Construction and Economic Impact Update
Southeast Conference - September 2007

Tom Henderson, Mine Manager, Coeur Alaska, Inc.
Kensington Project Location

Skagway
Kensington
Juneau
Kensington Project
Project Location – Berners Bay

LEGEND
1 - Comet Beach Camp
2 – 850 Level Portal
3 – Slate Creek Cove Marine Facility
4 – Mill / Admin & Jualin Portal
5 – Lower Slate Lake Tailings Facility
Kensington Project
Aerial View from Berners Bay

Lynn Canal

Lower Slate Lake

Lion’s Head Mountain

Process / Admin Area

Slate Creek Cove Marine Facility

Slate Creek Cove
Kensington Gold Mine
Project Overview

- 2,000 TPD underground gold mine
- 150,000 oz./year of gold during early years of production
- 1.35 million oz. of reserves
- 10+ year mine life
- Mine support from Juneau and Southeast Alaska
Looking SE – Kensington Mine and Mill, ca. 1920
Looking NE – Kensington Mine (2007)
Looking NW – Jualin Mine – Lions Head
Mountain in the background (ca. 1918)
Looking NW – Jualin Mine – Lions Head Mountain in background (2007)
Miners in Kensington Mine (ca. 1909)
Miner in old workings of Kensington Mine - 2007
Kensington Project
Surface Scope of Work

• MILL AREA
  – Jaw Crusher
  – Crusher Building (Secondary crushing & screening)
  – Mill Building (Grinding & Flotation)
  – Power Generation – 5 x 1.2 MW
  – Temporary Construction Camp
  – Temporary Concrete Batch Plant
Governor Sarah Palin and Lt. Governor Sean Parnell encourage workers at the Kensington Gold Mine during a recent tour of the facilities. June 2007
Kensington Project
Underground Mining
Kensington Project
Underground Mining
Coeur Alaska employees celebrate tunnel breakthrough connecting Kensington and Jualin
July 9, 2007
Kensington Project
Surface Scope of Work

- OTHER INFRASTRUCTURE
  - Slate Creek Cove Marine Facility
  - Improvements to existing access road from Slate Creek Cove to mill
  - Cascade Point road & dock (by Goldbelt)
  - Comet Water Treatment Plant Expansion
Kensington Project
Slate Creek Cove Marine Facility
The Kensington Project
Economic Impact Update

McDowell Group, Inc.
Anchorage • Juneau • Kodiak

Providing consulting and research to Alaska businesses and organizations since 1972

Economics, Market Research, Business Feasibility, Survey Research
Scope

Construction Phase Impacts
• “Kensington Mine Construction Economic Impact Analysis” McDowell Group, May 2007

Operations Phase Impacts
• Informal, internal McDowell Group Analysis

Statewide Industry Trends
Construction Phase Workforce

- 387 workers as of April 2007
- 56 percent Alaska residents (219 workers)
- 31 percent Juneau residents (119 workers)
- 50 percent Native-affiliated
Construction Spending

• $238 million anticipated construction total
• Since July ‘05, $80 million spent with businesses with Southeast offices
• Another $70 million with business elsewhere in Alaska
• 73 Juneau businesses have provided goods and services to the project
Construction Labor Income

Direct annual income...

- $11 million for Juneau residents
- $17 million for Southeast residents
- $22 million for Alaska residents
Total Construction-related Labor Income

*Total annual direct and indirect income…*

- $15 million for Juneau residents
- $25 million for Southeast residents
- $31 million for Alaska residents
Anticipated Mine Operations Impacts

- 200 direct jobs
- $14 million annual payroll
- 360 total direct and indirect jobs
- $21 million total payroll
- $2 million annual CBJ tax revenues
Mining in Alaska

- $2.7 billion production value in 2006, almost double ’05
- Exploration spending of $176 million, 70% increase
- Average wage in metal mining is $71,000, double the economy-wide average
Kensington Project
Lower Slate Lake Tailings Facility

• Lawsuit challenging the US Army Corps of Engineers 404 Permit filed by SEACC et al
• District Court in Alaska dismissed the lawsuit
• SEACC Appealed to 9th Circuit Court
• 9th Circuit Court imposed temporary Injunction to halt construction of the tailings Facility
• 9th Circuit Court ruled to reverse U.S. District Court decision (May, 2007)
Kensington Project
Lower Slate Lake Tailings Facility

August 2007

- Coeur, State of Alaska, Goldbelt, and Federal Agencies filed Petitions for Rehearing with the 9th Circuit Court of Appeals asking Court to reconsider 3-judge panel decision
- 9th Circuit requests response from Plaintiffs (due October)
- Plaintiffs maintain they want to work with Coeur to find a way to put Kensington into production
Thank You