

# True North Project

## Decision To Issue Millsite Lease

ADL No. 416509

DEPARTMENT OF NATURAL RESOURCES  
Division of Mining, Land and Water

December 20, 2000

## I. Action Requested

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

The Department of Natural Resources, Division of Mining, Land and Water (DNR) will issue a Millsite Lease to Fairbanks Gold Mining, Inc. as operator of the True North Project. This 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 DNR. 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. The requirements of AS 38.05.945 are not applicable.

## II. Discussion

**General location:** The 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 applied for 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 mine will operate 24 hours a day, 365 days a year. Mining is projected to begin in 2001 and continue for approximately three years on the Hindenburg and East pits. FGMI exploration crews will continue 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 will 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 via an access/haul road connecting the True North Project to the Ft. Knox facility ( See Decision for ADL 416471 Right-of-Way for True North Project Road )

**Tanana Basin Area Plan and FNSB Zoning:** The 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. Recreation is emphasized to the extent that it does not interfere with mining activity. The secondary surface use is Forestry. The Millsite Lease is consistent with the designated uses, management guidelines and policies of the TBAP.

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

A traditional use finding is not required for the 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 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. Ore will be hauled to the Fort Knox mill for processing. FGMI must receive authorization from the Department of Environmental Conservation (DEC) before acceptance and processing can take place. Authorization will be under the Solid Waste Disposal Permit issued by DEC for the Ft. Knox tailings impoundment and requires that specific procedures be completed by FGMI and evaluated by DEC prior to DEC’s decision. The Millsite Lease is conditioned upon FGMI receiving authorization from DEC to process True North Project ore at the Fort Knox Facility.

FGMI as the operator of the True North Project will 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 True North Project General Arrangement and Figure 3-2 (Attachment 2) depicts the 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 are limited to those necessary for the prospecting for and extraction of minerals and are subject to reasonable concurrent uses. For purposes of the True North Project Millsite Lease the uses shall be limited to those surface uses described in the Project Description and Reclamation Plan as approved by DNR or as specifically authorized or required by the Millsite Lease (see Attachment 4: Millsite Lease).

FGMI shall be required to pay a reasonable annual rent for the Millsite Lease and restricted uses as require under AS 38.05.255 and as provided in the Millsite Lease.

### III. Authority / Administrative Record

The authority to issue this 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 as well as agency and public comments were reviewed and are a part of the record and ADL file.

### IV. Access

Access to the True North Project was reviewed concurrently with processing FGMI's request for a Millsite Lease as FGMI proposed to haul the ore from the True North Project to the Fort Knox facility (see Right-of-Way file ADL 416471) for processing.

## V. Environmental Risk

FGMI proposes to develop the True North Project. This 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 were 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. The recommendations contained in the report were considered and incorporated in the appropriate authorizations and approvals.

## VI. Public Comment and Decision

A Millsite Lease under AS 38.05.255 is exempt from the requirements for a written finding under AS38.05.035(e) and is therefore exempt from the department's public notice statute AS 38.05.945. AS 38.05.255 itself does not provide for public notice. Because issuance of a millsite lease is a disposal of an interest in state land, DNR recognized that some form of public notice is constitutionally required even though there is no statutory guidance for that notice. Therefore, I find and decide that in exercising my authority under AS 38.05.035 (a) DNR has provided reasonable and sufficient public notice and opportunities for public review and comment on the True North Project generally, and specially on the Millsite Lease.

I find and decide that DNR will issue Millsite Lease ADL 416509 as shown in Attachment 4. This decision is based on AS 38.05.255 and evaluation of information applicable to the True North Project and

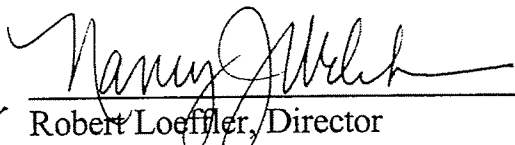
consideration of public comments and agency input. Additional conditions were added as a result of public and agency input.

The Millsite Area shall be managed in a manner that, to the extent feasible and prudent and using accepted industry practices, mitigates adverse effects of Millsite Operations, especially to residents, recreation uses adjacent to the Millsite Area, and in the disturbance or damage to the environment. The Millsite Lease and approved Plan of Operations shall reflect this requirement.

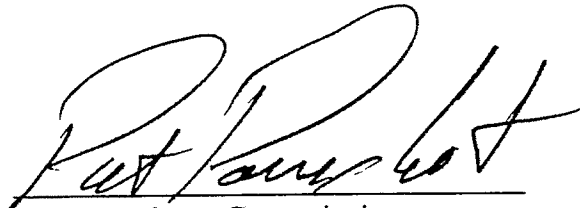
The Reclamation Plan, as approved by the Director, specifies the measures necessary to return the land to a useful condition and requires the necessary performance bonding to accomplish reclamation of the Millsite Area.

I find and decide that the Millsite Lease is appropriate for the True North Project and will be issued to Fairbanks Gold Mining, Inc. and LaTeko Resources, Inc. as tenants in common under the True North Joint Venture Agreement. The Millsite Lease will be issued under the conditions and limitations imposed by law and those additional conditions and limitations set out in the Millsite Lease attached hereto and made a part of this decision. Additionally, I have made the True North Project Millsite Lease conditioned upon FGMI receiving authorization from the Department of Environmental Conservation to process True North Project ore at the Ft. Knox Facility under Solid Waste Permit (00031-BA008) Fort Knox Mine Tailing Disposal.

This Decision incorporates by reference the **TRUE NORTH PROJECT: Decisions Overview and Preface.**

for   
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Robert Loeffler, Director  
Division of Mining, Land and Water

December 20, 2000  
Date



Pat Pourchot , Commissioner  
Department of Natural Resources

December 20, 2000  
Date

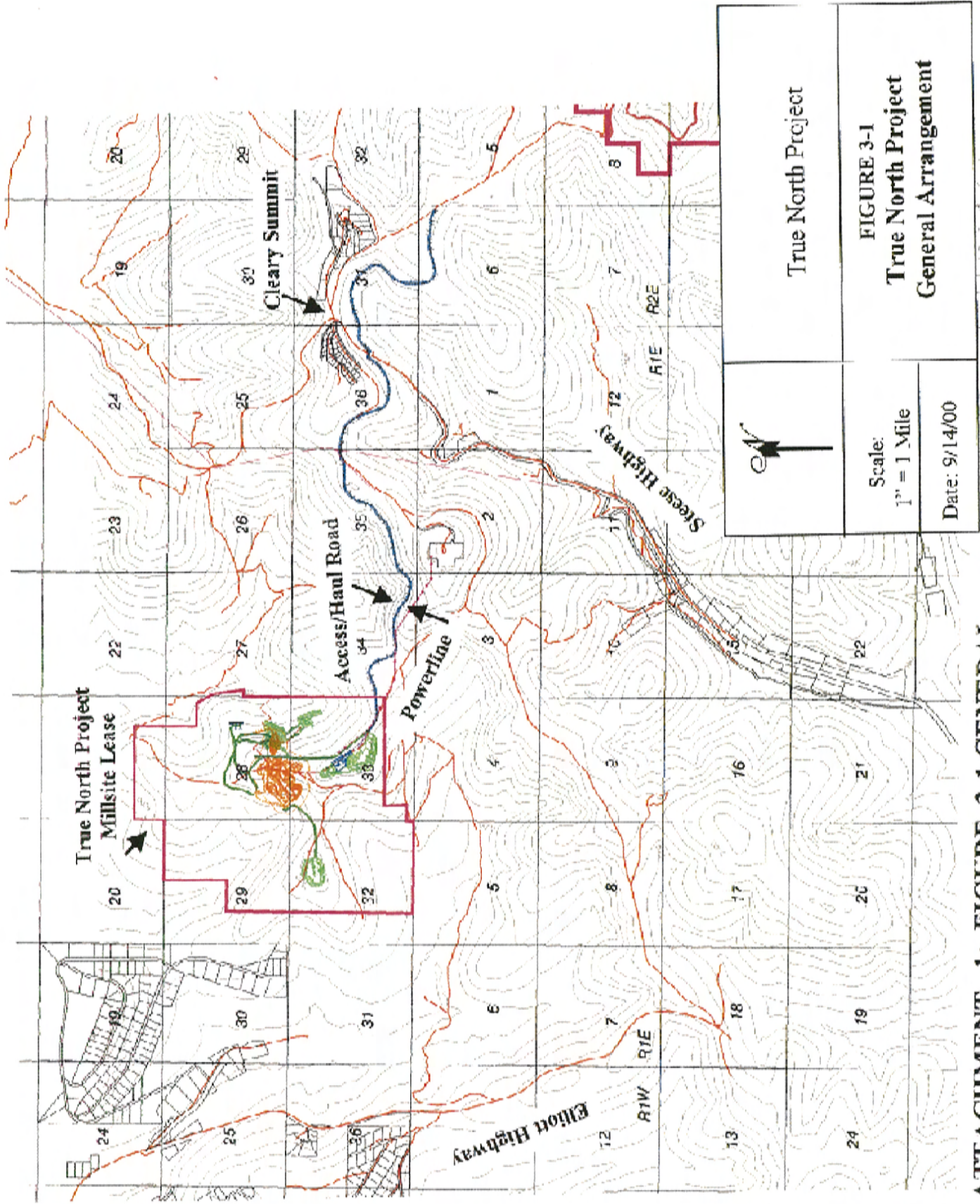
### **Appeal Right and Procedure**

This is a final administrative order and decision of the department for purposes of an appeal to Superior Court. A person adversely affected by this final order and decision may (1) appeal to Superior Court within 30 days in accordance with the rules of the court, and to the extent permitted by applicable law, or (2) first request reconsideration of this decision, in accordance with AS 44.37.011 and 11 AAC 02.020, to Pat Pourchot, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501. Any such request for reconsideration must be received at that address, or received by being faxed to 1-907-269-8918, by January 9, 2001. Failure of the commissioner to act on a request for reconsideration by January 19, 2001 is a denial of reconsideration and is also a final administrative order and decision for purposes of an appeal to Superior Court. It may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources. This decision goes into effect January 20, 2001 unless the commissioner first orders reconsideration.

At the time a request for reconsideration is filed, an appellant may submit additional written material to support it, including evidence or legal argument. If the Commissioner orders reconsideration and if the Commissioner in his discretion under 11 AAC 02.050(a) further determines that there are questions of fact to be resolved that require a hearing, the hearing will be held in Fairbanks on January 16, 2001 at 10:00 A.M. at the Noel Wien Library. The hearing procedures under 11 AAC 02.050(b) will be announced at the time of his determination, if any. If a hearing is held, an appellant may submit additional written material at the hearing.

<b>Attachment 1</b>	Figure 3-1: General Arrangement
<b>Attachment 2</b>	Figure 3-2: Mine Plan
<b>Attachment 3</b>	Figure 1: Millsite Lease Boundary
<b>Attachment 4</b>	Millsite Lease ADL 416509





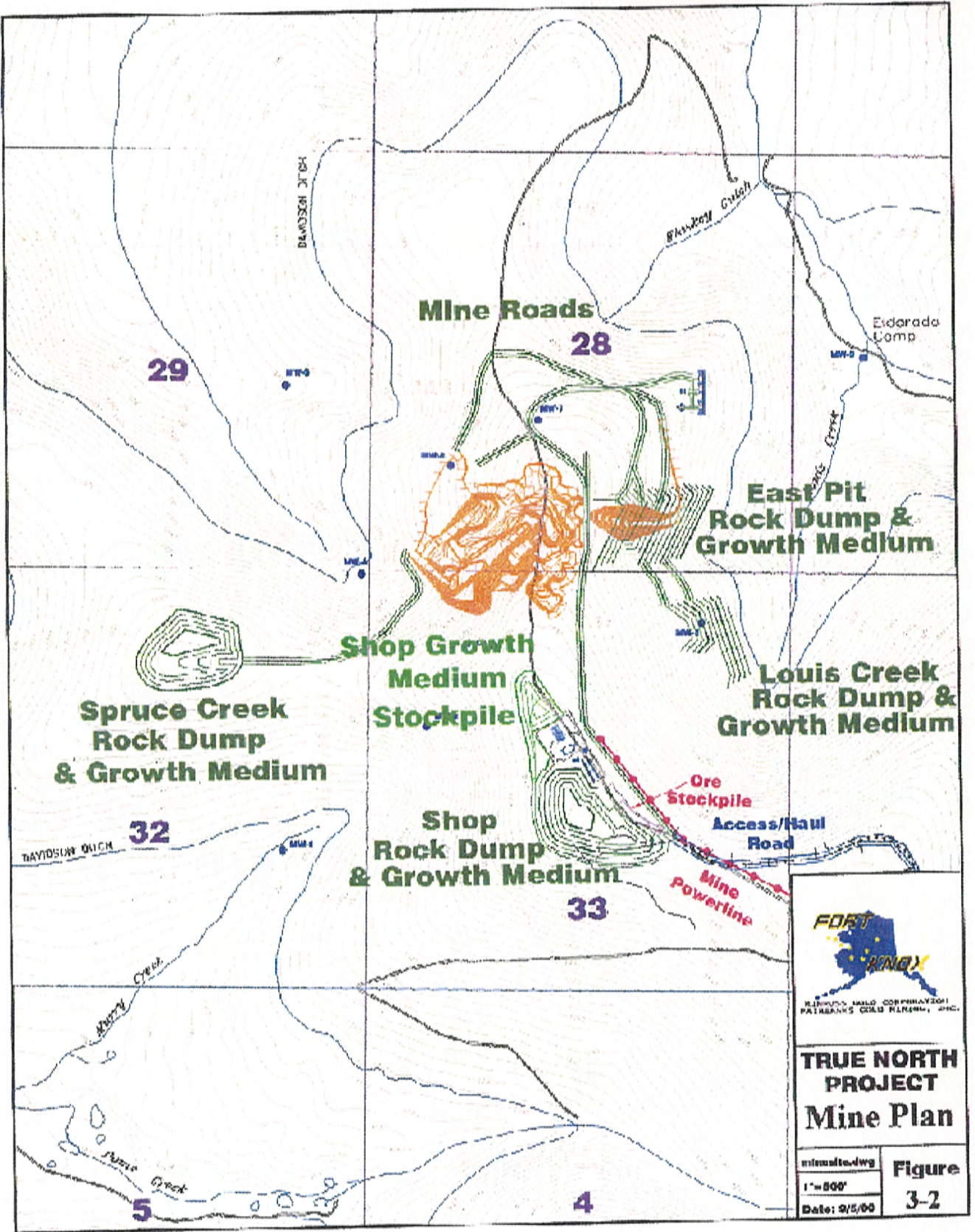
True North Project

FIGURE 3-1  
True North Project  
General Arrangement

Scale:  
1" = 1 Mile  
Date: 9/14/00

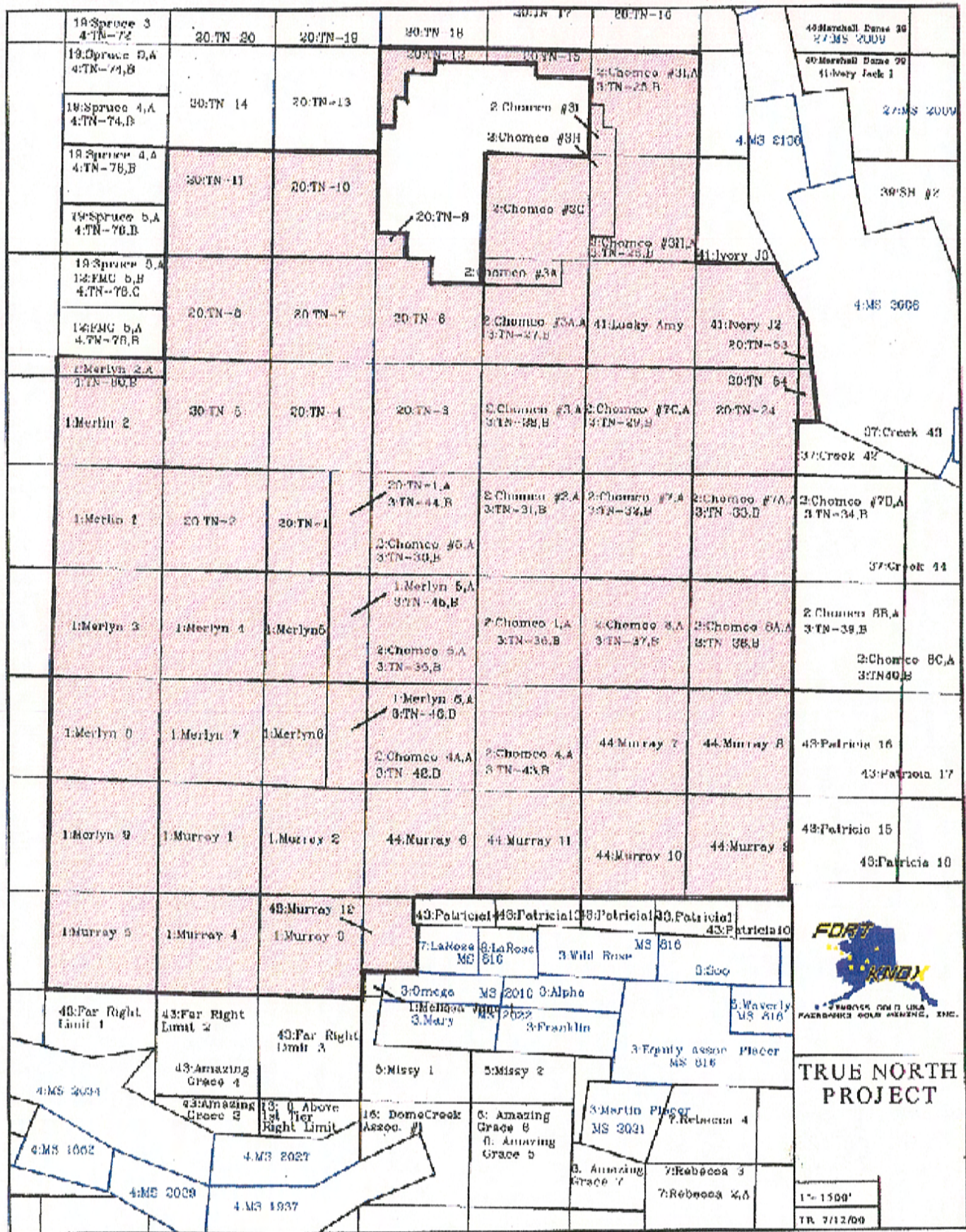
ATTACHMENT 1: FIGURE 3-1 GENERAL ARRANGEMENT





ATTACHMENT 2: FIGURE 3-2 Mine Plan





**TRUE NORTH PROJECT**

1" = 1500'

TR 7/12/00

**ATTACHMENT 3: FIGURE 1-MILLSITE LEASE BOUNDARY**



**ATTACHMENT 4**

**Millsite Lease ADL # 416509**