



# MEDIA RELEASE

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### ALASKA MINERAL INDUSTRY VALUE REACHES \$3.53 BILLION IN 2006 ON HIGH METALS PRICES

(Fairbanks) — Alaska’s minerals industry posted a record-high \$3.533 billion value for 2006, a combination of mineral production and investment in exploration and development, thanks in large part to high prices for zinc and other metals, according to a state report released today.

The mining industry’s record-breaking year is detailed in Special Report 61, *Alaska’s Mineral Industry 2006*, a report of industry activity, prepared by the Division of Geological & Geophysical Surveys (Department of Natural Resources) and the Office of Economic Development (Department of Commerce, Community and Economic Development).

The report says that the industry produced minerals worth \$2.86 billion in 2006, more than double the 2005 value of \$1.4 billion. Mineral exploration expenditures in Alaska were \$179 million in 2006, a new record and a significant jump over the \$103.9 million spent in 2005. Development expenditures totaled \$495.7 million, a 42 percent increase over the previous year and a new record for mine development. Mining generated about 3,523 jobs in the state, about 700 more than in 2005.

Continuing high zinc prices played a key role in the record-breaking tally for the industry, the report said. The Red Dog Mine north of Kotzebue is the world’s largest zinc mine, producing 614,538 tons of concentrate in 2006. With prices that once dipped as low as 35 cents per pound in 2003, rising to nearly \$2 per pound in 2006, Red Dog’s 2006 production was worth \$1.54 billion, representing 44 percent of the value of Alaska’s mining industry.

“The information contained in this booklet—production figures, investment totals, workforce strength, and more—shows clearly that Alaska is successfully developing its mineral wealth for the good of our people. It is important for Alaskans to understand our mineral industry’s significant contribution to our state, especially in light of the increasing level of concern about mining’s impacts and ability to ‘pay its own way,’” said Tom Irwin, Commissioner of the Department of Natural Resources. “...Mining has become a significant contributor to our economy... Rural Alaskans in particular stand to benefit tremendously from the potential economic input to their regions. We must recognize the significant positive impacts that responsible mining can have for Alaskans.”

Governor Sarah Palin remarked, “The men and women who make up Alaska’s mining community carry with them a hard-won air of energy and optimism that says as much about the quality of their characters as it does about the economics of their industry. I am proud of the accomplishments of miners, and of the spirit that makes those accomplishments possible. I wish them continued success as they, and we, look to the future with excitement and confidence. Alaska is blessed with a vast array of natural resources, and one of the fundamental

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responsibilities of state government is to provide responsible stewardship and wise development of this endowment for the benefit of the people of our state.”

The report offers details on a number of measures of the health of the mining industry, which includes metals, coal, and gravel, but not oil or gas.

**Revenues to the State of Alaska and municipalities:** The mineral industry paid \$172.3 million in taxes, rents, royalties, and various fees to the State of Alaska and Alaskan municipalities in 2006. This is an increase of more than \$111 million over the same fees paid in 2005, and a new record. Mining companies were the largest taxpayers in the City and Borough of Juneau and the Fairbanks North Star, Denali, and Northwest Arctic boroughs.

**Exploration expenditures:** Exploration expenditures rose by 72 percent, mirroring the worldwide increase in exploration budgets prompted by high metals prices. More than \$123.7 million, or 69 percent, of the \$178.9 million spent on exploration in 2006 went to projects in southwestern Alaska, the home of the Pebble project. Pebble represented the largest single exploration target of the year in Alaska, with its operators announcing it holds 67 billion pounds of copper, 82 million ounces of gold, and 5.2 billion pounds of molybdenum—one of the world’s largest mineral deposits.

**Development expenditures:** Investment in development increased 42 percent, from \$347.9 million in 2005, to \$495.7 million in 2006, with continued construction of the Pogo gold mine southeast of Fairbanks, the Kensington gold mine in Southeast, and the Nixon Fork project near McGrath, and to initiation of construction work at Rock Creek gold mine near Nome.

**Mineral production:** The \$2.858 billion value of minerals produced in 2006 exceeded the previous year’s total by \$1.46 billion. Production volumes were up for all metal commodities except zinc and were down for all non-metal commodities except peat. The industry reported its 11th straight year of production in excess of \$1 billion, and its first-ever \$2 billion-plus year of production. Pogo Mine began producing gold late in the year.

**Employment:** Total minerals industry employment in 2006 is estimated to be 3,523 full-time-equivalent jobs, an increase of 702 jobs from the 2005 employment total, with most of the increase coming from gold mining, exploration, and development.

Special Report 61, Alaska’s Mineral Industry 2006, is available in PDF format from the [Division of Geological & Geophysical Surveys](#) (DGGS) website or on mini CD-ROM or in printed version from DGGS at 3354 College Road, Fairbanks, Alaska 99709-3707 (phone 907-451-5020). The 82-page free booklet is also available from DNR’s Public Information Center, 550 W. 7th Ave., Suite 1260, Anchorage, Alaska (phone 907-269-8400) and from the Department of Commerce, Community & Economic Development’s Office of Economic Development in Fairbanks and Anchorage. Mail orders should be sent to the Fairbanks DGGS office (fax 907-451-5050).

The report will be available November 30, 2007, at the Alaska Resources Library and Information Service, 3150 C St., Suite 100, Anchorage, and at the Historical Collection of the Alaska State Library in the State Office Building

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