



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF MINING, LAND & WATER
Mining Section

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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.

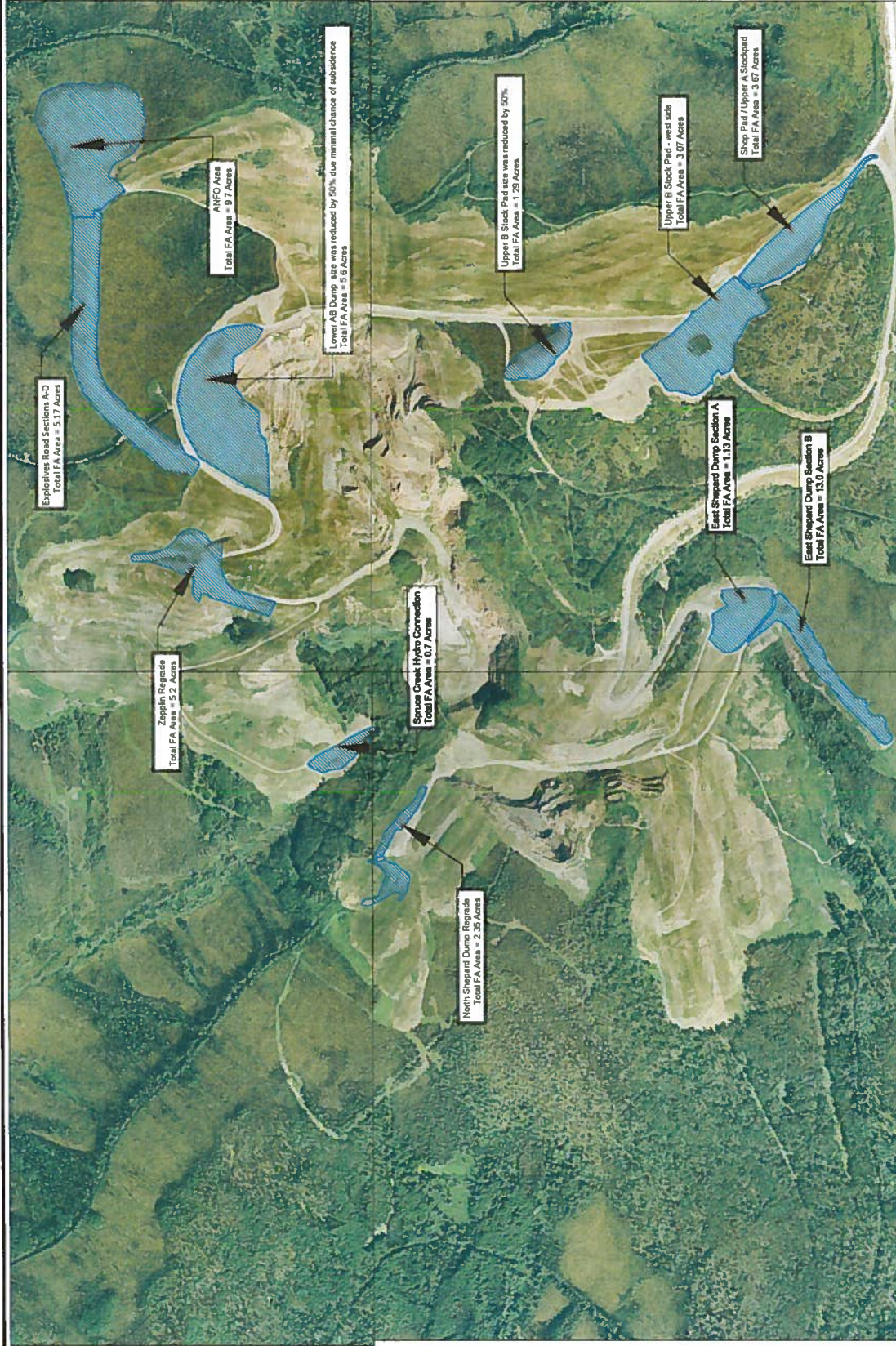
Sincerely,

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



