

**DRAFT**

### **AJMAC Committee Member Draft Conditions Topic Areas**

Note: Absolute "must have" conditions are distinguished by the term "must". Conditions that are flexible and subject to negotiation with the CBJ include the term "may" and includes a description of the performance objective the condition is intended to achieve.

#### **Tailings Disposal:**

Objective – Eliminate community and federal regulatory objections to surface tailings disposal issues.

1. All processed mine tailings must be disposed underground within the voids created by past and future mining.

#### **Mine Access:**

Objective – Minimize downtown traffic disturbance, and direct surface facility visual and noise impacts to existing downtown industrial area.

1. Access to the underground workings may be from the existing rock dump area or immediately south of the rock dump area at sea level.

#### **Milling/Crushing:**

Objective - Minimize surface disturbance footprint, and noise, light, and visual impacts.

1. All milling and crushing activities must be conducted underground.

#### **Drinking Water System:**

Objective – Ensure Gold Creek water quality and quantity continues to provide drinking water for the CBJ.

1. The current quantity of water provided by the AJ mine drainage tunnel to Gold Creek must not be reduced.
2. The quality of water discharged to Gold Creek from the AJ mine drainage tunnel must comply with state water quality standards.

3. The AJ mine drainage tunnel must be renovated to reduce the risk of future tunnel failures or drainage upsets that would adversely impact the quality or quantity of the tunnel discharge to Gold Creek.
4. A sea level mine surface access tunnel to the rock dump area may provide underground mine drainage control systems to protect Gold Creek water quantity and quality.
5. The mine closure and reclamation plan may include a dedicated clean void reservoir area dedicated to storing water for possible release to the CBJ drinking water system during low flow periods in Gold Creek.
6. The quantity and quality of mine discharges to Gold Creek must be monitored as long as it is used for the CBJ drinking water supply.

### **Economic:**

Objective – Develop the AJ to provide annual positive revenues to the CBJ treasury, provide local employment opportunities, and reduce existing mine drainage and discharge permit compliance liabilities.

- Royalties
  1. The CBJ must approve a lease agreement that includes lease payments and royalties based on net smelter returns that will attract the investment capital necessary to develop the AJ mine and maximize the revenue return to the CBJ.
- Taxes
  1. Property taxes must be assessed consistent with existing CBJ taxing policy.
- Financial Assurance
  1. Must comply with the mine closure and reclamation plan approved by the state of Alaska.
  2. Must provide a financial assurance bond to provide drinking water to CBJ in the event of a catastrophic mine event or failure that would impact the quantity or quality of drinking water from Gold Creek.

### **Energy:**

Objective – Maximize the use of hydroelectric power for mine operation needs.

1. AJ mine development may promote earlier development and production from the Dorothy Lake Phase 2 project.

### **Traffic:**

Objective – Minimize downtown surface transportation disturbance. (Also see conditions for mine access, and surface storage, use and export of sorted mine

rock).

1. Public or private bus transportation to the mine access facility may be provided to reduce peak traffic levels to the mine during worker shift changes.

### **Local/Regional Hire:**

Objective – Maximize local and regional employment opportunities.

1. A local hire and training preference must be included in the lease agreement.
2. Agreements with local, state, native, and university labor training and supply programs may be used to demonstrate local hire preferences.

### **Wastewater Treatment/Discharge:**

Objective – Ensure all mine wastewater and storm water is collected, treated, and discharged in compliance with state water quality standards.

1. All underground wastewater and storm water must be collected and treated before discharging to surface marine or freshwater in compliance with state water quality standards.
2. Treated wastewater may be discharged to Gastineau Channel through a sea level access tunnel to the rock dump area.

### **Surface Storage, Use, and Export of Sorted Mine Rock:**

Objective - Recover the economic and civil works value of sorted rock to the CBJ and other Southeast Alaska communities. and minimize disturbance to surface transportation.

1. Mined rock that is sorted and not crushed or ground for milling may be transported to the surface and stored at the existing rock dump area for local use or export.
2. A conveyor system above the existing roadway may be used to transport sorted mine rock for storage in the rock dump area.

### **Regulatory Oversight and Permitting:**

Objective – Enforce compliance with the CBJ large mine ordinance and ensure permit requirements are specific, measurable and written to minimize uncertainty regarding their meaning.

1. The CBJ should request the Alaska Department of Natural Resources coordinate the review of all applicable local, state, and federal permits for the AJ Mine under the Alaska's Large Mine Permitting Process.

### **Measuring "Community Consent" of Mine Plan – Now and in the Future:**

Objective – Establish a clear and transparent process for voicing the community's position on whether and how the AJ mine is developed now and over time.

1. As the community's legally elected municipal representatives, the majority vote of the CBJ Assembly must be the representative collective community voice and official position on AJ mine development options today and in the future.

### **Recommended Next Steps for the Assembly**

If the Committee concludes that there are circumstances under which the CBJ should promote development of the AJ mine, Mayor Botelho asked "what specific "next steps" should the assembly undertake and in what order.

Based on my review to date I conclude that the CBJ should promote development of the AJ mine. I believe the assembly to consider taking the following next steps.

1. The CBJ assembly should take an active leadership role to promote development of the AJ mine. The CBJ would be responsible for assuring project transparency and providing information to the public.
2. A preliminary mine plan and economic feasibility study should be prepared to more fully evaluate costs, economic feasibility, and environmental acceptability. Water management within the mine is a critical issue to be addressed in the preliminary feasibility study, as is a void analysis for tailings disposal.
3. To avoid the substantial costs for the engineering design and other work associated with a Mine Plan and a Preliminary Economic Analysis, the CBJ should seek a collaborative business relationship with a qualified and financially sound mining company.
4. Make existing AJ mine resource data available to technically and financially capable mining companies on a confidential basis that are qualified to do the work and that have the financial capability to support the investment necessary to reopen the Mine.
5. Select through an RFP process a technically qualified and financially secure mining company that is willing to invest in the preparation of a preliminary mine plan and economic feasibility study that could lead to a lease agreement to develop the AJ mine's mineral wealth.