

Ambler EIS Project - Response to Administrative Order No. 271  
 Project Description: Identify an approved route for road access to the Ambler Mining District which would utilize public/private financing for road construction.

ORDER A. (1) - (3): Complied with  
 ORDER B: Complied with  
 ORDER C: Complied with (below)

**AIDEA Funding Summary**

Expended to Date	\$7,850,853	c(4)
Non-Discretionary	\$1,579,970	c(2)
Discretionary	\$8,158,771	c(1)
<b>TOTAL</b>	<b>\$17,589,594</b>	

*Believe cost to delay, suspend or terminate each contract or obligation would exceed cost to wind down identified Non-Discretionary costs.*

Budgeted Personnel	\$141,556	c(3)
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**AIDEA Funding Summary - Detail**

FUNDING SOURCE State Capital Appropriations (FY13-15), all Non-Discretionary costs paid with State Capital Appropriations

COST CATEGORY	Expended to Date c(4)	Non-Discretionary		Discretionary		NOTES (for Non-Discretionary Amounts)
		Encumbered c(2)	Unencumbered c(2)	Encumbered c(1)	Unencumbered c(1)	
AIDEA PERSONNEL	\$171,395	\$141,556	\$0	\$0		
AIDEA TRAVEL	\$23,183	\$10,000	\$0	\$0		
OTHER EXP	\$39,312	\$82,330	\$13,849	\$0		Fairbanks Office Lease and Miscellaneous Expenses
DOWL PM	\$446,628	\$115,000	\$329,761	\$0		Project Management Services to wind down project
DOWL PI	\$895,509	\$100,000	\$874,256	\$0		Wrap up Public involvement and cover outstanding charges from Dec 2014.
DOWL E&E	\$4,375,587	\$295,484	\$1,845,569	\$0		Funding required to finish reports on recent field studies and remove some equipment from the field.
OTHER CONTRACTORS	\$4,000	\$0	\$16,000	\$0		
THIRD PARTY EIS	\$0	\$0	\$0	\$0		
DCCED	\$76,656	\$0	\$170	\$0		
UAF-HYDRO STUDIES	\$606,996	\$342,385	\$0	\$0		Funding required to finish report on field studies and remove equipment from the field (includes some UAF personnel).
ADF&G-FISH/SUBS	\$677,392	\$208,908	\$0	\$0		Funding required to finish reports on field studies and remove equipment from the field (includes some UAF personnel).
DEPT LAW AAG	\$41,785	\$20,000	\$23,322	\$0		AAAG support and outside legal counsel support. Need to cover charges accrued in December 2014.
DOT&PF- GEOTECH	\$70,484	\$64,306	\$0	\$0		Funding required to finish reports on field work and remove equipment from the field (includes some DOT&PF personnel).
ADNR - COORD/HIA	\$92,551	\$200,000	\$416,191	\$0		DNR OPMP and other State agency permitting team members. Need to cover costs accrued in December 2014 and \$70K in budgeted State personnel salaries (DNR OPMP and other State agencies) through June 2015.
NPS/FHWA/BLM	\$329,375	\$0	\$470,625	\$0		
Corps	\$0	\$0	\$0	\$0		
<b>SUB-TOTAL</b>	<b>\$7,850,853</b>	<b>\$1,579,970</b>	<b>\$0</b>	<b>\$3,989,744</b>	<b>\$4,169,027</b>	Approximately \$1.6 million of the \$5.6 encumbered would be needed to wind down project. About \$8M could be released if project canceled (i.e. total discretionary funds).

## PROJECT DESCRIPTION

Identify an approved route for road access to the Ambler Mining District which would utilize public/private financing for road construction.

## FUNDING AND BENEFITS

- Historical Funding (\$80.05 Million)
  - State Appropriations of \$26.25 Million (FY11 to FY15)
    - \$9.25 Million to DOT&PF (FY11 to FY13)
    - \$17 Million to AIDEA (FY14 and FY15)
  - NovaCopper has spent approximately \$53.8 Million on Upper Kobuk Mineral Projects to date
    - If EIS Process moves forward, NovaCopper will likely continue these projects (55% Native Hire)
- Future Funding Requirements (\$6.8 Million in FY17 & FY18)
  - AIDEA proposes using remaining appropriated funds (\$9.7 Million) to continue the EIS process
  - With the existing appropriations, in FY17 and FY18 an additional \$6.8 Million would conclude the EIS
  - Post EIS and permitting, AIDEA will work with private industry to finance construction and operation of the project as it has always planned
- State Benefits from **Mine** Construction and Operation (ONLY WITH ACCESS)
  - Over \$300 Million in taxes and royalties (SINGLE MINE – Arctic prospect)
  - Over 1,300 construction related jobs per year for two years (SINGLE MINE – Arctic prospect)
  - Over 1,000 operations related jobs per year for the life of the mine (SINGLE MINE – Arctic prospect)
  - With access, similar classes of benefits from Bornite, Sun, and Smucker mining prospects in the District
- State Benefits from **Road** Construction and Operation
  - Dividend to State of Alaska will be increased (after repayment)
  - Over 490 construction related jobs per year for four years
  - Over 50 operations related jobs per year for the life of the proposed road
  - State of Alaska recovers initial investment in the EIS and Preliminary Feasibility
  - State benefits by the road financing, construction and operating costs paid for by private sector users

## PROJECT CONSIDERATIONS

*“Congress finds that there is a need for access for surface transportation purposes across the Western (Kobuk River) unit of the Gates of the Arctic National Preserve (from the Ambler Mining District to the Alaska Pipeline Haul Road) and the Secretary shall permit such access in accordance with the provisions of this subsection.”*

– Alaska National Interest Lands Conservation Act, Section 201(4)(b)

- Congress recognized the need decades ago as noted in ANILCA,
- State lands/resources that are currently stranded will finally be accessible,
- AIDEA will work with private industry to finance construction and operation of the project,
- AIDEA has conducted many layers of outreach to interested parties and looks forward to a robust public process through the EIS, and
- There is support for completing the EIS to provide all decision makers with the thorough and detailed information needed to make a reasonable decision on whether to proceed with AMDIAR.

**Ambler EIS Project - Response to Administrative Order No. 271**  
 Exhibit 2

Environmental Impact Statement – Ambler Mining District Industrial Access Road  
 Estimated Cost to Complete Over 4 Years and Additional Funding Required

COST CATEGORY	Cost to Complete	NOTES
AIDEA PERSONNEL	\$976,000	
AIDEA TRAVEL	\$40,000	
OTHER EXP	\$96,179	Includes Fairbanks Office Rent and Staffing
DOWL PM	\$800,000	Half time PM over 4 years
DOWL PI	\$400,000	PI support over 4 years
DOWL E&E	\$1,000,000	Completion of current field work and support over next 4 years, engineering review of alternatives for EIS, etc...
OTHER CONTRACTORS	\$0	
THIRD PARTY EIS	\$10,000,000	Funding for third-party contractor to complete EIS under lead federal agency direction.
UAF-HYDRO STUDIES	\$342,385	Hydrology studies. Funding required to finish report on field studies and remove equipment from the field.
ADF&G-FISH/SUBS	\$208,908	Fisheries studies. Funding required to finish reports on field studies and remove equipment from the field.
DEPT LAW AAG	\$200,000	AAG support and outside legal counsel support (BHBC)
DOT&PF - GEOTECH	\$70,484	Geotechnical studies. Funding required to finish reports on field work and remove equipment from the field.
DHSS - HIA	\$400,000	HIA required by State policy (\$400K)
NPS/FHWA/BLM	\$2,000,000	This funding is for NPS/FHWA/BLM cost recovery as allowed under federal law for processing right-of-way permit application on federal lands. If the project does not go forward, the encumbered funds could be released.
<b>TOTAL</b>	<b>\$16,533,956</b>	
Encumbered Available to Continue	\$5,418,157	
Non-Encumbered Funding Available	\$4,320,584	
<b>Total Funds Available</b>	<b>\$9,738,741</b>	
<b>Additional Funding Required</b>	<b>\$6,795,215</b>	

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 Exhibit 3 - Ambler Mining District Industrial Access Road (AMDIAR) EIS Decision Matrix

The issues presented: File for EIS in FY 15; Put the EIS on Hold; or Cancel the EIS.

**OPTION 1: File for EIS in FY 15**

PROS	CONS
<ul style="list-style-type: none"> <li>• Provides path to recover State funds invested to date</li> <li>• The EIS is the permit needed before any access to the mining district can be financed by AIDEA and private capital</li> <li>• EIS is a step to AMDIAR revenues, jobs and access to benefits similar to Red Dog DMTS</li> <li>• No new State funds needed until FY17, possibly FY18</li> <li>• Continues validation to industry that State and AIDEA are undertaking infrastructure development for natural resources and acknowledges private investments to date bring value to State</li> <li>• Provide mechanism for Federal consultation with tribes</li> <li>• Federal EIS contractor conducts public outreach and stakeholder involvement</li> <li>• Provides decision-making information for communities</li> </ul>	<ul style="list-style-type: none"> <li>• No re-appropriation of \$8.2 million during tight budget</li> <li>• Additional \$6.8 million in future years to complete EIS</li> </ul>

AIDEA has approximately \$9.7 million in FY 15 funds that could be used to file an EIS application with an additional \$6.8 million needed in FY17 & FY18 to complete the permit. The EIS Record of Decision is the permit needed before the road could be financed by AIDEA and private capital. No appropriated funds would be used for the construction or maintenance of the road, if built. The federal EIS process will include a review of all alternatives, such as rail or a road from the Red Dog port to Ambler, as well as providing the public with detailed information on the economic, health, and environmental consequences of the proposed project.

**OPTION 2: Do not file the EIS Application in FY 15 (Hold or Cancel EIS)**

PROS	CONS
<ul style="list-style-type: none"> <li>• Re-appropriation of \$8.2 million</li> </ul>	<ul style="list-style-type: none"> <li>• No path to recover State funds invested in AMDIAR EIS</li> <li>• No additional mining company exploration investment in Ambler District</li> <li>• Negative effect on future P3 infrastructure investments</li> <li>• Environmental data collected becomes stale/expires (a wasted cost) and creates a high cost to restart EIS process</li> <li>• Rejection of public support for the EIS process</li> <li>• No near-term path to potential mining revenues, payments to AIDEA for use of the road (Red Dog model), job creation and taxes or PILT to local government</li> </ul>

A second option is to simply end the EIS process and not spend any more funds. This approach would let the legislature re-appropriate the approximately remaining \$8.2 million. This approach appears the least costly, but risks making all the work done to date a wasted effort. In addition, all of the relationships built with communities and the mining industry over the last four years would be lost as well as create great doubt in private industry's willingness to co-invest with the State in economic/resource development projects in the future.