

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER

DIRECTOR'S DECISION

to issue

Millsite Lease ADL 233700

pursuant to AS 38.05.255

I. Recommended Action(s)

The Department of Natural Resources (“Department”), Division of Mining, Land & Water (“Division” or “Lessor”) received an application from Fairbanks Gold Mining, Inc. (“FGMI” or “Applicant” or “Lessee”) for a Millsite Lease on State land for the storage of topsoil and waste rock material from mining activities associated with the Gil project. This Decision approves the issuance of a Millsite Lease to the applicant.

The parcel is located in the Fairbanks Recording District, Fairbanks Meridian, Township 002 North, Range 003 East, Section 11 NW1/4. The Millsite Lease is located on mining claims owned by the applicant.

Alaska Statute 38.05.255(a) allows for issuance of the Lease upon payment of reasonable annual rent for the Lease and restricted to uses approved by the Director of the Division of Mining, Land & Water as stated in the Millsite Lease ADL 233700. The Division proposes to issue the Millsite Lease to FGMI.

II. Authority

The Division authority under AS 38.05.255(a) allows the Director to issue a Millsite Lease for the use of the surface of the land for those activities necessary for the prospecting for, extraction of, or basic processing of minerals. Regulation 11 AAC 86.600(a) allows the Director to issue a Millsite Lease to the owner of a mining interest for the use of the State’s surface estate for a millsite, tailings disposal, or another use necessary for the mineral development. The surface estate subject to the Millsite Lease granted under this regulation must be on or near the mining interest.

III. Access

Access to the Gil Millsite area and the Gil Project site is via a private road that originates from the Fort Knox Mine Site. Accessed is from the Fort Knox Mine Site to the west, east approximately 8 miles to the project site. No other access is available from the surrounding area due to the remoteness of the site.

IV. Eastern Tanana Area Plan

The Millsite Lease Area is located within the boundary of the Eastern Tanana Area Plan (ETAP or the plan), Fairbanks Region, which is open to mineral entry as specified in Chapter 3 of ETAP.

Chapter 2 of ETAP identifies the following goals for subsurface resources.

Opportunities for Mineral Exploration and Development

The goal of is to provide opportunities through state land management for the exploration and development of mineral resources.

Economic Opportunities

The goal provides economic opportunities and stability by managing state lands for the efficient and environmentally sound:

- Disposal of tailings
- Development of state land and submerged land mining sites; and
- Siting of infrastructure to support development of mineral resources.

Environmental Quality and Cultural Values

The goal is to provide that during the development of subsurface resources, protect the integrity of the environment and affected cultural features to the extent feasible and prudent.

The overall management intent for this region is the continuation of the present patterns of land development, multiple and sustained yield of state land resources, and the protection of key habitats, fisheries, and wildlife populations. ETAP provides for the use and development of the important agricultural, forest, and mineral resources within the planning area where the resources exist.

The area of the millsite lease falls under the management unit F-16 for the Fairbank Region of ETAP. Under this unit the area is managed for its mineral values but recognizes that the area supports habitat (moose wintering) and the effect of mineral development should be minimized whenever possible. Actual development is subject to state and federal permitting requirements, which ultimately determines the appropriateness of development and mitigation stipulations. Stipulations for development and mitigation will be included in the Plan of Operations to be processed separately from this millsite lease.

Based on the thorough analysis of the resources and uses in the area the issuance of this Millsite Lease is consistent with the Management Guidelines and policies provided in the ETAP, the principles of multiple use, and the goal of managing land for the efficient storage of topsoil and waste rock. Ultimately, the Department has determined that the issuance of this Millsite Lease is in the best interest of the State.

V. Public Notice and Comments

AS 38.05.035(e)(6)(G) authorizes the Director to approve a Millsite Lease without a written finding. In order to meet the requirements of the Alaska Constitution, Article 8, Section 10, the Division issued a public notice of the Millsite Lease application. The public notice included the draft Millsite Lease and was posted for 30-day on the State of Alaska Online Public Notice System from August 28, 2020 thru

September 29, 2020.

The Division received no comments.

VI. Stipulations

FGMI will be required to comply with the following stipulations. The stipulations are added to the Millsite Lease ADL 233700 in Exhibit C.

1. The appraisal of the millsite is complete and approved by the Division, per Section 6(a)(1) of the Millsite Lease. The rental amount will be \$12,560.00 due upon approval of the Millsite Lease. Payment must be received by the Department within 30 days of the effective date of the lease. The rental amount is subject to adjustment per the requirement of Section 6(a)(2).
2. The Millsite Lease (ADL 233700) along with this Director's Decision must be recorded in the Fairbanks Recording District prior to conducting any work on the Millsite under the approved Plan of Operations. Failure to record the documents are grounds for termination under Section 19 and 31 of the Millsite Lease.
3. FGMI agrees to remain in good standing with respect to all conditions of the Millsite Lease throughout the term of the lease and to remain qualified to conduct business in Alaska by maintaining their registration with the Department of Commerce, Community & Economic Development (DCCED) in good standing. Failure to meet these requirements will result in termination of the lease per Section 19 of the Millsite Lease.
4. Historical, Prehistoric, and Archeological Resources. The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any State-owned historic, prehistoric (paleontological) or archaeological site without a permit from the DNR Commissioner. If any known or discovered site, structure older than 50 years, or object of historical or archeological significance is discovered during the activities authorized by this Millsite Lease, all activities which would disturb such resources shall be stopped and measures taken to protect the site. The lessee shall report the discovery immediately to the State Historic Preservation Officer and shall make every reasonable effort to protect the site, structure, or object against damage until the State Historic Preservation Officer (Telephone: 907-269-8720) has given directions to its preservation.

VII. Director's Decision

The Division recommends proceeding with the issuance of Millsite Lease ADL 233700. The findings presented above have been reviewed and considered. Under the authority of the applicable statutes, it is hereby found to be in the best interest of the State of Alaska to proceed with the recommended actions as described and referenced herein.



Recommended by: Stephen Buckley
Mining Section Chief
Division of Mining, Land & Water
Department of Natural Resources
State of Alaska

3/23/2021
Date



Approved by: Martin W. Parsons
Director
Division of Mining, Land & Water
Department of Natural Resources
State of Alaska

3/30/2021
Date

Appeal Provision

A person affected by this decision who provided timely written comment or public hearing testimony on 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 02.040(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 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. Under 11 AAC 02.030, appeals and requests for reconsideration filed under 11 AAC 02 must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at \$200 under the provisions of 11 AAC 05.160 (a) and (b). If no appeal is filed by the appeal deadline, this decision goes into effect as 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 (11 AAC 02.020(a) and (b)). A copy of 11 AAC 02 may be obtained from any regional office of the Department of Natural Resources.