and M25) Fish Creek;
- In April, ADNR issued the seasonal burning permit F96494;
- In May, Alaska Department of Revenue issued the annual Mining License;
- In May, ADNR issued Plan of Operations amendment Approval F20149852POO.5 to install a light duty vehicle spur road for Fish Creek Road;
- In May, ADNR issued approval for Annual Adjustment of Financial Assurance for Reclamation and Closure Plan Approval F20149852FCP from $96,785,203 to $97,266,027.34;
- In May, ADNR issued a Certificate of Approval to Modify a Dam Fort Knox Tailings Dam (AK00212) for the dam raise from nominal crest elevation 1540 fmsl to 1557 fmsl;
- In June, ADEC approved the installation of two reverse osmosis (RO) units;
- In September, ADNR issued a Certificate of Approval to Operate the Walter Creek Heap Leach Pad Dam (AK00310) Stage 6, Phase 1;
- In October, Alaska Department of Commerce, community, and Economic Development issued Alaska Business License 101124, and;
- In November, ADNR issued a Temporary Certificate of Approval to Operate a Dam for Walter Creek Heap Leach Pad Dam (AK00310) for Stage 6, Phase 2.

The following is a list of the planned permitting activities for FGMI in 2017:

- Obtain Plan of Operations Amendment approval for construction of Barnes Creek Heap Leach Facility;
- Obtain Waste Management Permit Amendment approval for construction of Barnes Creek Heap Leach Facility;
- Obtain Plan of Operations Amendment approval for a 100’ raise of the Barnes Creek Waste Rock Dump;
- Submit Title V Air Quality Operating Permit AQ0053TVP02 renewal application;
- Submit APDES Discharge Permit AK0053643 renewal application;
- Submit an APDES permit application for the discharge of treated TSF intercept and decant water;
- Submit an APDES permit application for construction of water treatment system for TSF intercept and decant water, and;
- Obtain approval for construction of the upper access to the Walter Creek Heap Leach Facility from the upper Barnes Creek Waste Dump area.

4. LAND STATUS

The project area encompasses approximately 7,982 acres, of which there are no federal lands. The project area includes the Amended and Restated Millsite Lease, Upland Mining Lease, private land. The Amended and Restated Millsite Lease contains approximately 5,828 acres of State of Alaska land. FGMI private land holding is approximately 2,154 acres, which includes the private land of the Upland Mining Lease (approximately 1,179acres).

5. SAFETY

PEOPLE

Putting people first is a core Kinross value, and our chief priority is to ensure the safety and well-being of every employee and contractor who works for us! In 2016 Kinross Fort Knox achieved many great safety accomplishments mine wide.

The Administration Group (Warehouse, Health & Safety, Environmental, Accounting, Human Resources, and Technical Services) has not had a loss time incident (LTI) since April 2005. The group also worked seven years without a reportable incident.

The Ore Processing Groups include Maintenance (MMTC) and Operations; together they achieved five years without an LTI in June. MMTC alone achieved 13 years without an LTI. Mobile Equipment Maintenance (MEM) has achieved ten years without an LTI.

All employees within the Fort Knox Team; whether Exempt or Non-Exempt, are a part of the safety culture. Safety programs such as SOS (See It, Own It, Solve It) and STOP Audits allow us to be aware of our behavior along with our coworkers. Fort Knox's own internal Living Our Values Awards during the Holiday Season helps us remember our core values while also recognizing several outstanding employees. A few other safety implements used mine wide include Field Level Risk Assessment (FLRA) and Job Hazard Analysis (JHA).

INTERNATIONAL CYANIDE MANAGEMENT CODE

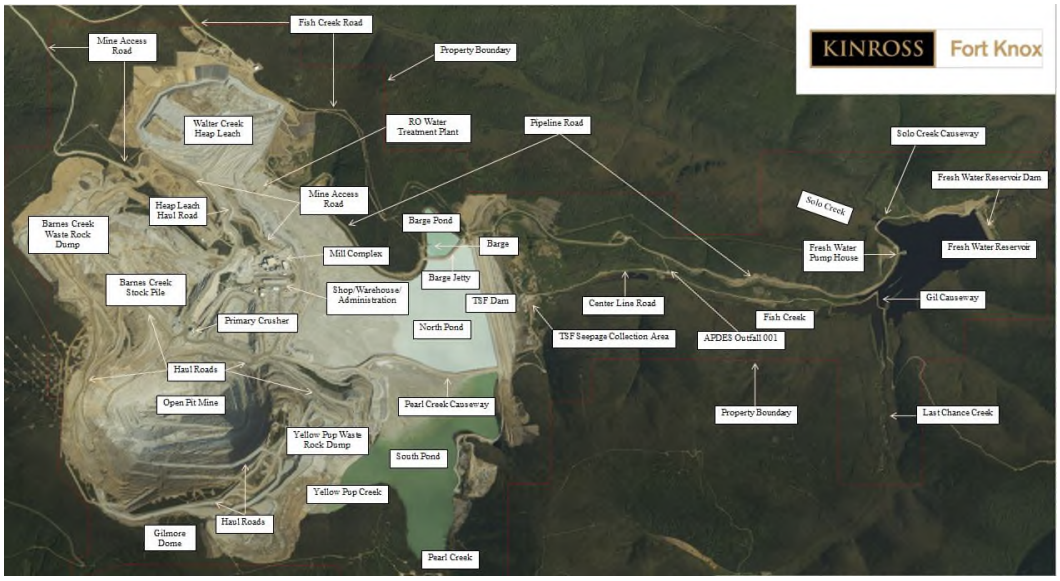
Kinross Fort Knox is a signatory company of the International Cyanide Management Code for the Manufacture, Transport, and Use of Cyanide in the Production of Gold (Code). The Code's development occurred in the early 2000s and implemented in 2005 for safe and responsible management of cyanide by an international multi-stakeholder committee under the auspices of the United Nations Environment Program (UNEP) and is administered by the International Cyanide Management Institute (ICMI). As a signatory company, Fort Knox is required to meet the Code's Principles and Standards of Practice criteria, which is verified by strict independent third-party auditing. Fort Knox achieved Code certification in February 2008, received recertification in September 2011 and most recently February 2015. Fort Knox certification summary audit reports may be found at http://www.cyanidecode.org.

MINE ACCESS

FGMI continues to maintain the mine access roads from the Steese Highway to Fort Knox and True North (Figure 1). The road surface is graded to insure a smooth running surface and proper drainage. During the winter months, the Fort Knox road is kept free of snow and is sanded as necessary to maintain safe operating conditions. The True North road is plowed for snow as needed during the winter months since access to the site is not routinely required. In the summer months, FGMI uses calcium chloride and water for dust suppressants on the Fort Knox access and mine-site roads (Figure 2). These measures have limited the amount of fugitive dust on these roads. In 2016, Fort Knox did not register a complaint of road dust.

FGMI Security continues to patrol the mine site and access roads to ensure the safety of our employees, contractors, guests, and the public. Access is limited based on need and function. Safety training is tailored in a similar manner.

Figure 2: Local Roads and Mine Facilities



Recreational Trails

During the initial Millsite Lease application process a series of public meetings were held to identify trail systems that would potentially be affected by mining activities. In 2011, Fort Knox initiated meetings with ADNR Trails and Easement Section to start the process of rerouting trails for future use. Meetings with ADNR continued in 2013. A formal application was submitted to the Trails and Easement Section with an alternate route in 2013. As part of this process, a public

notice and comment period occurred in 2014. In 2015, ADNR executed the entry authorization for the approved Administrative Reroute of RST 644 Cleary Summit to Gilmore Dome Trail.

6. MINE OPERATIONS

PIT PRODUCTION

In 2016, FGMI mined 65.24 million tons of ore and waste from the Fort Knox pit with an average production rate of 178.2 thousand tons per day (Table 1).

Table 1: Fort Knox Annual Mining Rates

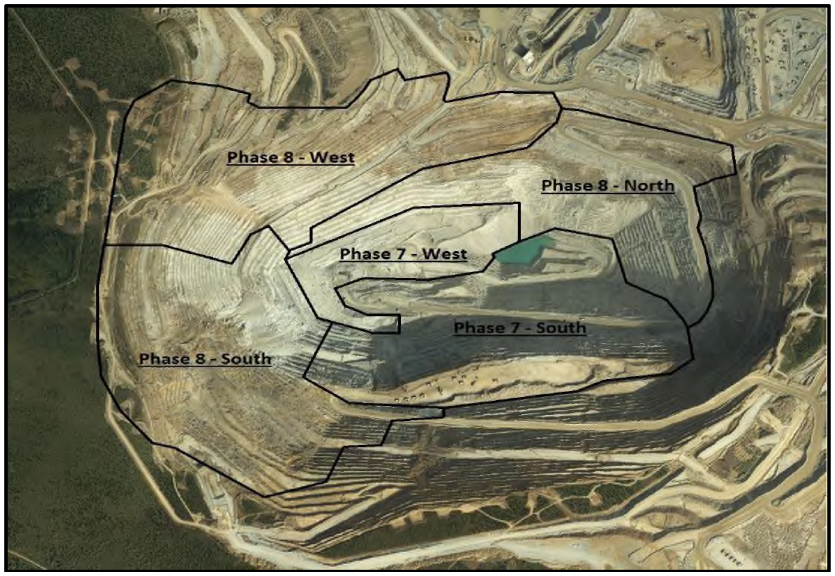
Year	Mill Ore (Million Tons)	Transition Grade Ore (Million Tons)	Leach Grade Ore (Million Tons)	Waste (Million Tons)	Total (Million Tons)
1996	.96	.36	0	15.36	16.68
1997	12.57	4.88	0	14.93	32.38
1998	13.83	5.27	0	14.19	33.29
1999	14.10	4.09	0	12.16	30.35
2000	15.51	2.20	0	17.89	35.60
2001	12.09	1.24	0	12.62	25.95
2002	11.73	.86	0	12.00	24.59
2003	11.08	2.09	0	17.43	30.60
2004	10.80	6.80	0	24.09	41.69
2005	13.23	5.86	0	44.16	63.25
2006	12.39	3.68	0	35.00	51.07
2007	11.71	10.31	0	23.92	45.94
2008	12.78	3.82	13.3	16.40	46.30
2009	11.96	4.11	12.70	20.03	48.80
2010	11.95	1.35	8.52	20.59	42.41
2011	3.96	.13	4.76	25.70	34.55
2012	10.42	3.19	14.98	34.53	63.12
2013	9.38	4.88	9.59	39.43	63.28
2014	6.83	4.94	4.64	32.83	49.24
2015	10.94	3.35	10.80	35.77	60.86
2016	10.93	7.38	16.69	30.24	65.24
Total	***229.15***	***80.79***	***95.98***	***499.27***	***905.19***

Mining operations continue 24-hours a day, 365-days per year at the Fort Knox Mine. Ore and waste are mined using standard drilling and blasting techniques with shovel and haul truck fleets to move the material. Blast holes are sampled and assayed for production grade control purposes and material is hauled to the rock dumps, primary crusher, heap leach, or low-grade stockpiles depending on grade.

In 2015, mining within the Fort Knox open pit occurred in Phase 7 and Phase 8 (Figure 3). Phase 7 stripping commenced in the 4th quarter of 2008. Stripping for phase 7 continued into 2012 before sustained ore was achieved.

Mining activities continued in 2016 for the final pit layback area known as Phase 8. This phase of the pit delivered ore to the mill and the leach pad beginning in 2015 and will continue until mining activities end in 2019.

Figure 3: Fort Knox Pit Phases



DEWATERING

As of the end of 2016, the dewatering system is comprised of 34 dewatering wells, including three of which are inactive, and four Fish Creek wells (located north and out of the pit in the Barnes Creek/Fish Creek drainage). Through the course of 2016, one well (DW345) failed and is out of service. Six new wells were added; two in the west pit (DW-383, DW-408) and four in the pit bottom (DW-381, 388, 389, and 390).

The average pumping rate from the dewatering system in 2016 was 2,120 gpm, which was 19% lower than 2015. The decrease anomaly can be attributed to the area's lower precipitation throughout 2016 and less Fish Creek Aquifer pumping. Approximately 70% of dewatering flow was pumped to the tailing impoundment. Approximately 16% was pumped directly from the Fish Creek wells to the Mill. Approximately 14% was discharged to the freshwater reservoir. (Fish Creek production for the year was 594,548,000 gallons. Pit production was 526,956,000 gallons. Fish Creek DW228 to the Mill was 215,190,000 gallons.)

Select piezometers are monitored weekly for changes in water levels and all piezometers are monitored quarterly.

Since the Tailings Storage Facility (TSF) design did not have capacity to contain all water until the end of mine life, an Alaska Pollutant Discharge Elimination System (APDES) permit application was submitted to the Alaska Department of Environmental Conservation (ADEC), Division of Water in early 2012. ADEC granted FGMI an APDES permit in August 2012 and effective October 2012 to discharge non-process and non-contact groundwater extracted from pit dewatering wells into the Old Fish Creek Channel (Outfall 001) from which it will flow to the freshwater reservoir. Since receiving the APDES permit and until March 3, 2015, there had been no discharge of dewatering well water. Discharge of dewatering well groundwater began March 4, 2015 of groundwater that did not require treatment.

On June 24, 2016, the reverse osmosis water treatment system for the dewatering well groundwater that required treatment before discharge to Outfall 001 became operational. A permit deviation was submitted to ADEC on August 2, 2016 regarding an anomalous Weak-Acid Dissociable Cyanide (WAD CN) effluent permit limit exceedance for the July 20, 2016 weekly monitoring event. ADEC issued a compliance letter on October 19, 2016, and no further action was taken by the Division.

The total dewatering well groundwater (treated and non-treated) discharge to Outfall 001 was 607 acre feet in 2016.

7. MILL OPERATIONS

Mill feed is first crushed to minus 6 inches in the primary gyratory crusher located near the Fort Knox pit and then conveyed to a coarse-ore stockpile located near the mill. The crushed material is conveyed to a semi-autogenous (SAG) mill. The SAG mill operates in open circuit and feeds two ball mills. The ball mills operate in closed circuit through cyclone packs. The cyclone packs regulate the size of material that is allowed to move beyond the grinding circuit. A gravity gold recovery circuit operates in conjunction with the grinding circuit. It consists of three Knelson concentrators.

Correctly sized material flows into a high rate thickener and then into leach tanks where cyanide is used to dissolve the gold. Activated carbon is used in the carbon-in-pulp circuit to absorb the gold from the cyanide solution. Carbon particles loaded with gold are removed from the slurry by carbon screens and are transferred to the gold recovery circuit. In this circuit, the gold is stripped from the carbon using a strong alkaline cyanide solution in conjunction with high temperature and high pressure. The gold is recovered from this solution by electro-winning, where it is plated onto a cathode. The gold is removed from the cathode mechanically and melted into doré bars for shipment to an offsite refinery for final processing.

Some hard ore of a critical size is rejected from the SAG mill in order to increase throughput. This material is crushed and stockpiled for use on the Walter Creek Heap Leach Facility. Mill tailings are discharged into the TSF below the mill. Table 2 displays a summary of the tonnage milled from November 1996 through December 31, 2016.

The mill continues to focus on operational improvements to increase throughput, recovery, efficiency and reliability.

Table 2: Fort Knox Annual Milling Rates

Year	Mill Production (Million Tons)
1996	0.77
1997	12.16
1998	13.74
1999	13.82
2000	14.99
2001	15.66
2002	15.26
2003	15.08
2004	14.59
2005	14.38
2006	14.84
2007	14.02
2008	15.11
2009	14.14
2010	14.56
2011	14.88
2012	14.55
2013	13.96
2014	14.92
2015	14.82
2016	14.57
Total	***290.82***

The projected mill throughput for 2017 is approximately 14.59 million tons and gold production is estimated at 273,905 ounces.

8. HEAP LEACH

The Walter Creek Valley Heap Leach Facility was brought into production in 2009. On October 13, 2009, ADNR issued a Certificate of Approval to operate the heap leach dam. On October 14,

2009, FGMI began filling the in-heap storage pond. In November 2009, FGMI had the first gold pour from heap leach production. In 2016, approximately 32.1 million tons of ore were placed on the heap leach. Since the loading of heap leach ore began in 2009, a total of approximately 191 million tons have been placed on the heap leach, and 889,861 ounces of gold have been produced.

In 2011, construction of Stage 3 of the heap leach pad began and its construction completed in 2013. The Stage 4 construction of the heap leach pad began in 2012 and was completed in 2014. The Stage 5 construction began in 2012 with clearing and grubbing, and construction was completed in 2015. The Booster Pump Station was constructed in 2015. Stage 6 clearing and grubbing occurred in 2015 and construction continued in 2016. Projected heap leach ore placement for 2017 is 18.64 million tons. The heap leach gold production for 2017 is estimated to be 121,409 ounces.

9. TAILINGS STORAGE FACILITY (TSF)

The TSF consists of deposited tailings, decant pond, dam, seepage interception system, and the seepage monitoring system. The tailings depositional area is within the Fish Creek drainage and includes portions of the Walter Creek, Pearl Creek, and Yellow Pup drainages.

The TSF has three distinct ponds: the barge pond, north pond and south pond where the decant water pools. These ponds are located within the tailings deposition area upstream of the TSF dam. The barge pond is approximately 18 acres. The north pond fluctuates in size but covers an area that generally ranges from 300 to 400 acres. The south pond will fluctuate slightly, but should remain close to 245 acres. A bathymetric survey conducted in September 2016 showed the decant pond contains approximately 10,905 acre-feet of water. The increase in the pond's volume is attributed to the area's abnormal rainfall throughout 2014 - 2016 and does not represent the normal operating level of the TSF. Water management activities continue to be evaluated and implemented [i.e., storm water control, dewatering well groundwater discharge (APDES Permit No. AK0053643)] to reduce the additional volume created by the abnormal precipitation events.

The TSF dam is approximately 4,600 feet long and has a crest height of 376 feet. It impounds all of the tailings generated by the mill. The TSF and the mill form a closed system for process water. Water used in the mill is pumped from the decant pond, and this process water is returned to the decant pond in the tailings slurry after the slurry has been processed to comply with cyanide threshold levels in accordance with the mine's Waste Management Permit.

TAILINGS DEPOSITION

During the 2011 through 2016 construction seasons, tailings were deposited along the dam face by spigoting. The main tailings line ran along the upstream dam face at the 1,538 fmsl elevation of the engineered random fill. The tailings flowed into 8-inch spigot pipes evenly spaced along the dam face. The purpose of the spigoting is to develop a beach 300 to 500 feet in width against

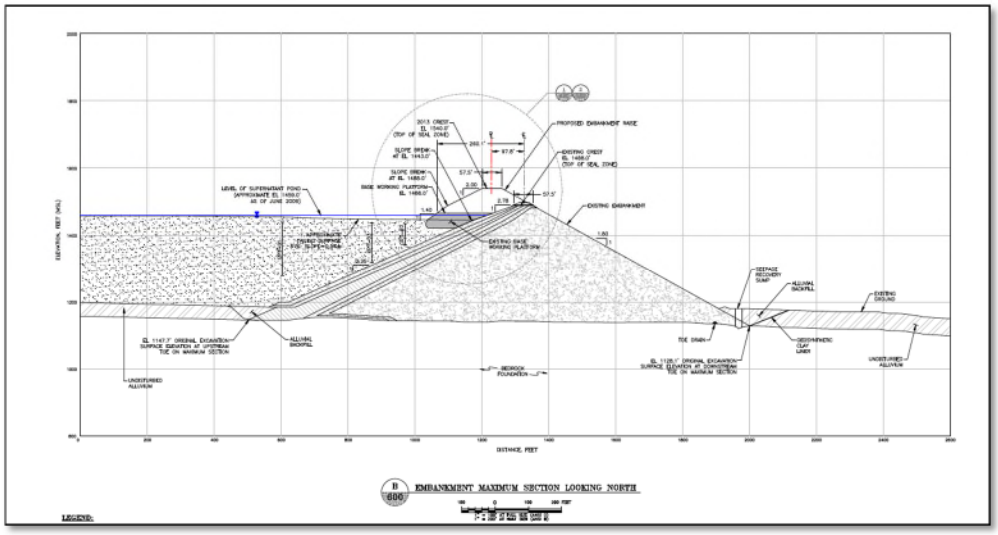
the upstream face of the dam. The beach will improve the dam's Factor of Safety and enhance its long term stability.

TSF DAM RAISE

Construction of a 52-foot raise of the TSF dam began in 2011 by raising the dam 27 feet. The raising of the dam 52 feet was necessary for increases in planned production with the addition of Phase 7 and would have exceeded the capacity of the TSF without the 52-foot raise. The dam raise is a modified centerline construction as depicted in Figure 4.

Construction of the 52-foot dam raise required three years. A 27-foot raise was completed during 2011, an 11-foot raise was completed in 2014, and the remaining 14 feet was completed in 2015. The base working platform for the 25-foot raise was constructed during 2013. The dam was constructed to its design height of elevation 1,540 fmsl in 2015. A 17-foot raise to elevation 1,557 fmsl was approved by ADNR in 2016 for a two-year construction process. The first 10-foot raise was completed in 2016.

Figure 4: TSF Modified Centerline Design



TSF INTERCEPTOR SYSTEM

The TSF dam is designed for seepage to pass beneath the dam in fractured bedrock. The seepage is captured by the pump back system and the interceptor system. The pump-back system includes a pump-back sump together with a pumping and piping system designed to return the seepage to the TSF. The interceptor system is a series of interceptor wells developed just downstream of the dam (Figure 5).

Most of the seepage passing beneath the dam feeds into a large lined sump where water from the pump-back system and interceptor system is pumped back to the decant pond at an average rate of approximately 2,078 gpm for 2016. Any seepage not captured directly by the pump-back system is captured by the interceptor wells. These wells form a hydraulic barrier preventing any seepage from migrating further downstream and assuring the TSF operates as a zero discharge facility.

The interceptor well system continues to function as designed, maintaining a continuous cone of depression across the Fish Creek valley. The interceptor wells operate continuously with individual pumping rates ranging from approximately 5 gpm to 185 gpm (Table 3).

In 2016 Fort Knox contracted with a third party to:

- Perform an aquifer test at the interception system;
- Optimize the existing interception system;
- Determine effective pumping rates for each well;
- Assess seepage capture performance, and;
- Evaluate redundancy in seepage collection and suggest wells to be shut off.

During winter of 2015, IW-14 and IW-15 were installed. They are constructed with 8" mill slotted and blank casing and are 405 and 380 feet deep, respectively. Anticipated flow for IW-14 is 180 gpm and 100 gpm for IW-15. Wells IW-10 and MW-4 were redeveloped and are producing enough water to contribute to seepage collection. However, results from Optimization Tests performed by a third party company indicate that IW-10 and IW-15 do not need to be continuously pumping at the moment since these wells are in a narrow fracture zone and water quality from those wells show mostly native groundwater. Pumps for IW-10, IW-15 and MW-4 will be installed in 2017 for sampling and monitoring. MW-4 will be monitored quarterly until necessity of turning it into an interceptor well. A pump was installed in IW-14 during the last quarter of 2016, and it is pumping an average of 88 gpm. Also, results from Optimization Test determined that IW-5; MW-1 and MW-3 could be shut off, which occurred in the last quarter of 2016 since other wells are pumping water from the same capture zone.

A line of groundwater monitoring wells located immediately downstream of the interception system is monitored to insure that no process water is escaping the system and moving downstream (MW-5, MW-6, and MW-7).

Figure 5: Interceptor System

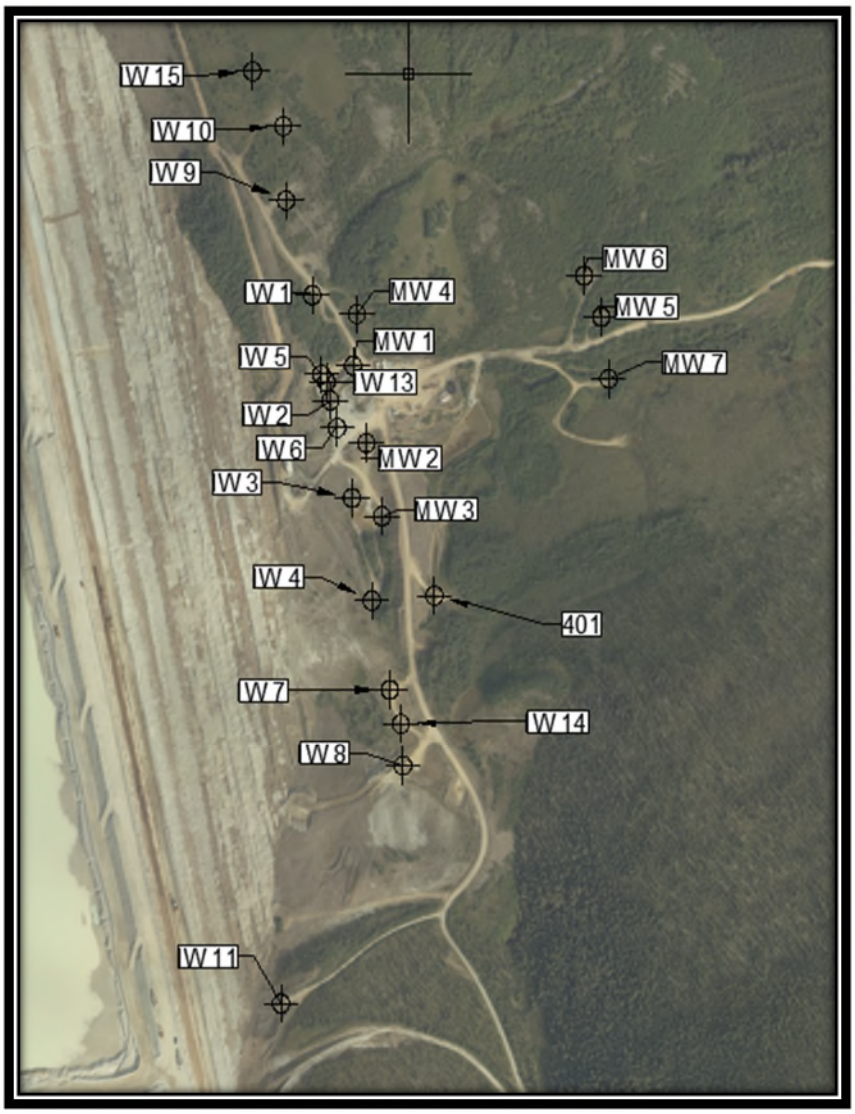


Table 3: TSF Interceptor System Pumping Rates

Well ID	Approximate Average Pumping Rate (gpm)	Well Depth (ft)
IW-1	77	320
IW-2	5	329
IW-3	26	310
IW-4	34	330
IW-5	53	380
IW-6	24	380
IW-7	13	197
IW-8	185	184
IW-10	Did not pump in 2016	260
IW-11	16	296
IW-13	41	480
IW-14	88	405
IW-15	Did not pump in 2016	380
MW-1	15	305
MW-3	7	296
MW-4	Did not pump in 2016	288
Well 401	5	36
Toe Drain (501)	33 - 65	n/a
Total	***654***	

TSF Decant and Seepage Metals Concentrations

Antimony, arsenic, lead, and selenium concentrations continue to be analyzed in the TSF decant and seepage reclaim (Figures 6, 7, 8, and 9). These metal concentrations increased significantly as a result of introducing True North ore into the mill tailings beginning in 2001 and ending in 2004. Since 2004, the metals have trended down and remained low with the exception of lead. Lead nitrate was used in the milling process in 2008 and 2009 causing the lead concentrations in the decant water to elevate during this period.

Figure 6: Average Quarterly Antimony Concentrations in Seepage Reclaim & Decant

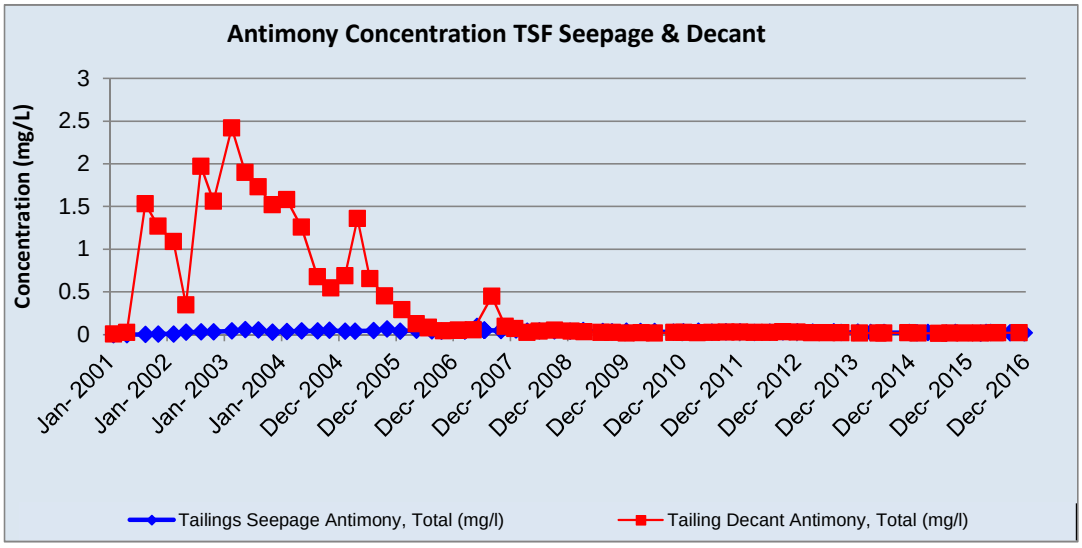


Figure 7: Average Quarterly Arsenic Concentrations in Seepage Reclaim & Decant

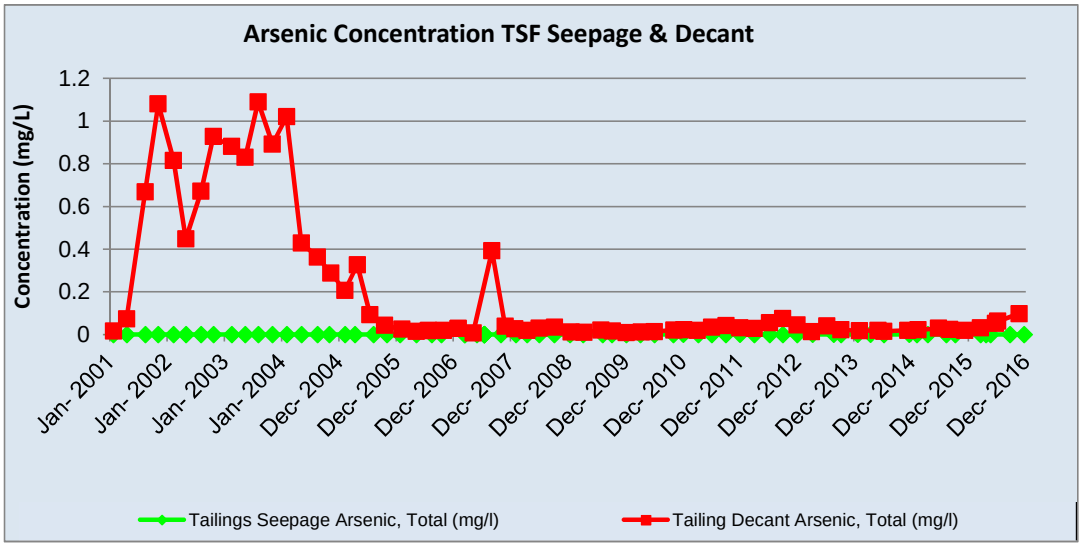


Figure 8: Average Quarterly Lead Concentrations in Seepage Reclaim & Decant

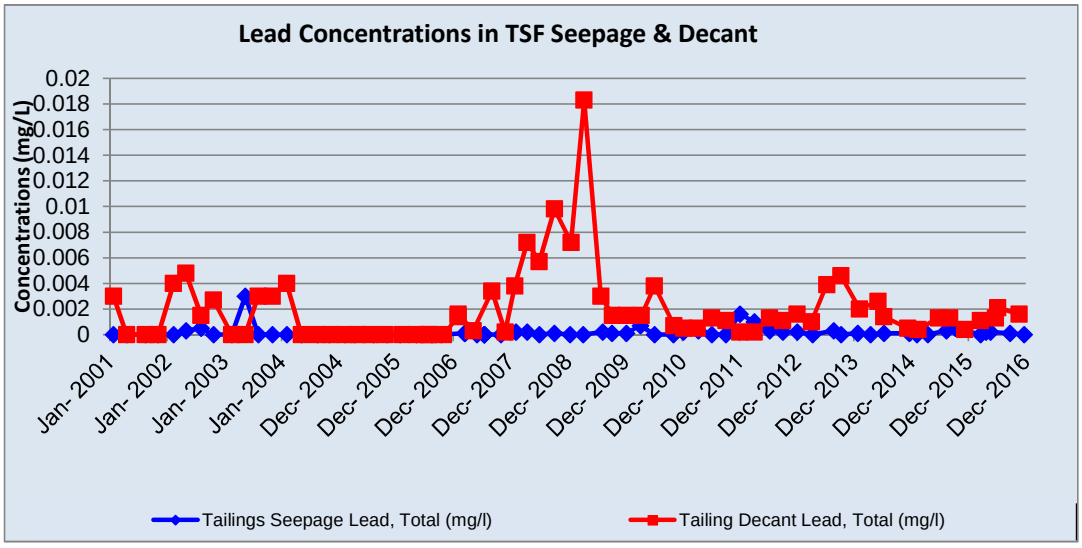
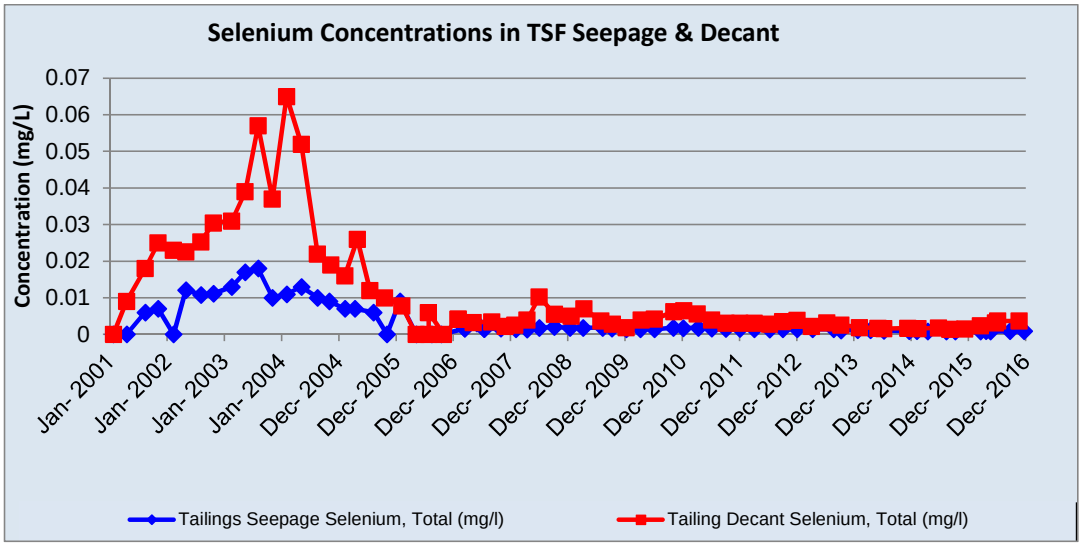


Figure 9: Average Quarterly Selenium Concentrations in Seepage Reclaim & Decant



10. FRESH WATER SUPPLY RESERVOIR and WETLANDS

The Alaska Department of Fish and Game (ADF&G) continues with their work on the water supply reservoir (WSR) and associated wetlands. In the 2016 annual technical report prepared by ADF&G summarizing their work on the WSR and wetlands, certain conclusions were stated:

- Populations of Arctic grayling and burbot have been established in the WSR.
- The post-mining goal for the Arctic grayling population was set at 800 to 1,600 fish greater than 200 mm in length, and the spring 2015 population estimate for Arctic grayling was 5,947 fish greater than 200 mm in length, which is a slight increase from the estimated 2014 population.
- A goal for burbot population was not previously set, but a small population of fish larger than 400mm is present.
- Beaver population management remains a critical component to Arctic grayling population within the developed wetlands and WSR appears to remain a critical component to the productive capacity of the wetland complex for Arctic grayling.

11. RECLAMATION

FORT KNOX

There were no reclamation activities in 2016.

Reclamation planned in 2017 will include wetland and upland vegetation plot trials and continued stabilization of disturbed areas.

Growth media is stockpiled for use in final reclamation and closure. It is estimated that approximately 3.6 million cubic yards (cy) are required for final reclamation. Table 4 summarizes the volumes of growth media stockpiled that exist and are planned. A survey to determine the amount of growth media available will be done after the dam raise and heap leach construction has been completed. A portion of the growth media stockpiled and available borrow sources have been used because of its suitability for use as engineered seal and filter material for the TSF dam and engineered sub-base for the heap leach. Potential borrow sources are being identified for continuing construction activities.

Table 4: Fort Knox Growth Media Stockpile and Borrow Quantities

Site	Volume (cy)
Yellow Pup GM Stockpile	1,276,798
Walter Creek GM Stockpile	2,266,630
Tailings South GM Stockpile	296,100
Tailings North GM Stockpile	3,186,400
Barnes Creek	425,029
Total	***7,450,957***

TRUE NORTH MINE

Production from the True North Mine was terminated at the end of 2004. In 2009, the decision was made to abandon remaining reserves and to not continue with any additional mining at True North. FGMI submitted updated reclamation plans for True North in May 2012. The reclamation plan approval was issued by ADNR on July 26, 2012.

The True North annual inspection by ADNR performed on October 2, 2012 concluded all major earthwork and reclamation appeared to be complete, and FGMI could continue with post-closure monitoring and maintenance. A summary of reclamation work is shown in Table 5.

The reclamation plan prescribed the a seed mix of 50% Arctared Red Fescue, 20% Tundra Glaucous Bluegrass, 20% Gruening Alpine Bluegrass, and 10% Tufted Hairgrass. The seed application rate was approximately 9 lbs/acre. Fertilizer was applied at a rate of 300 lbs/acre with a Nitrogen (N) -Phosphorous (P) - Potassium (K) analysis of 20-20-10. The final application of fertilizer was broadcast on 113 acres in 2014. The vegetation, natural reinvasion and applied is successfully mitigating erosion a precursor to establishing post-mining land use.

The 2016 annual inspection included reviewing areas that have historically subsided, and some erosion issues due to the 2014 summer's record rainfall. These issues were remediated during the 2016 construction season. The reoccurring subsidence cracks covering 4.6 acres of the Hindenburg waste rock dump continue to slow down, and FGMI will continue to monitor and regrade when necessary.

The easement section of ADNR performed an onsite review of the designated RS2477 trail system that was reestablished during reclamation. There are very minor activities that will need to be completed prior to the States acceptance. FGMI will continue to work with ADNR in 2017 to finalize the trail system.

Table 5: Reclamation Work Completed at True North

Area	Graded (acre)	Growth Media Placement (acre)	Scarified (acre)	Seeded and Fertilized (acre)
Dumps				
East Pit Dump	47.5	-	47.5	47.5
Zep and Hindenburg Dump	86.3	-	86.3	86.3
Spruce Creek (within Zep&Hind dump footprint)	10	-	10	10
Mid Shepard Dump	16.28	14.2	14.2	14.2
South Shepard Dump	68.6	-	68.6	68.6
North Shepard Dump	21.3	-	21.3	21.3
East Shepard Dump	4.2	4.2	4.2	8.9
Hindenburg Dump	8.5	-	8.5	8.5
North Central Dump	13.1	-	13.1	13.1
North Louis Dump	17.7	-	17.7	17.7
South Louis Dump	19.2	-	19.2	19.2
Lower AB Dump	13.6	13.6	13.6	13.6
Upper Louis Dump	16.4	-	16.4	16.4
Pits				
Hindenburg Pit	32.4	32.4	32.4	32.4
North Central Pit	12.3	12.3	12.3	12.3
Shepard Pit	38.5	38.5	38.5	38.5
Stockpads				
Upper A Stockpad	5.6	5.6	5.6	5.6
Upper B Stockpad	1.5	1.5	1.5	1.5
Roads				
Louis Road (with-in Louis Dump)	5.7	-	5.7	5.7
ANFO Pad / Explosives Road	16.4	16.4	16.4	16.4
Shop Pad	21.4	-	21.4	21.4
Growth Media				
Shop Pad Growth Media	2.3	-	2.3	2.3
East Pit Growth Media	3	-	3	3
Hindenburg Growth Media	2.2	-	2.2	2.2
Total	***483.98***	***138.7***	***481.9***	***486.6***

12. FINANCIAL ASSURANCE

As required by ADNR, ADEC and ACOE, the financial assurance amounts were revised and updated to reflect current plans for Fort Knox and True North. The annual adjustment of financial assurance amount approved by the agencies in 2016 are $96,645,691.34 for Fort Knox and $620,336 for True North. The financial assurance letter of credit (Irrevocable Standby Letter of Credit No. S18572/260177, Amendment No. 8) was issued by the Bank of Nova Scotia on July 15, 2016 and provided to ADNR. Table 6 reflects the financial assurance for Fort Knox and True North.

Table 6: Financial Assurance Amounts

Plan/Permit/Lease #	Amount ($)
Fort Knox Reclamation and Closure Plan	$96,645,691.34
True North Reclamation and Closure Plan	$ 620,336.00
Total	***$97,266,027.34***

13. MINE WATER USEAGE (WATER BALANCE)

The Fort Knox water balance tracks water movement throughout the mine-site, including natural processes such as precipitation, evaporation, and seepage as well as mine operation water needs. The water balance that Fort Knox uses was built by a contractor using GoldSim software. GoldSim is a graphical simulation software that facilitates the construction of complex models allowing FGMI to predict future water conditions.

The Fort Knox water balance focuses on mining and milling activities and is calibrated relative to measured bathymetric data on a quarterly basis. In this way, confidence in predictive values increases the longer the model is operated and mine planning and the closure design may be continually optimized. Data used in calibration activities includes: tailing pond water levels, tailing pond bathymetry, seepage and interception rates, precipitation and evaporation records, dewatering pumping schedules, production data, mill water flows, tailings deposition schedules, and information on mine process changes.

The water balance is continually updated with the most current information, including natural water inflows/outflows and water use throughout the mine-site. The dynamic nature of the water balance enables FGMI to actively manage water on site, with the goal of minimizing water use and maximizing efficiency. Water uses at Fort Knox are summarized in Table 7.

Table 7: Fort Knox Water Summary for 2016

Water Summary	Volume (acre-ft/year)
Fresh Water Reservoir (WSR) to Mill	0
Fresh Water Reservoir (WSR) to TSF	0
TSF to Mill	14,948
Mill to TSF (Estimated water in tailings slurry)	10,760
Heap Leach	0 (relative to TSF)
Pit Dewater to TSF	1,083
Pit Dewater Groundwater to Fish Creek Outfall 001 (APDES Discharge Permit AK0053643)	607
Seepage Reclaim	3,368

14. EXPLORATION

FGMI continues with an exploration program in the pit and in the surrounding area with the goal of identifying additional reserves that can further expand the existing pit or lead to development of another operation. Exploration in the vicinity of the Fort Knox mine in 2016 consisted of the following:

- Gil Project
  The following baseline studies were initiated or continued during 2016:
  - Meteorological monitoring;
  - Surface water monitoring, and;
  - Groundwater monitoring;

  In 2017, FGMI plans to continue monitoring at the Gil Project.

- Gilmore Project
  In 2014, the Bureau of Land Management (BLM) issued Land Use Permit Number FF096399 to Fort Knox that allows mineral assessment of lands withdrawn from mineral entry (PLO 3708) immediately west of the Fort Knox Mine. In 2016, FGMI continued the ongoing mineral assessment.

  In 2017, FGMI anticipates continuing exploration drilling at the Gilmore Project.

15. COMMUNITY AFFAIRS

FORT KNOX EXTERNAL STAKEHOLDER FEEDBACK PROCEDURE

Stakeholder feedback, be it positive or negative, is instrumental in providing Fort Knox with a platform upon which its operational and social performance can be regularly evaluated and modified to meet commitments to leading practice and continuance improvement. The objective of our procedure is to outline Fort Knox's commitment to demonstrate a transparent and trustworthy approach to issues management and to ensure that stakeholders can effectively communicate with Fort Knox.

External stakeholder feedback should be directed to the External Affairs Manager, Anna Atchison (907-490-2218) who serves as the primary site point of contact, working closely with the General Manager and appropriate department managers to monitor.

COMMUNITY COMMITMENT

Fort Knox's commitment to the community in 2016 was demonstrated by its employees donating approximately 3,000 hours of recorded volunteer service to Fairbanks area organizations. These hours included Fort Knox sponsored events, activities supporting local organizations, and employees who volunteer their own personal time to area organizations.

COMMUNITY INVESTMENT

Fort Knox showed further commitment to the Fairbanks community by donating to 95 area non-profit organizations throughout 2016. This included committing $600,000 to the University of Alaska Fairbanks for mining-related scholarship fund. All total, Fort Knox has given nearly $3 million to UAF over the years.

COMMUNITY ENGAGEMENT

Mine tours are an important part of our community engagement. In 2016, Fort Knox provided tours to 507 local students, and 165 community tour visitors. The community tours were conducted through a partnership with the Fairbanks Community Food Bank.


American Heart Association
American Stroke Association


FORT KNOX


Environment
Everyday