

# The Economic Benefits of Alaska's Mining Industry

Mining is a growing force in Alaska's economy, providing jobs for thousands of Alaskans and millions of dollars of personal income throughout Alaska. Alaska's mining industry includes exploration, mine development, and mineral production. Alaska's mines produce coal, gold, lead, silver, zinc, as well as construction materials, such as sand, gravel, and rock.

In 2019, Alaska's mining industry provided:

- ▶ **4,600** direct mining jobs in Alaska.
- ▶ **9,400** total direct and indirect jobs attributed to Alaska mining industry.
- ▶ **\$740 million** in total direct and indirect payroll.
- ▶ Some of **Alaska's highest paying jobs** with an estimated average annual wage of \$112,800, over twice the state average (\$55,140) for all sectors of the economy.
- ▶ **\$37 million** in local government revenue.
- ▶ **\$112 million** in state government revenue through mining licenses, rents, royalties, fees, and taxes, and other government-related payments.
- ▶ **\$242 million** in payments to Alaska Native corporations.
- ▶ **Mostly year-round jobs** for residents of more than 60 communities throughout Alaska, half of which are found in rural Alaska where few other jobs are available.



## Key Industry Measures estimated

### Exploration

- **\$162 million** spent on exploration (2019).
- **\$3.8 billion** spent on exploration since 1981.

### Development

- **\$225 million** spent on mine construction and other capital investment (2019).

### Production

- **Export value of \$1.7 billion**, or 36% of Alaska's total exports (2018).

- **192 active placer mines produced approximately 60,690 ounces of gold** with a gross production value of **\$77 million** (2018).
- Approximately **120 active rock quarries**, and sand and gravel operations throughout Alaska with at least **\$10.5 million in production value on state lands** (2018).



## Advanced Exploration Projects

### Graphite Creek

*Graphite*

- Prefeasibility Study initiated in 2019 with expected completion in 2020
- \$363 million in projected capital costs
- 370 potential production jobs

### Livengood

*Gold*

- Placer mining began in 1914, lode exploration in 2003
- 11.4 million ounces of gold measured and indicated resource
- Completed new prefeasibility study in 2017 as result of project optimization work
- 330 potential production jobs

### Palmer

*Copper, zinc, silver, gold, and barite*

- Defining a multi-deposit Volcanogenic Massive Sulphide district
- Preliminary Economic Assessment completed for underground mining, moving toward Feasibility Study
- More than \$50 million invested since 2006

### Upper Kobuk Mineral Projects (Arctic and Bornite)

*Copper, zinc, gold, and silver*

- \$144 million spent on exploration since 2011
- Prefeasibility study completed of open pit operation (Arctic)
- Environmental baseline data collection ongoing (Arctic)
- Updated resource statement completed in 2018 (Bornite)
- Draft Environmental Impact Statement in process for the Ambler District Industrial Access Project

## Projects in Permitting

### Donlin Gold

*Gold*

- Discovered in 1988, continued exploration since 1995
- Permitting process began in 2012; final Environmental Impact Statement and Joint USACE and BLM Record of Decision in 2018
- Up to 90% Calista shareholder hire at its camp operation
- Up to 1,000 expected production jobs, depending on the production timeline

### Pebble

*Copper, gold, molybdenum, and silver*

- Discovered in 1987 on State of Alaska land
- Ongoing exploration, engineering, and environmental studies since 2002
- Over \$150 million spent on environmental baseline studies
- World class discovery of copper, gold, molybdenum, and silver
- In federal NEPA permitting and review process
- Approximately 850 potential production jobs

# MINING EXPLORATION TIMELINE



Mining Activity in Alaska

## Producing Mines

### Fort Knox

*Gold*

- Alaska's largest producing gold mine; poured 8 millionth ounce in 2019
- Now in its 24th year of production
- Largest single property taxpayer in the Fairbanks North Star Borough
- 650 employees, plus 170 on-site contractors
- Proceeded with Gilmore expansion project in 2018, increasing life of mine gold production by 1.5 million ounces

### Greens Creek

*Silver, zinc, gold, and lead*

- Largest silver producer in the U.S. and in the top 10 producers worldwide
- Discovered in 1975, producing from 1989 to 1993, and continuously since 1996
- Largest payer of property tax in the City and Borough of Juneau
- Largest Southeast Alaska for-profit employer, in terms of payroll
- Approximately 440 employees in 2019

### Kensington

*Gold*

- 2019 estimated production is 124,000 ounces of gold
- Exploration underway to expand ore zones
- Second largest private employer in Southeast Alaska in terms of payroll; over \$55 million in wages and benefits in 2019
- Second largest payer of property tax in the City and Borough of Juneau
- 385 employees in 2019

### Northern Star Pogo

*Gold*

- Discovered in 1994, producing since 2006
- Eighth largest gold producer in the U.S.
- Acquired by Northern Star Resources Limited in 2018
- Approximately 450 employees in 2019

### Red Dog

*Zinc, lead, and silver*

- Largest lead concentrate and zinc concentrate producer in the U.S.
- Discovered in 1968, producing since 1989
- Mine life expected until 2032
- Second largest silver producer in the U.S. in 2016
- Only taxpayer in the Northwest Arctic Borough
- Approximately 650 employees (including 150 full-time contractors) in 2019

### Usibelli Coal

*Coal*

- In continuous production since 1943
- Fuels 32% of Interior Alaska's electrical generation
- Approximately 100 employees in 2019

# MINING PRODUCTION TIMELINE



Ongoing Environmental Studies, Protection, and Reclamation



## Strengthening Local Economies and Communities

Mining companies strengthen Alaska's local economies by employing residents from more than 70 communities. The industry also purchases supplies and services from hundreds of Alaska businesses.

Mining companies are also a significant source of stable revenue for local governments, as well as significant state government revenue. In 2019, Alaska's mining industry paid:

### An estimated total of \$37 million to local governments, including:

- ▶ \$14.9 million in payment in lieu of taxes by Red Dog to the Northwest Arctic Borough, plus \$8.0 million paid to the Village Improvement Fund.
- ▶ \$11 million in property taxes paid by Fort Knox to the Fairbanks North Star Borough.
- ▶ \$1.8 million in property taxes paid by Greens Creek to the City and Borough of Juneau.
- ▶ \$1.3 million in property taxes paid by Kensington to the City and Borough of Juneau.
- ▶ Tax payments to other local governments, including Denali Borough, City of Nome and others
- ▶ Mining industry employees also pay local property and sales taxes.

### An estimated \$112 million to state government in royalties, rents, fees, taxes, and other government-related revenues, including:

- ▶ \$57.1 million in mining license tax, rents, and royalties.
- ▶ \$6.9 million in corporate income tax collections, representing 6% of the State's non-petroleum industry corporate tax receipts.
- ▶ \$7.2 million in state material sales, large mine permit coordination program receipts, miscellaneous fees, and other taxes.
- ▶ \$17.4 million to the Alaska Railroad Corporation for moving coal, sand, and gravel.
- ▶ \$22.8 million to Alaska Industrial Development and Export Authority for the use of state-owned facilities (DeLong Mountain Regional Transportation System and Skagway Ore Terminal).
- ▶ \$880,290 to the Alaska Mental Health Trust for mining claim and lease rent and royalty payments, and construction material sales.

## Partnering with Alaska Native Corporations

All Alaska Native corporations benefited from mining industry activity – in 7(i) and 7(j) royalty sharing payments, in jobs for shareholders, or through business partnerships.

- ▶ In 2019, NANA received \$241.4 million in net proceeds from Red Dog Mine and distributed \$140.5 million to other Alaska Native corporations, \$5.7 million to Kikiktagruk Iñupiat Corporation (KIC), and at-large shareholders via the 7(i) and 7(j) provisions of the Alaska Native Claims Settlement Act (ANCSA).
- ▶ Between 1982 and 2019, NANA received \$2.1 billion in net proceeds from Red Dog and paid more than \$1.3 billion to other regional and village corporations, KIC, and at-large shareholders via 7(i) and 7(j) provisions of ANCSA.
- ▶ 54% of the year-round Teck Alaska jobs at Red Dog are filled by NANA shareholders.
- ▶ Calista Corporation has received millions of dollars in royalties and other revenue from mineral agreements, including lode exploration, placer gold production, and construction material sales.
- ▶ 56% of all employees at the Upper Kobuk Minerals Projects, including contractor hires, were NANA shareholders in 2019.
- ▶ Many Alaska Native corporations have taken the opportunity to work with Alaska's mining sector, such as Alaska Peninsula Corporation, Bering Straits Native Corporation, Teller Native Corporation, Brevig Mission Native Corporation, Calista Corporation, Doyon Limited, Goldbelt, Inc., Iliamna Natives Limited, NANA Regional Corporation, The Aleut Corporation, Sealaska, and The Kuskokwim Corporation.



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