

Tom Irwin
Commissioner
550 W. 7th Ave., Ste 1400
Anchorage, AK 99501
907-269-8431



Public Information Center
550 W. 7th Ave., Ste. 1260
Anchorage, AK 99501
www.dnr.alaska.gov
907-269-8400

Press Release

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Media Contact: David Szumigala, 451-5025
Rich Hughes, 451-2738

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Division of Geological & Geophysical Surveys (DGGS)

Alaska Mineral Industry Remains Strong in 2008 Despite Drop In Industry Value

(Fairbanks, AK) – Alaska's mineral industry continued its strong showing in 2008, despite a decline in total value from the record level set in 2007. Although mineral production volumes and values decreased, development and exploration expenditures increased. The overall value of mineral production was lower in 2008 compared to 2007, resulting primarily from lower metal prices, increased operating costs, and a worldwide economic recession.

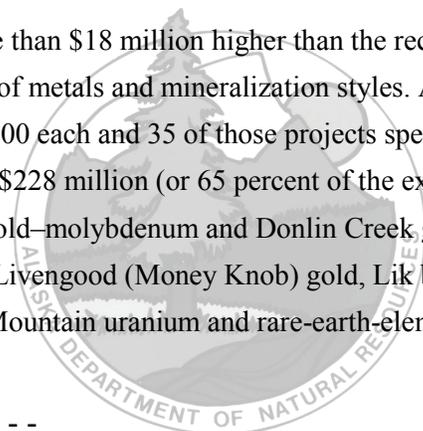
The total value of Alaska's mineral industry was \$3.171 billion in 2008—\$846 million and 21 percent lower than 2007's record value of \$4.015 billion. This total value figure, a combination of expenses and receipts, is an effective way of tracking the annual strength of the mineral industry.

Total minerals industry employment in 2008 was 3,392 full-time-equivalent jobs. This is a decrease of 166 jobs, or 4.6 percent, from the 2007 total of 3,558 full-time-equivalent jobs. The largest change in employment compared to the previous year was the drop in mineral development jobs from 735 to 516, a 30 percent decrease. The average monthly wage for mining in Alaska during 2008 was \$7,472.

The mineral industry paid a total of \$96.1 million in royalty, rent, fees, and tax payments to the State of Alaska and Alaska municipalities in 2008. Government revenues decreased considerably from the \$158.6 million paid in 2007 due to lower net income from the mining industry and decreasing property values. Mining companies were the largest taxpayers in the City and Borough of Juneau and the Fairbanks North Star, Denali, and Northwest Arctic boroughs. The Alaska Industrial Development & Export Authority (AIDEA) was paid annual user fees of \$16.2 million by mining companies for use of the DeLong Mountain Regional Transportation System and the Skagway Ore Terminal.

Exploration expenditures were \$347.3 million in 2008, more than \$18 million higher than the record \$329.1 million spent in the previous year. Companies explored for a wide variety of metals and mineralization styles. At least 74 exploration projects in Alaska reported spending more than \$100,000 each and 35 of those projects spent more than \$1 million each. Exploration took place across Alaska, but more than \$228 million (or 65 percent of the exploration funds) were spent in southwestern Alaska, mostly at the Pebble copper-gold-molybdenum and Donlin Creek gold advanced exploration projects. Significant breakthroughs were made on the Livengood (Money Knob) gold, Lik base-metal, LWM polymetallic, Lucky Shot gold, Niblack polymetallic, and Bokan Mountain uranium and rare-earth-element projects.

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Development expenditures for 2008, reported for 33 projects, totaled \$396.2 million, up 24.3 percent from the \$318.8 million spent in 2007 and the fifth year with development expenditures exceeding \$200 million. Development projects at Fort Knox Mine near Fairbanks, including construction of a heap-leach facility, accounted for 32 percent of the total development expenditures in the state. Significant expenditures were also noted at Red Dog Mine, Pogo Mine, Rock Creek Mine, Greens Creek Mine, and the Chuitna Coal project. Construction was curtailed at the Kensington project in October, pending outcome of the U.S. Supreme Court decision on tailings disposal. Rock Creek Mine near Nome began gold production in September, but operations were halted in November due to a number of factors.

Mineral production volumes remained strong; however, the value of mineral production was less in 2008 than in 2007, a consequence of the decline in metals prices. Production values for 2008 were \$2,427.1 million compared to \$3,367.0 million in 2007, a 28 percent decline. However, 2008 was still the seventh consecutive year with production value above \$1 billion. Gold production was higher, but silver, zinc, and lead production declined. Zinc accounted for 43.5 percent of the total production value, followed by gold at 28.8 percent. Red Dog Mine was the largest mineral producer in Alaska during 2008, with 54.5 percent of the production value. Other significant producers, in order of value of product, were Pogo Mine (12.5 percent), Greens Creek Mine (12.3 percent), and Fort Knox Mine (11.8 percent). International mineral exports from all companies were valued at \$853 million. Hecla Mining Co. acquired 100 percent ownership of Greens Creek Mine in 2008. Total mineral production employment was 2,330 full-time-equivalent jobs.

Zinc production was 626,135 tons in 2008. Lead production was 153,705 tons. Lode gold production was 743,993 ounces and silver production was 14.6 million ounces. Placer gold production was 56,759 ounces from approximately 195 operations. Sand and gravel production was 12.5 million tons and rock production was 2.5 million tons. More than 1.5 million tons of coal were produced. Peat production was 83,789 cubic yards.

Special Report 63, *Alaska's Mineral Industry 2008*, is now available from the Department of Natural Resources and supersedes Information Circular 58, *Alaska's Mineral Industry 2008: A Summary*. The mineral industry report and other reports and maps can be inspected at and obtained from DGGs, 3354 College Road, Fairbanks, Alaska 99709-3707 (907-451-5020) and beginning November 15, 2009, from the DNR Public Information Center, 550 West 7th Avenue, Suite 1260, Anchorage, Alaska (907-269-8400). Send mail orders to the Fairbanks DGGs office (fax 907-451-5050; mailing address above). The report is available in Adobe Acrobat PDF format through the DGGs website ([click here](#)).

The products will be available for inspection beginning November 15, 2009, at the Alaska Resources Library and Information Service, 3150 C Street, Suite 100, Anchorage, and at the Historical Collection of the Alaska State Library in the State Office Building in Juneau. The Historical Collection is available 1–5 p.m. Monday through Friday (465-2927).

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