



# MEDIA RELEASE

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### ALASKA MINERAL INDUSTRY VALUE REACHES \$3.26 BILLION IN 2006 ON HIGH METALS PRICE

(Fairbanks) – Alaska’s minerals industry produced a record-high \$3.26 billion worth of mineral products, and investment in exploration and development, thanks in large part to high prices for zinc, according to a state report released today.

Details on the mining industry’s record-breaking year are contained in Information Circular 54, *Alaska’s Mineral Industry 2006: A Summary*, a preliminary report of industry activity, prepared by the Division of Geological & Geophysical Surveys in the Department of Natural Resources and the Office of Economic Development in the Department of Commerce, Community and Regional Development. A final report will be issued later this year.

The summary report shows that the industry produced minerals worth \$2.75 billion in 2006, more than \$1.4 billion higher than 2005. Mineral exploration expenditures in Alaska were \$176 million in 2006, a significant jump over the \$103.9 million spent in 2005. Development expenditures totaled \$331 million, a \$17 million drop from the previous year. Mining generated about 3,014 jobs in the state, about 193 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 a pound in 2003 rising to nearly \$2 per pound in 2006, Red Dog’s 2006 production was worth \$1.54 billion, representing 47 percent of the value of Alaska’s mining industry.

“While we can be thankful for the high prices that pushed total values to record levels last year, it’s important to remember all the elements that make Alaska an attractive and rewarding place for the mining to operate year in and year out,” said Tom Irwin, commissioner of the Department of Natural Resources. “Alaska has abundant resources, a fair and predictable regulatory environment, a skilled workforce, and a government and people that support responsible mineral development. It’s no surprise that we are seeing such impressive results.”

Governor Sarah Palin said, “Alaska’s founding fathers understood the incredible potential of our mineral resources, and wrote a Constitution calling for development of our natural resources to benefit the people. As we approach the end of our first half-century of statehood, I think they would be very pleased—though not surprised—to see the mining industry’s worth approach 3.3 billion dollars.”

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:

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**Exploration expenditures:** Exploration expenditures rose by 68 percent, mirroring the worldwide increase in exploration budgets prompted by high metals prices. More than \$122.8 million, or 70 percent of the \$176 million spent on exploration in 2006 went to projects in southwestern Alaska, the home of the Pebble project. The project 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 decreased slightly, from \$347.9 million in 2005, to \$331 million in 2006, with the completion of the Pogo gold mine southeast of Fairbanks offset by start of construction work at Rock Creek gold mine near Nome, and the continued preparation of the Kensington gold mine in Southeast.

**Mineral production:** The \$2.753 billion value of minerals produced in 2006 exceeded the previous year’s total by \$1.35 billion, even though the volume of production decreased slightly, reflecting the impact of high prices. The industry reported its eleventh-straight year of production in excess of \$1 billion, and its first-ever \$3 billion-plus year of production in excess of \$1 billion, and its first-ever \$3-billion-plus year.

**Employment:** Total minerals industry employment in 2006 is estimated to be 3,014 full-time-equivalent jobs, an increase of 193 jobs from the 2005 employment total, with most of the increase coming from exploration and development. These totals are likely to increase significantly in the final report, as more information from sand, gravel, and gold mining operations, especially the Pogo gold mine, is compiled.

Information Circular 54, *Alaska’s Mineral Industry 2006: A Summary*, is available in Adobe Acrobat PDF format from the [Division of Geological & Geophysical Surveys](#)’ (DGGGS) website or on mini CD-ROM or in printed version from DGGGS at 3354 College Road, Fairbanks, Alaska 99709-3707 (phone 907-451-5020). The 20-page free booklet is also available from DNR’s Public Information Center, 550 W. Seventh 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 DGGGS office (fax 907-451-5050).

The report will be available March 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 in Juneau. The Historical Collection is available from 1 p.m. to 5 p.m. Monday-Friday (phone 907-465-2927).

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