



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF MINING, LAND & WATER
Mining Section

550 West 7th Avenue, Suite 900B
Anchorage, Alaska 99501-3577
Minerals Property Management Main: 907.269.8642
Fax: 907.269.8649
Coal Regulatory/Abandoned Mine Lands Main: 907.269.8631
Fax: 907.269.8930
TDD: 907.269.8411

July 13, 2017

Jennifer Pyecha
Sr. Environmental Engineer
Fairbanks Gold Mining, Inc.
PO Box 73726
Fairbanks, AK 99707-3726

Subject: Extension of the True North Mine Reclamation Plan Approval (F20127522)

Dear Mrs. Pyecha:

On June 23, 2017, the Division of Mining, Land and Water (DMLW) received correspondence from Fairbanks Gold Mining, Inc. (FGMI), requesting a two-year extension of the True North Mine Reclamation Plan Approval (F20127522) (RPA) to continue post-reclamation monitoring. Your current RPA is due to expire on July 25, 2017.

On October 2, 2012, DMLW conducted an annual inspection of the True North Mine, and concluded all major earthwork and reclamation appeared complete as permitted, and FGMI entered post-reclamation monitoring of the True North Mine.

On January 13, 2015, FGMI applied for partial release of financial assurance for the True North Mine, and submitted an updated cost estimate to cover remaining post-reclamation monitoring activities. DMLW granted a partial release of financial assurance on February 19, 2015.

On June 22, 2017, FGMI requested an annual inflation adjustment of financial assurance for the True North Mine. This request was approved on June 26, 2017, and financial assurance for the True North Mine will be increased to \$622,817.

On June 27, 2017, DMLW completed a general inspection of the True North Mine and concluded the post-reclamation activities appeared compliant with the RPA, and that grassy and woody species continues to propagate on the site.

FGMI's request for extension has been considered, and DMLW hereby administratively extends RPA (F20127522) through July 25, 2019. This extension will allow for continued post-reclamation monitoring.

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of issuance of this decision, as defined in 11 AAC .2.040(c) and (d), and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501, faxed to 907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to superior court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

If you have any questions regarding this approval, please contact Brent Martellaro at 907-451-2788.

Sincerely,



Marty Lentz
Mining Section Chief

Enclosure: Copy of June 23, 2017 notification for RPA extension

cc via email: Bartly Kleven, FGMI Eric Hill, FGMI
 Brent Martellaro, ADNR Stephanie Lovell, ADNR
 Carolyn Curley, ADNR Kyle Moselle, ADNR
 David Schade, ADNR Charlie Cobb, ADNR
 Allan Nakanishi, ADEC Tim Pilon, ADEC
 Audra Brase, ADF&G Ellen Lyons, USACE

From: [Jennifer Pyecha](#)
To: [Moselle, Kyle W \(DNR\)](#); [Lovell, Stephanie A \(DNR\)](#)
Cc: [Martellaro, Brent J \(DNR\)](#)
Subject: True North Reclamation Plan Approval (F2012-27522) notification and extension request
Date: Friday, June 23, 2017 3:27:18 PM
Attachments: [image001.png](#)
[2015 True North partial release of financial assurance.pdf](#)
[2015 Partial Financial Assurance Release Request.pdf](#)

Stephanie and Kyle,

FGMI is requesting a two year extension of the 2012 True North Reclamation and Closure Plan pursuant to 11 AAC 97.320 (c)

(c) The commissioner will, in his or her discretion, renew a plan upon written request and demonstration that the miner has complied with the approved reclamation plan and the requirements of AS 27.19 and this chapter, if the commissioner determines that the plan is adequate to cover the renewal period.

The 2015 partial financial assurance request by FGMI listed the status of the remaining activities. The reduction in financial assurance was approved by the State. In addition we are in post-closure status.

The significance of the extension through 2019 is it's the end of the 5-year period of the last fertilizer application.

I am available to discuss at any time.

Thank you,

Jennifer Pyecha

Sr. Environmental Engineer



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Fort Knox Mine

FAIRBANKS, ALASKA

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PO Box 73726
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January 13, 2015

Mr. Moselle
Division of Mining, Land and Water
Department of Natural Resources
Office of Project Management and Permitting
400 Willoughby Street Suite 400
Juneau, Alaska 99801-0101

Dear Mr. Moselle

Fairbanks Gold Mining Inc. (FGMI) is submitting this letter as an application for a partial release of Financial Assurance for the True North Mine in accordance with Alaska Administrative Code 11 AAC 97.435.

The State of Alaska currently holds Financial Assurance for True North Reclamation and Closure in the amount of \$3,066,526. The Financial Assurance is provided in the form of an Irrevocable Standby Letter of Credit (LOC) issued by The Bank of Nova Scotia. FGMI proposes to reduce the Financial Assurance amount by \$2,446,190, and provide a new LOC in the amount of \$620,336 for the remaining activities identified in the following table. The selected activities are in accordance with the True North Mine Reclamation Plan approval (F20127522).

2015 Proposed Financial Assurance Estimate	\$620,336
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DIRECT COSTS

Lower Spruce Creek Surface Water Quality Monitoring	\$4,244
Spruce Creek Restoration	\$4,560
Stability Monitoring	\$13,860
Zeppelin Waste Rock Dump Subsidence Grading	\$31,828
North Shepard Waste Rock Dump Subsidence Grading	\$14,337
Revegetation maintenance	\$14,299
RS 2477 Connector Trails	\$2,467
Roads	\$61,473
Waste Rock Dumps and Stock Pads	\$222,224
Mob/Demob	\$42,542
Closure Planning	\$30,000
TOTAL DIRECT COSTS	\$441,834

INDIRECT COSTS

Engineering Design (4%)	\$17,673
Contingency (10%)	\$44,183
Insurance (1.5%)	\$1,769
Performance Bond (3%)	\$13,255
Contractor Profit (15%)	\$66,275
Contract Administration (8%)	\$35,347
TOTAL INDIRECT COSTS	\$178,502



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The approved 2012 True North Closure Cost Estimate SRCE_Version _1_4_1_014 was revised based on closure activities that have occurred since its development. The proposed Financial Assurance (FA) estimate is the end product of the revision. The FA calculations utilized the estimating tool Standardized Reclamation and Closure Estimator (SRCE).

The accompanying Partial Financial Assurance Release Request December 2014 document compares the 2012 approved FA amount to the 2014 proposed amount. For ease of comparison and continuity individual activities are grouped systematically according to each SRCE worksheet utilized in the development of these estimates. Included is a comment section that provides justification for the proposed reductions.

The proposed FA is based on completed reclamation activities and performance of the reclaimed areas to date. The activities with the greatest impact to the bottom line are:

- Substantial completion of revegetation
- Completion of earthworks on dumps and roads
- Ground water well closure

During the 2012 construction season growth media hauling, placement, ripping and the application of seed and fertilizer was completed. FGMI does not anticipate a requirement to redistribute large amounts of growth media at True North. The natural composition of the soil at True North is conducive to revegetation as observed since reclamation began in 2005. It is noteworthy to point out growth media was spread over 140 of the 480 acres of disturbance as reported in the Annual Activity Report.

Earthworks on the waste rock dumps and roads were successfully completed between 2005 and 2012. The reclamation and closure grading standard implemented has achieved a stable surface that has encouraged and promoted the natural re-invasion of native vegetation.

For the facilities that are visibly stable FGMI is proposing a fifty percent reduction to the area of disturbance that existed at the time of closure. In the event there is waterborne soil erosion FGMI believes it is reasonable to assume that no more than fifty percent of the area will require regrading and revegetation.

FGMI understands ADNR may require or allow revisions to the financial responsibility cost estimate based on:

1. Monitoring results
2. Changes in costs for labor, equipment, fuel, or chemicals
3. Changes in scope and nature of work required under the True North Reclamation and Closure Plan
4. Completed and approved reclamation
5. Annual revision of the SRCE model

With my signature on this letter I am verifying that I have examined the requirements of the approved True North Reclamation and Closure plan, and have investigated the nature and extent of reclamation, and certify as true that all applicable reclamation responsibilities have been completed as outlined in this partial Financial Assurance release application.

Best regards,

Bartly Kleven
Environmental Manager

cc: Eric Hill, FGMI



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February 19, 2015

Bartly Kleven
Environmental Manager
Fairbanks Gold Mining, Inc.
PO Box 73726
Fairbanks, AK 99709-3726

Subject: True North Mine partial release of financial assurance, Reclamation Plan Approval F20127522 and Millsite Lease ADL 416509

Dear Ms. Kleven:

On February 2, 2015 the Department of Natural Resources, Division of Mining, Land & Water (DMLW) received your application, dated January 13, 2015, requesting a partial financial assurance release for the True North Mine.

The review of your application along with the accompanying *Partial Financial Assurance Release Request December 2014* document, and the cost estimate excel worksheets titled *True North SRCE_FA Release December 2014 Vs 1 and 12_15_2014_TN Cost data file* has been completed. In addition, DMLW internally reviewed inspection reports and photos from previous site visits and aerial photos to track the revegetation progress.

DMLW concurs with FGMI that regrading and revegetation across the site has been substantially completed in accordance with the approved *True North Gold Mine Reclamation and Closure Plan, May 2012*. The areas proposed by FGMI for a reduction in reclamation costs have remained stable, and meet the reclamation performance standards established in regulation (11 AAC 97.200). Revegetation across these areas is well established, and continues to promote natural re-invasion of native species since completion of the last reseeding in 2012. The decommissioning of ground water monitoring wells was completed in accordance with the approved *True North Gold Mine Reclamation and Closure Plan, May 2012*.

FGMI's remaining costs for reclamation are accounted for in *True North SRCE_FA Release December 2014 Vs 1* and the associated *12_15_2014_TN Cost data file*. DMLW appreciates FGMI's cooperation in establishing this revision and concurs with the new financial assurance amount of \$620,336 for the remaining obligations in the areas depicted within the enclosed figure, along with additional tasks detailed in the cost estimate and within the boundaries of millsite lease ADL 416509. The Irrevocable Standby Letter of Credit numbered S18572/260177 Amendment No. 6 may be reduced by \$2,446,190 for the remaining obligation costs for the True North Mine. This reduction will change the True North Mine financial assurance amount from \$3,066,526 to \$620,336.

If you have any questions regarding this approval, please contact Brent Martellaro at 907-451-2788.

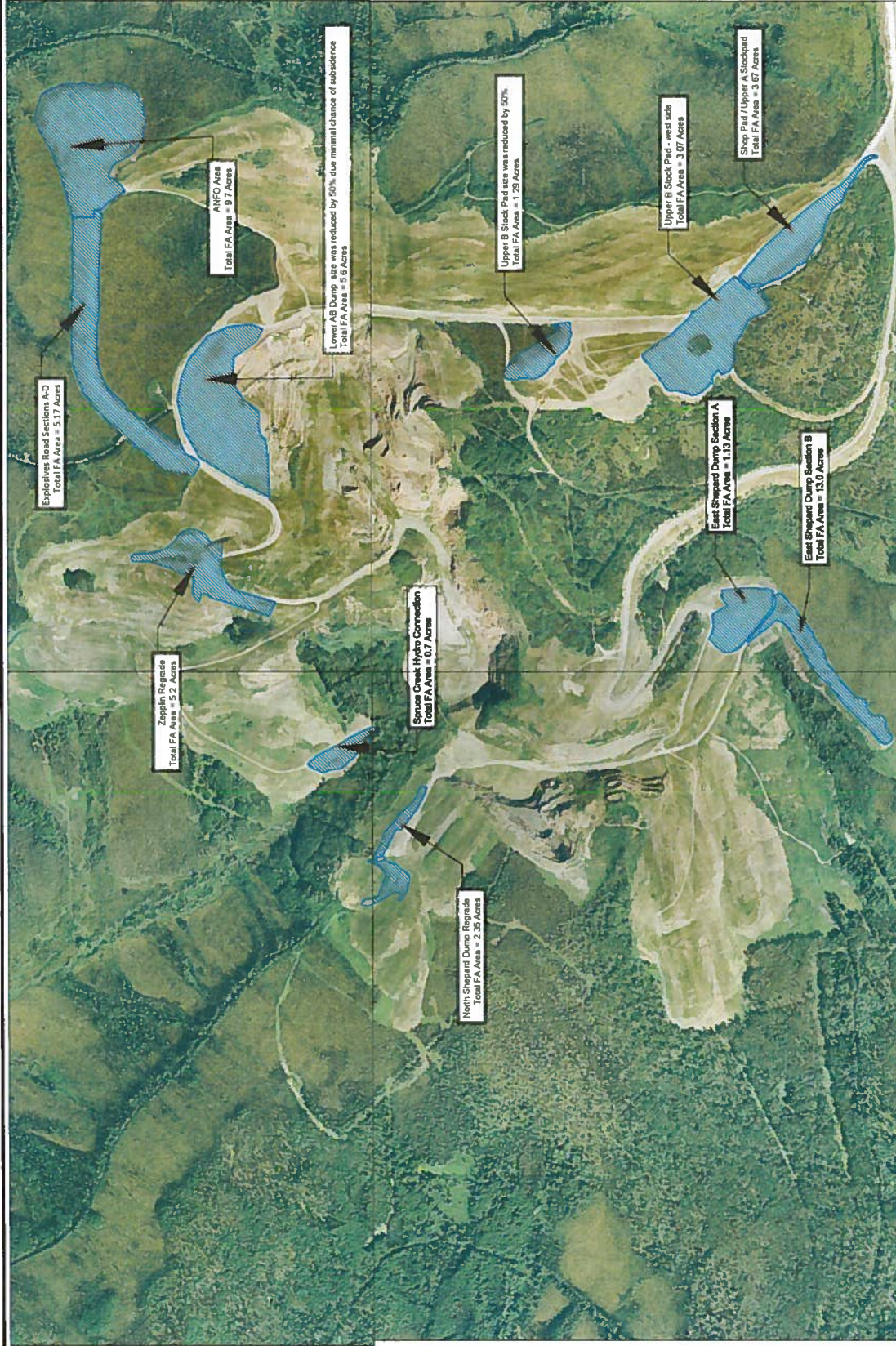
Sincerely,

A handwritten signature in blue ink that reads "Scott Pexton". The signature is written in a cursive style with a large, prominent "S" at the beginning.

Scott Pexton
Mining Section Chief

Enclosure: Kinross Fort Knox figure of financial assurance areas dated June 2014

Cc: Brent Martellaro, ADNR Stephanie Lovell, ADNR
Carolyn Curley, ADNR Kyle Moselle, ADNR
David Schade, ADNR Charlie Cobb, ADNR
Tim Pilon, ADEC Pete McGee, ADEC
Jack Winters, ADF&G Jennifer Pyecha, FGMI



True North Partial Financial Assurance Release
 Financial Assurance Areas
 Date - June 2014

