Appendix B – Agreement for Funding Post-Reclamation Obligations

AGREEMENT FOR FUNDING POST-RECLAMATION OBLIGATIONS

This agreement is made and entered into this 15TH day of FEBRUARY, 1994, by and between FAIRBANKS GOLD MINING, INC. ("FGMI"), a Delaware corporation, and the STATE OF ALASKA, Department of Natural Resources, Divisions of Land and Mining ("DNR") and the Department of Fish and Game ("ADF&G").

R E C I T A L S:

WHEREAS, pursuant to AS 38.05.255, FGMI has applied for a millsite permit from DNR for operation of the Fort Knox Mine Project ("the Project"); and

WHEREAS, in accordance with such application DNR has issued FGMI Millsite Permit ADL Nos. 414960 and 414961 (the "Millsite Permit"); and

WHEREAS, pursuant to AS 27.19 and the Reclamation Plan, FGMI is required to perform reclamation on lands which are subject to the Millsite Permit (the "Permit Area"), which Permit Area is depicted on Exhibit A hereto; and

WHEREAS, the Project requires the construction of a tailings dam, a water supply dam, and certain other facilities within the Permit Area, all of which facilities are depicted on Exhibit B hereto; and

WHEREAS, construction, operation and maintenance of such facilities require: a permit from the Army Corps of Engineers ("COE") pursuant to Section 404 of the Clean Water Act ("the Section 404 Permit"); Certificates of Approval to Operate the water supply dam (the "Water Dam Approval to Operate") and the tailings dam, conveyer crossing and Melba/Monte Cristo Rock Dump (collectively the "Tailings Dam Approval to Operate") from DNR, three Fish Habitat Permits (the "Fish Habitat Permits") from ADF&G; and a Solid Waste Disposal Permit ("the Solid Waste Disposal Permit") from the Alaska Department of Environmental Conservation ("DEC") for a tailings impoundment (collectively the "Permits"); and

WHEREAS, AS 27.19.030(b) provides:

> In reviewing a reclamation plan for state, federal, or municipal land under (a) of this section, the commissioner may consider, after consultation with the Commissioners of Environmental Conservation and Fish & Game and with the concurrence of the miner and landowner, uses to which the land may be put after mining has been completed, including trails, lakes, recreation sites, fish and wildlife enhancement, commercial, and agricultural uses;

and

WHEREAS, the Reclamation Plan provides that following cessation of mining and milling operations in the Permit Area, FGMI will immediately initiate and complete within two years active reclamation ("Phase I Reclamation") followed by a period of passive reclamation now estimated to be 10 years ("Phase II Reclamation"), such reclamation phases having the meanings set forth in the Reclamation Plan; and

WHEREAS, DNR, ADF&G, and FGMI desire that the portion of the Permit Area depicted on Exhibit C hereto, or an area substantially similar thereto, be managed as a public use/recreation site (the "Public Use Site") following completion of Phase II Reclamation by FGMI; and

WHEREAS, DNR has issued a Final Finding and Decision that the Project is in the best interests of the State of Alaska and has agreed to use its best efforts to amend the Tanana Basin Area Plan to classify the Public Use Site as public recreation and wildlife habitat to facilitate its eventual use by the public; and

WHEREAS, use of the area as a public use/recreation site requires the construction of a more substantial water supply dam than would otherwise be required by the Project, which dam, along with certain other facilities, hereinafter defined as "Improvements", will require monitoring and maintenance after DNR approval of completion of Phase II Reclamation by FGMI; and

WHEREAS, the parties desire to leave the water supply dam and lake in place in perpetuity, to provide mitigation that might otherwise be required under the Section 404 Permit and the Fish Habitat Permits under AS 16.05.840-.850; and

WHEREAS, the fulfillment of all provisions of this agreement satisfies Sections 4.2.4(3) and 4.2.6(2) and (3) of the Reclamation Plan; and

WHEREAS, it is thus in the mutual benefit of the State and FGMI that the Improvements remain in place; and

WHEREAS, it is not in the best interests of the State for the monitoring and maintenance of the Improvements and the Permits to create a financial burden on the State; and

WHEREAS, FGMI is willing to construct the Improvements and provide funds for the monitoring and maintenance thereof following completion of Phase II Reclamation only on the condition that FGMI be released from any and all Future Obligations, as hereinafter defined, under the Transferred Permits, as hereinafter defined, pursuant to Sections 4 and 5 hereto, including any future reclamation obligations; and

WHEREAS, the Solid Waste Disposal Permit and the Reclamation Plan provide that post-closure monitoring and maintenance may be required to continue in the Permit Area, which activities may continue for a period of thirty (30) years or longer; and

WHEREAS, FGMI, ADF&G, and DNR have agreed that the most desirable form of organization to accomplish the post-closure monitoring and maintenance in the Permit Area following completion of Phase II Reclamation by FGMI, would be best determined in the latter stages of Phase II Reclamation.

NOW, THEREFORE, the parties agrees as follows:

1. Definitions.

(a) "Maintenance Obligations" means the performance of all inspections, repairs and other activities that would be FGMI's obligations in the absence of this Agreement necessary to (1) maintain the Improvements in a condition for the protection of the public health and safety and (2) maintain the Transferred Permits in compliance with applicable law until termination or expiration. Exhibit D attached hereto contains a list of

Maintenance Obligations currently contemplated. This list may be revised during the term of this Agreement as mutually agreed between DNR and FGMI or as determined through arbitration as hereinafter provided.

(b) "Post-closure monitoring and maintenance" means monitoring and maintenance occurring after DEC's determination under the Solid Waste Disposal Permit that the criteria for permanent closure have been met and after the 70% vegetative cover criteria has been achieved pursuant to the Reclamation Plan.

(c) "Reclamation Plan" means the Fort Knox Project Reclamation Plan as approved by DNR and COE prior to or concurrently with the execution hereof and as amended and approved by DNR from time to time hereafter.

(d) "State" means DNR for all purposes of administering this Agreement.

(e) "Transferred Permits" has the meaning set forth in Section 4.1.

(f) "Future Obligations" means those legally enforceable duties under the Transferred Permits that arise following the fulfillment of all conditions under Sections 4 and 5 of this agreement (hereinafter referred to as the "Effective Date of Transfer") except that FGMI is not relieved of liability that accrues following the Effective Date of Transfer which arises out of operations conducted under the Transferred Permits prior to the Effective Date of Transfer.

(g) "Improvements" means those facilities identified in Exhibit B.

2. FORMATION OF ORGANIZATION. Not less than 90 days prior to the anticipated completion of Phase II Reclamation, the State and FGMI shall agree upon the organization to perform the Maintenance Obligations as provided in this Agreement and to hold and invest principal and to disburse the income from FGMI's funding of the post-reclamation expenses as set forth in this Agreement. The State and FGMI may elect (i) to form a nonprofit corporation at FGMI's expense; (ii) that FGMI endow a statutory fund (such as, but not limited to, the "fish and game fund" under AS 16.05.100 (Section 17 art I ch 9 SLA 1959; am Section 3 ch 132 SLA 1984)); (iii) to use a combination of the above or (iv) to use another mutually agreeable organizational form (the preferred funding mechanism being hereafter referred to as "Organization"). The State and FGMI intend that such Organization shall be formulated so that it shall not be considered the alter ego of FGMI under Alaska law. Within 10 days following the decision on the form of the Organization, the State and FGMI shall commence establishment of the Organization and diligently proceed to create the Organization, if necessary. If a nonprofit corporation is utilized the State and FGMI shall agree upon the contents of the Articles of Incorporation and Bylaws that are consistent with this Agreement unless otherwise agreed. If a statutory fund is to be endowed or other organization utilized, the endowment shall not be used except as specified in this Agreement unless the DNR and the agency with control over the

statutory fund utilized and FGMI agree otherwise. If a statutory fund is utilized the agency controlling the statutory fund shall agree to the terms of the endowment

2.1 Purpose. Subject to the terms of this Agreement, the Organization shall be utilized for the purpose of determining and financing all Maintenance Obligations reasonably required to be performed under this Agreement after completion of Phase II Reclamation by FGMI, and to perform those administrative functions necessary and directly related to the existence and purpose of the Organization.

3. APPLICATIONS BY FGMI. Not more than 180 days after the State and FGMI determine and create the Organization pursuant to section 2, FGMI shall diligently and in good faith make all applications and take all reasonable steps necessary (a) to obtain termination or abandonment of the Millsite Permit, the Tailings Dam Approval to Operate and the Fish Habitat Permit for the wetlands and fish barrier; (b) to obtain, to the fullest extent possible, termination or abandonment of the Section 404 Permit and the Solid Waste Disposal Permit, and, to the extent FGMI is unable to obtain full termination and abandonment of such permits, to seek transfer to the Organization of the unterminated and unabandoned portion of such permits; and (c) to seek transfer to the Organization of the Water Dam Approval to Operate, the Fish Habitat Permits for the Solo Creek Causeway and culvert battery and the water supply dam. FGMI may transfer the permits listed in (b) and (c) above to the Organization provided that the Organization is adequately funded as

provided in this Agreement and that the relevant agency approves transfer. The transfer shall be subject to Section 5.2 of this Agreement. The State shall cooperate fully and in good faith with FGMI to effect the transfer of the permits as provided in this Agreement.

4. TRANSFERS. Subject to Sections 3 and 5, FGMI shall transfer to the Organization the following:

4.1 Permits. The permits listed in Section 3 (b) and (c) above (the "Transferred Permits"). The Organization shall assume all Future Obligations under such permits from and after the Effective Date of Transfer.

4.2 Funds. The sum established in accordance with Section 7 of this Agreement, which shall be deposited into a mutually acceptable depository in the name of the Organization;

4.3 Maintenance Records. FGMI's historical records relating to Maintenance Obligations; and

4.4 Other Obligations. Such other permits or obligations, other than Maintenance Obligations, which may arise during the course of the Project provided that the State and FGMI agree in writing and the additional responsibilities are adequately funded as provided in this Agreement.

5. CONDITIONS TO TRANSFER. FGMI's obligation to make the transfers set forth in Section 4 is subject to the satisfaction of the following conditions prior to or simultaneously with FGMI's satisfaction of its obligations under Section 4.

5.1 Termination of Permits. The permits listed in Section 3(a), and, to the extent not transferred to the Organization under Section 4.1, the permits listed in Section 3(b), shall have been terminated or abandoned.

5.2 Transfer of Permits. The Transferred Permits shall have been transferred to the Organization in accordance with Section 4.1 and FGMI released from Future Obligations thereunder. FGMI shall be responsible for satisfying any reasonable conditions required or permitted by law imposed by the permitting agency for transfer of the permits.

5.3 Release of Reclamation Bond. DNR shall have released FGMI from any undertaking or security posted pursuant to the Millsite Permit and given written approval of the reclamation work.

5.4 Release of Solid Waste Disposal Permit Bond. DEC shall have released FGMI from any undertaking or security pursuant to the Solid Waste Disposal Permit.

5.5 Release of Bond Under Section 6 of this Agreement. DNR shall have released FGMI from the undertaking set forth in Section 6 of this Agreement.

5.6 Final Determination of Funding Amount. The amount to be transferred to the Organization by FGMI pursuant to Section 4.2 of this Agreement shall have been finally determined in accordance with Section 7 of this Agreement.

6. SECURITY FOR FUNDING. Upon the issuance of the Water Dam Approval to Operate, FGMI shall deliver to DNR a bond in

the amount of $667,000 as security for FGMI's funding obligation pursuant to Section 4.2 of this Agreement. The $667,000 bond amount covers FGMI's bonding obligation under this section for the first year following issuance of the Water Dam Approval to Operate. The bond shall be adjusted annually for years 2 through the first five year anniversary of the Millsite Permit for inflation and such other factors as DNR and FGMI agree. Subsequently the amount of such bond shall be adjusted as follows:

(a) Not less than 90 days prior to the fifth anniversary of the issuance of the Millsite Permit, and each successive fifth year anniversary thereafter until its termination, FGMI shall transmit to DNR all historical records and future projections of costs, if any, relating to Maintenance Obligations which have not been previously transmitted under this Section 6 (a).

(b) Not more than 30 days after transmittal of the records pursuant to Section 6 (a), DNR and FGMI shall meet for the purpose of adjusting the anticipated amount of funding which, if invested on the expiration date of the succeeding bond, would be sufficient to generate an amount of income that would adequately fund the Maintenance Obligations in perpetuity. This process will yield an anticipated bond amount for the first year of each five year period. DNR and FGMI shall meet annually within each five year period to adjust the amount of the bond based upon then current information on inflation and upon such other factors as DNR and FGMI may agree. If DNR and FGMI reach an agreement on the amount, the amount of the succeeding bond shall be adjusted to the agreed upon amount.

(c) If DNR and FGMI are unable to reach agreement under Section 6 (b), the adjusted amount of the bond shall be determined under the Alaska Uniform Arbitration Act, in accordance with Section 8 of this Agreement.

(d) The bond proceeds shall be payable to DNR upon the occurrence of any of the following:

(1) the filing of a petition in bankruptcy by or against FGMI, or the commencement of any proceeding by or against FGMI under any federal or state insolvency or other law for the relief of debtors, in either case which is not dismissed within 60 days, or the insolvency of FGMI;

(2) DNR's termination of the Millsite Permit for breach thereof;

(3) FGMI's material breach of this Agreement; or

(4) failure of FGMI or its successors to renew the bond prior to fifteen (15) days before the bond's expiration. In the event the adjusted amount of the bond is in arbitration at such time, the bond shall be initially renewed at the existing amount and subsequently adjusted as determined by the arbiter.

(e) Any proceeds from the bond described in this section shall be applied to FGMI's obligations under this Agreement.

7. <u>PROCEDURE FOR DETERMINING AMOUNT OF FUNDING</u>. The sum to be transferred to the Organization under Section 4.2 of this Agreement shall be an amount which, if invested at the time of such funding, shall be sufficient to adequately fund the Organization's Maintenance Obligations in perpetuity, as determined in accordance with this Section 7.

(a) For the purpose of assisting DNR and FGMI in determining the adequacy of funding of the Organization, the parties shall use the information obtained in (1) the environmental audits required under Section 12 (Environmental Audit) of the Millsite Permit and (2) other appropriate audit performed by a contractor hired by FGMI and approved by DNR to give an opinion concerning (i) the costs to be incurred by the Organization in performing the Maintenance Obligations and (ii) such other matters as agreed upon by DNR and FGMI, which may include the need for insurance. The contractor shall be hired not less than 180 days prior to the completion of Phase II Reclamation.

(b) Not more than 180 or less than 120 days prior to completion of Phase II Reclamation by FGMI, FGMI shall transmit to DNR all historic records and projections of future costs relating to Maintenance Obligations, which have not previously been transmitted pursuant to Section 6 (a) of this Agreement.

(c) Not more than 30 days after transmittal of the records pursuant to Section 7 (a), the State and FGMI shall meet for the purpose of determining the amount to be transferred to the Organization pursuant to Section 4.2 of this Agreement.

(d) If the State and FGMI reach agreement under Section 7 (c), the amount to be transferred shall be the amount agreed upon. If the State and FGMI are unable to agree on the amount to be transferred to the Organization under Section 4.2 and this Section 7, the State and FGMI shall proceed to arbitrate the dispute under Section 8. The arbitration shall determine the amount which, if invested at the time of transfer, would be sufficient to generate an amount of income adequate to fully fund the Maintenance Obligations in perpetuity.

8. Arbitration. (a) If the State and FGMI are unable to agree on the scope of Maintenance Obligations under section 1(a), the annual inflation adjustment of the bond under Section 6, the adjusted bond amount at five-year intervals under Section 6 or the amount of funding of the Organization under Section 7 (including the need for insurance), the State and FGMI shall arbitrate the dispute under the Alaska Uniform Arbitration Act. The State and FGMI each party shall select an arbiter and the two arbiters shall jointly select a third arbiter.

(b) When resolving the foregoing disputes the State and FGMI and the arbiters shall use the following principles:

(1) The total funding shall be the sum of the following:

(a) A principal amount sufficient to generate income on a continuing basis and in perpetuity to pay those costs reasonably anticipated to perform the Maintenance Obligations;

(b) A principal amount reasonably anticipated to generate sufficient annual income to invest in principal at the end of each fiscal year to offset the effect of inflation on the principal; and

(c) An amount to be used to pay the Maintenance Obligations until the Organization can accumulate sufficient income to pay the reasonably anticipated Maintenance Obligations as they arise, if any such monies are needed.

(2) All Maintenance Obligations shall be performed in accordance with local, state, and federal laws and to protect the public health and safety.

(3) The costs shall be based on contracting with third parties to perform the Maintenance Obligations, or on having the work performed by government employees, as appropriate.

(4) A reasonable estimate of future inflation shall be utilized.

(5) A reasonable rate of net return on principal resulting from conservative investments shall be utilized.

(6) Only income from the principal may be used to fund expenses and inflation proof.

(7) Any responsibility that is undertaken by the Organization that would be the responsibility of FGMI in the absence of this Agreement shall be adequately funded.

(8) FGMI shall not be required to fund any function that would not have been its responsibility in the absence of this Agreement.

(9) The scope of the Maintenance Obligations shall be those functions (a) necessary for physical maintenance of the

Improvements for the protection of the public health and safety; (b) required to maintain the Transferred Permits in compliance with applicable law; and (c) those administrative functions necessary and directly related to the existence and purpose of the Organization.

(10) When determining the need for insurance the parties and arbiters shall consider applicable law requiring insurance, insurance or self-insurance carried by or available to the Organization and the cost thereof, the likelihood of the event or activities that the insurance would cover, the cost of the insurance and such other reasonable considerations as the parties or arbiters deem appropriate. The intent of this provision is not to require insurance but to ensure that the need for insurance is adequately assessed and appropriate funding required if insurance is so determined to be needed by the Organization.

(11) The monitoring and maintenance of the Improvements and the Transferred Permits shall not create a financial burden on the State.

9. FAILURE OF CONDITIONS PRECEDENT. In the event that any of the conditions set forth in Section 5 of this Agreement remain unsatisfied as of one year after completion of Phase II Reclamation by FGMI, unless such period is extended by mutual agreement or unless such condition shall have been waived in writing by the State and/or FGMI, as appropriate, FGMI shall prepare an amendment to the Reclamation Plan to provide for post-closure monitoring and maintenance in substitution of this

Agreement within 180 days of the above date and the bond requirements under Section 6 shall remain in effect until DNR's approval of the amendment to the Reclamation Plan.

10. Mutual Indemnity. Simultaneously with the satisfaction of the requirements under Sections 4 and 5 thereof, the Organization and FGMI shall provide the following indemnifications. The Organization shall defend and indemnify FGMI against any and all claims, liabilities, demands, causes of action, damages, judgments, penalties, fines, and administrative actions resulting from the acts or omissions of the Organization within or relating to the Permit Area from and after the transfer of the Transferred Permits to the Organization. FGMI shall defend and indemnify the Organization against any and all claims, liabilities, demands, causes of action, damages, judgments, penalties, fines, and administrative actions resulting from the acts or omissions of FGMI within or relating to the Permit Area prior to the transfer of the Transferred Permits to the Organization.

11. Public Use Site. DNR shall seek to amend the Tanana Basin Area Plan to classify the Public Use Site as public recreation and wildlife habitat to facilitate public access and recreation. DNR agrees that following Phase II Reclamation the public shall be granted access for public use and recreation to the maximum extent allowed by law.

12. Notice: Administering Agency. DNR is the agency responsible for administering this Agreement and is the agency FGMI shall contact concerning any questions arising hereunder. DNR

shall contact and coordinate with such other state agencies as necessary for implementation of or questions arising under this Agreement. Any Notices to be given under this Agreement shall be given to FGMI at 701 Bidwill Avenue, Fairbanks, Alaska 99701 (for UPS delivery), or P.O. Box 73726, Fairbanks, Alaska 99707 (for mail delivery), or FAX no (907) 451-4305, and to DNR at: Department of Natural Resources, Division of Mining, Attention: Director, 3601 "C" Street, Suite 880, Anchorage, AK 99501, or P.O. Box 107016, Anchorage, Alaska 99510-7016 (for mail delivery), or FAX no. (907) 563-1853 or such other address as provided in writing to the other party.

13. Assignment. FGMI may assign all or part of its rights and delegate its obligations under this agreement solely as provided in this section. FGMI only may assign its rights and delegate its obligations under this agreement to the assignee of its interest under the Millsite Permit and in the same proportion as thereunder. No transfer permitted by this section shall, as between the State and FGMI, relieve FGMI of any liability, whether accruing before or after such transfer, which arise out of Permit operations conducted prior to such transfer. No transfer of an interest under this agreement is binding on the State without the express written approval of DNR. In the event of a transfer by FGMI of less than its entire undivided interest in, to, or under this agreement, FGMI and its transferee shall act and be treated as one party, except that DNR shall be required to deliver copies of all notices permitted or required under this agreement to all

parties holding interests under this agreement pursuant to transfers which have been approved by DNR as provided in this section. Transfer of all or any of FGMI's interest in, to, or under this Agreement does not relieve Amax Gold Inc. or any succeeding guarantor under the guaranty executed in conjunction with the Millsite Permit unless the requirements for such transfer of the guaranty as provided therein have been satisfied.

14. Successors. This agreement shall be binding on and inure to the benefit of the parties and their successors.

15. Monies Payable in U.S. Money. All sums payable under this agreement must be paid in money of the United States of America.

16. Severability of Clauses of Agreement. If any clause, or provision, herein contained, shall be adjudged to be invalid, it shall not affect the validity of any other clause or provision of this agreement.

17. Waiver. No delay or omission in the exercise of any right or remedy of either party shall impair such right or remedy or be construed as a waiver of such right or remedy.

18. Corporate or Partnership Authority. FGMI shall deliver to DNR upon the execution of this agreement a certified copy of a resolution of its board of directors authorizing execution of this agreement and naming the officers that are authorized to execute this agreement on behalf of the corporation. The State shall be entitled to rely upon the authority of the persons identified in the resolution to continue to act on behalf

of the corporation until otherwise notified in writing by the corporation.

19. Venue; Controlling Law. The venue for any administrative appeal or civil action relating to this agreement shall be in Fairbanks, Alaska. This agreement shall be interpreted in accordance with the law of the State of Alaska.

20. Modification of Agreement. This agreement shall not be modified except in writing executed by the parties.

21. Exhibits. All exhibits referred to herein are attached to this agreement and incorporated by reference.

22. Interpretation. This agreement shall be interpreted according to the fair intent of the agreement as a whole. This agreement has been jointly drafted by the parties following negotiations and the rule of contract interpretation construing an instrument against the drafter shall not be applied.

23. Headings. The section headings in this agreement shall have no effect on its interpretation.

STATE OF ALASKA
Department of Fish and Game

By: ______________________________ Date: __________
Frank Rue
Director, Habitat and Restoration Division

ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this ______________ (date) by Frank Rue, Director, Habitat and Restoration Division.

SUBSCRIBED AND SWORN TO before me this _____ day of ______________, 1994

____
Notary Public, State of Alaska
My commission expires: __________

STATE OF ALASKA
Department of Natural Resources

By: ______________________________ Date: Feb. 15, 1994
Richard A. LeFebvre
Project Manager

ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
~~THIRD~~ Fourth JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this February 15, 1994 (date) by Richard A. LeFebvre, Project Manager, Department of Natural Resources

~~SUBSCRIBED AND SWORN TO before me this ______ day of ______ 1994.~~

Christopher C Muller
Notary Public, State of Alaska
My commission expires: 1-31-95

FAIRBANKS GOLD MINING, INC.
a Delaware corporation

By: Kenneth R Pohle
Kenneth R. Pohle
President

Date: Feb. 15, 1994

ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
FOURTH JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this February 15, 1994 (date) by Kenneth R. Pohle, President of Fairbanks Gold Mining, Inc., a Delaware corporation, on behalf of the corporation.

Christopher C Muller
Notary Public, State of Alaska
My commission expires: 1-31-95

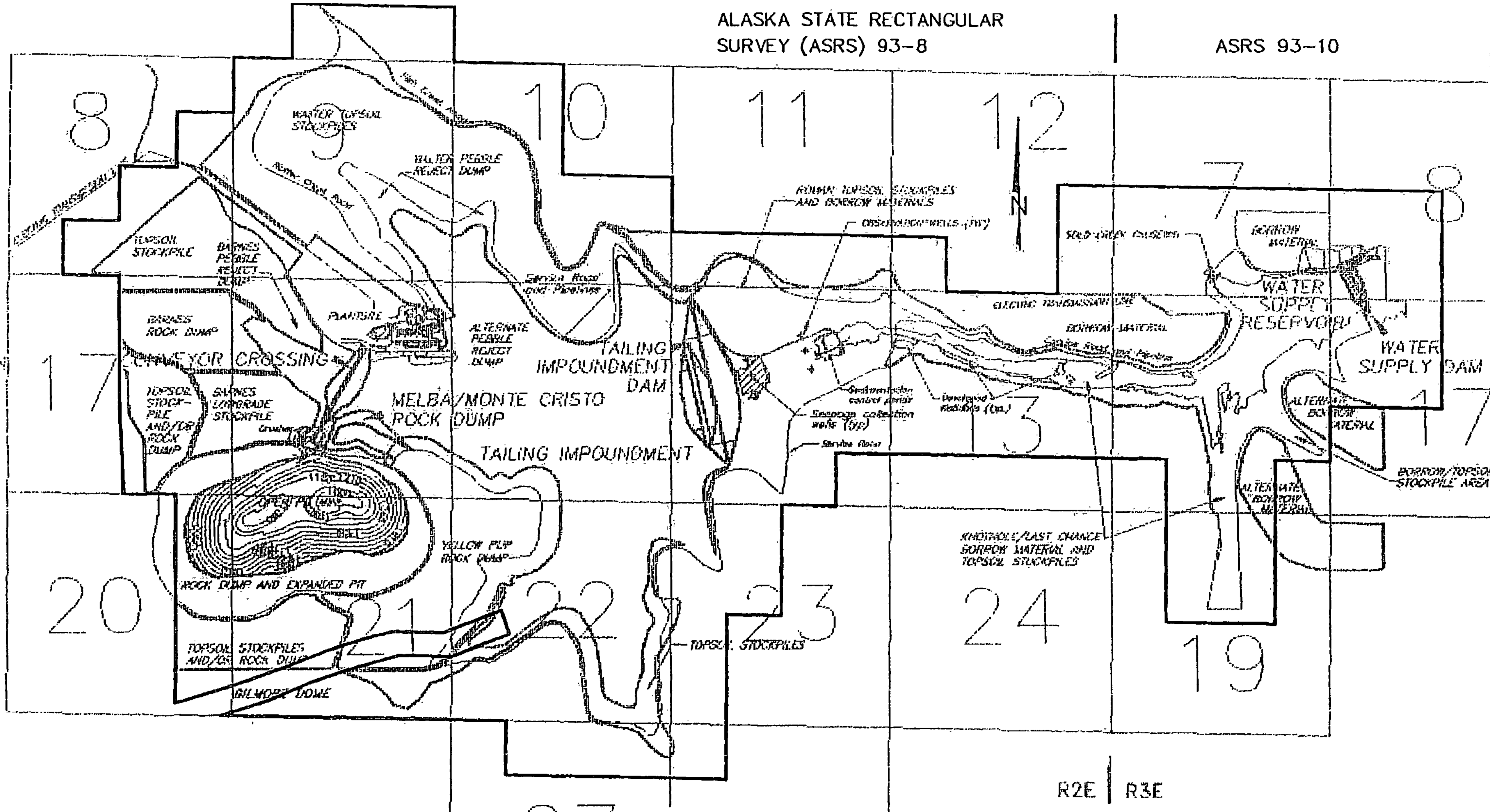
Exhibit "A"

Attached to and made part of the Agreement For Funding Post-Reclamation Obligations between Fairbanks Gold Mining, Inc. and the State of Alaska, Department of Natural Resources, Divisions of Land and Mining and the Department of Fish and Game dated February 15, 1994.

The Permit Area is that real property identified on the plat appended to this exhibit.

MILLSITE PERMIT AREA

ADL 414960
ADL 414961



FAIRBANKS GOLD MINING, INC. FORT KNOX PROJECT FAIRBANKS, ALASKA	MILLSITE PERMIT AREA EXHIBIT A

DRAWING NUMBER	SCALE	DATE
MPEXHA.DWG	1" = 3500'	2/8/94

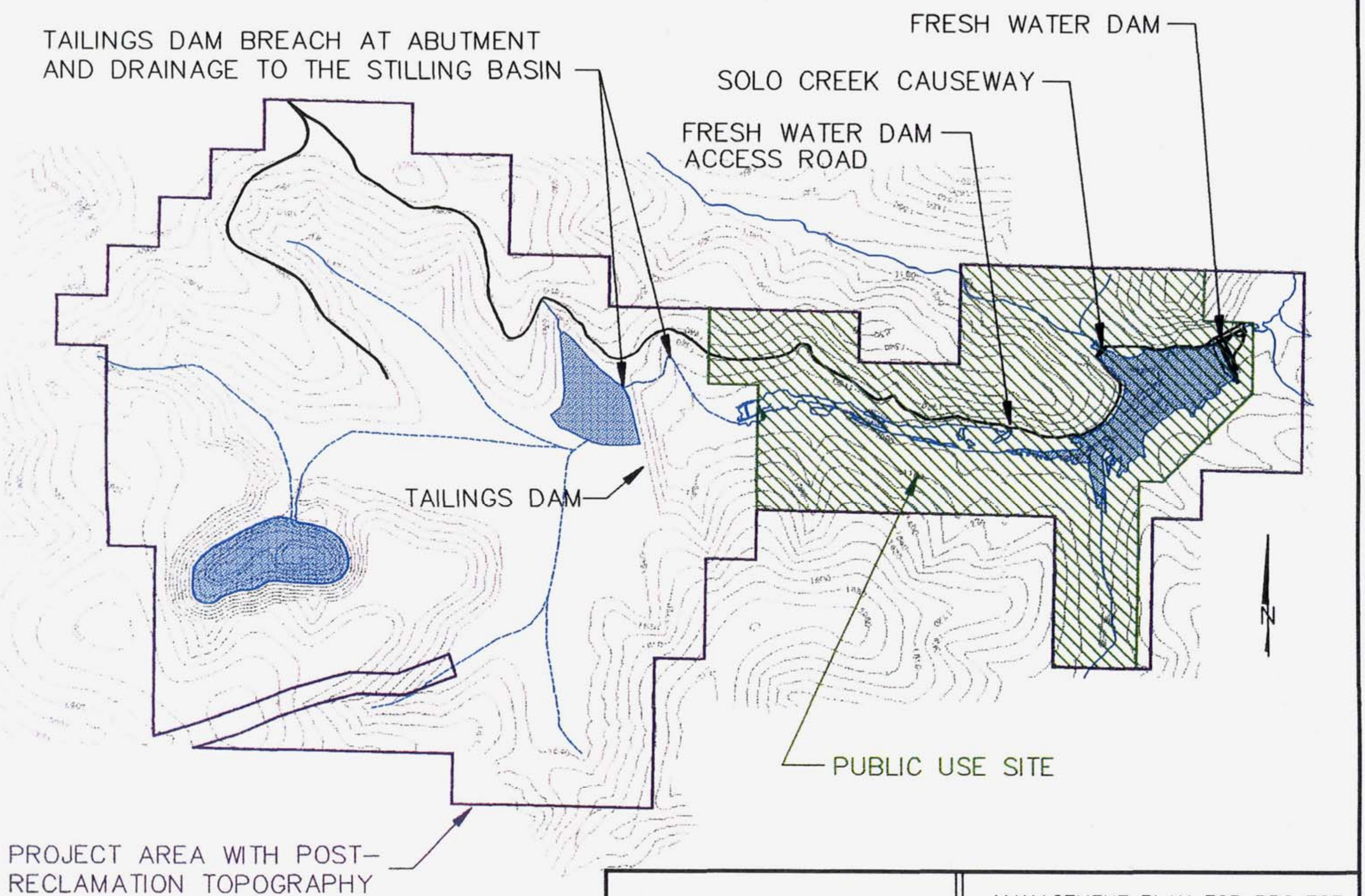
Exhibit "B"

Attached to and made part of the Agreement For Funding Post-Reclamation Obligations between Fairbanks Gold Mining, Inc. and the State of Alaska, Department of Natural Resources, Divisions of Land and Mining and the Department of Fish and Game dated February 15, 1994.

The Improvements are:

1. Fresh water dam
2. Fresh water dam access road
3. Solo Creek Causeway
4. Tailings dam
5. Tailings dam breach at abutment
6. Tailings dam drainage to the stilling basin
7. Such other roads as are necessary for access to the Improvements as determined by the parties upon implementation of this agreement.

The Improvements identified as 1 and 4 above are depicted on the plat attached to Exhibit A. The Improvements identified as 5 and 6 above are shown on the plat attached to Exhibit B. The Improvements identified as 2, 3, and 7 are not specifically identified on the plats attached to the Exhibits.



FAIRBANKS GOLD MINING, INC.
FORT KNOX PROJECT
FAIRBANKS, ALASKA

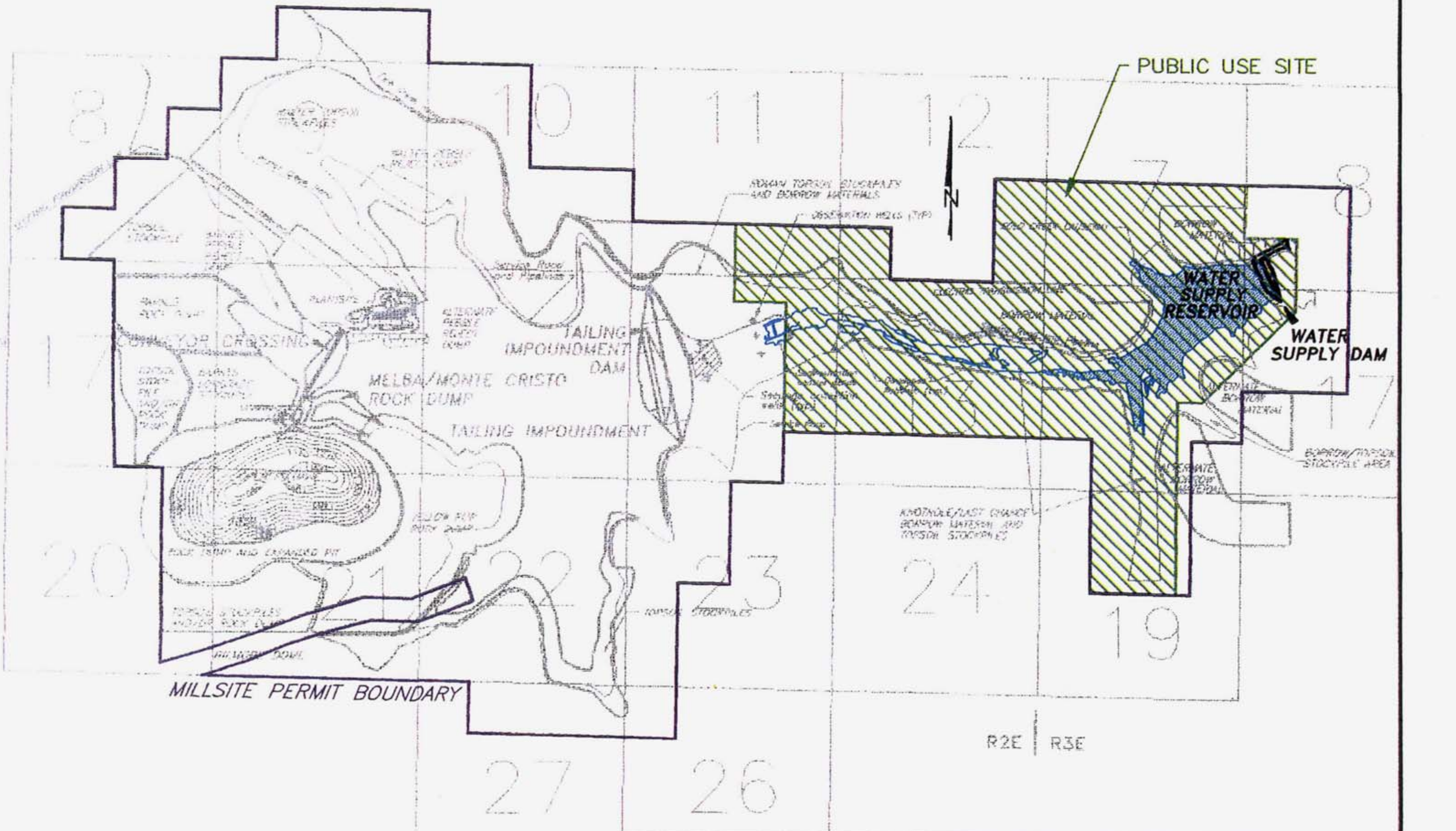
MANAGEMENT PLAN FOR PROJECT
EXHIBIT B

DRAWING NUMBER	SCALE	DATE
MPEXHB.DWG	1" = 3500'	2/15/94

Exhibit "C"

Attached to and made part of the Agreement For Funding Post-Reclamation Obligations between Fairbanks Gold Mining, Inc. and the State of Alaska, Department of Natural Resources, Divisions of Land and Mining and the Department of Fish and Game dated February 15TH, 1994.

That portion of the Permit Area desired as a Public Use Site by the parties is identified on the attachment to this exhibit.



FAIRBANKS GOLD MINING, INC. FORT KNOX PROJECT FAIRBANKS, ALASKA	PROPOSED PUBLIC USE SITE (APPROX. 1820 ACRES) EXHIBIT C		
	DRAWING NUMBER	SCALE	DATE
	MPEXHC.DWG	1" = 3500'	2/15/94

Exhibit "D"

Attached to and made part of the Agreement For Funding Post-Reclamation Obligations between Fairbanks Gold Mining, Inc. and the State of Alaska, Department of Natural Resources, Divisions of Land and Mining and the Department of Fish and Game dated February 15, 1994.

[FTKNOX] A:LONGTERM.5

ESTIMATED LONG–TERM DAM MAINTENANCE SCHEDULE & COSTS

Item	Interval (frequency)	Unit	Price (US$/unit)	Quantity (units)	Cost (US$)	Cost Subtotals (US$)
Monitoring – Piezometer	3 per Year	HR	$40	6	$240	$720
Monitoring – Survey	2 per Year	HR	$100	8	$800	$1,600
Inspection & Evaluation	3 Years	LS	$2,333	1	$2,333	$2,333
Maintenance Supervision	1 per Year	HR	$47	16	$747	$747
Maintenance 140G Motor Grader	1 per Year	HR	$76.05	32	$2,434	$2,434
Maintenance 950F Loader	1 per Year	HR	$72.97	32	$2,335	$2,335
Maintenance D5H Dozer	1 per Year	HR	$66.37	32	$2,124	$2,124
Mobilize/Demobilize	1 per Year	LS	$750.00	1	$750	$750
Tax Return & Audit	1 per Year	LS	$1,000.00	1	$1,000	$1,000
Subtotal 1 Year						*$14,043*
Surface Water Monitoring & Labor	5 Years	LS	$1,100	1	$1,100	
Subtotal 5 Year						*$1,100*
Clean & Repair Weep Holes	10 Years	LS	$3,800	1	$3,800	
Subtotal 10 Year						*$3,800*
Repair/Replace Gate	30 Years	LS	$2,600	1	$2,600	
Subtotal 30 Year						*$2,600*
Install/Replace Outlet Insert	50 Years	FT	$52	565	$29,380	
Repair Spillway Concrete/Joints	50 Years	CY	$371	678	$251,353	
Repair Stilling Basin Concrete	50 Years	CY	$371	53	$19,478	
Repair/Replace Trash Racks	50 Years	LS	$3,140	1	$3,140	
Subtotal 50 Year						*$303,350*
Clean & Repair Dam Faces	100 Years	AC	$2,500	7	$17,500	
Subtotal 100 Year						*$17,500*
Other Maintenance	Unknown					
Subtotal Other						

ASSUMPTIONS:

1. Only routine maintenance is required, with trouble shooting completed during mine life (approximately 16 years).
2. Engineer/Piezometer Technician includes travel (2 hr.), recording piezometers (2 hr.), and inspect (2 hr.) tailing and water dams.
   Surveying includes travel (2 men @ 2 hr.), surveying (2 men @ 5 hr.), and note reduction and brief report (1 man @ 2 hr.).
3. Inspection includes analysis and report at 3 year intervals. (3*$2,333=$7,000 per inspection)
4. Equipment rates in the Fairbanks Mining District with salvage, interest, insurance, fuel, lube, tires, cutting edges, operator, fringe benifits, and ten percent profit.
5. Maintain 4000 feet of road, tailings diversion, stilling basins and causeways.
6. 380 weep holes, approximately 2 ft. each, redrill at $5.00 per foot.
7. Gate (intake) is rebuilt for new cost ($2,600 new cost).
8. Valve (outlet) is removed during reclamation ($14,500 new cost).
9. Repair trash racks (1256 lb.) at $2.50 per pound.
10. 28 in., SDR 32.5, 50 psi, HDPE Plexco outlet pipe insert ($40/ft new cost, $12/ft installation).
11. Remove ($71/cy) and replace ($300/cy) 25% of original spillway and stilling basin reinforced concrete.
12. Water monitoring occurs in years 5, 10, 15 and 20 only.

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