



To: Corri Feige , Chair
Resource Management Committee
Through: Jusdi Warner, Executive Director
From: Cole Hendrickson, Minerals & Energy Resource Manager
Date: 10/14/2026
Re: Victoria Creek Waste Rock Expansion – MHT 9400734
Fiscal Year: 2027-2032

Consultation

Proposed RMC Motion:

“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the decision to expand an existing ground lease agreement issued to Fairbanks Gold Mining, Inc. for waste rock storage, serialized as MHT 9400734, on a portion of MH Parcel F70015 to facilitate the continued operations at the Fort Knox Mine.”

Background:

Revenue Projections: **Income** **(up to) ~\$17,000 annually**

Transaction/Resource: The proposed action is to increase the size of an existing ground lease by an additional 150-acres to facilitate the expansion and continued operations of the Fort Knox Mine. The lease would grant the Lessee, Fairbanks Gold Mining, Inc. the ability to expand their waste rock storage ability to meet operational requirements of the Fort Knox Mine for the future.

Property Description/Acreage/MH Parcel(s): Fairbanks, AK / 150 acres / MH Parcel F70015 (a portion of)

General Background: The area proposed for expansion has been selected by Fairbanks Gold Mining, Inc. as an optimal location for expanded waste rock material placement given its proximity to the mine and existing use of Trust land for the purpose of waste rock storage. Currently FGMI leases approximately 749.00 acres of Trust land for the Victoria Creek Waste Rock Dump, should these applicable Trust lands be added, the new total would increase to 899.00 acres.

Anticipated Revenues/Benefits: The Trust will receive an additional annual rental for the new lands at the existing lease rate, with included escalations at the time of this consultation, approximately \$17,000/year, with additional increases included within the lease agreement.

Anticipated Risks/Concerns: All risks/concerns are mitigated by local, state, and federal laws and regulations for this type of activity. In addition, risks/concerns are further mitigated by enforcement of the lease terms and conditions.

Project Costs: No significant costs are anticipated other than periodic site visits and reclamation approval inspections.

Other Considerations: This expansion request is a part of a larger Phase 12 of development in an effort to extend the mine life of Fort Knox. As the Trust holds the upland mineral lease for Fort Knox, facilitating expansion efforts such as this consultation directly increase revenue to the Trust outside of the collection of lease fees from this existing authorization. At least one known Public Access Easement is within the proposed boundary. This easement, serialized as ADL 416290, was issued and is managed by the Alaska Department of Natural Resources, Division of Mining, Land, & Water. FGMI and the lease agreement would be subject to any and all valid existing rights, including this access easement.

Due Diligence: Lands to be leased, the lease process and significant lease terms have been determined as a result of internal staff analysis and review. TLO staff are familiar with the Fort Knox Mine.

Alternatives: The primary alternative is to not expand the surface lease. This alternative would decrease revenue to the Trust as it would keep a currently non-performing asset stagnant. Given the mine life of Fort Knox, the opportune time to maximize revenue from adjacent lands is while the mine is still producing and requires additional waste rock storage. Upon successful reclamation and ground lease relinquishment, the Trust will still retain ownership of the parcels, to be used for future revenue generation.

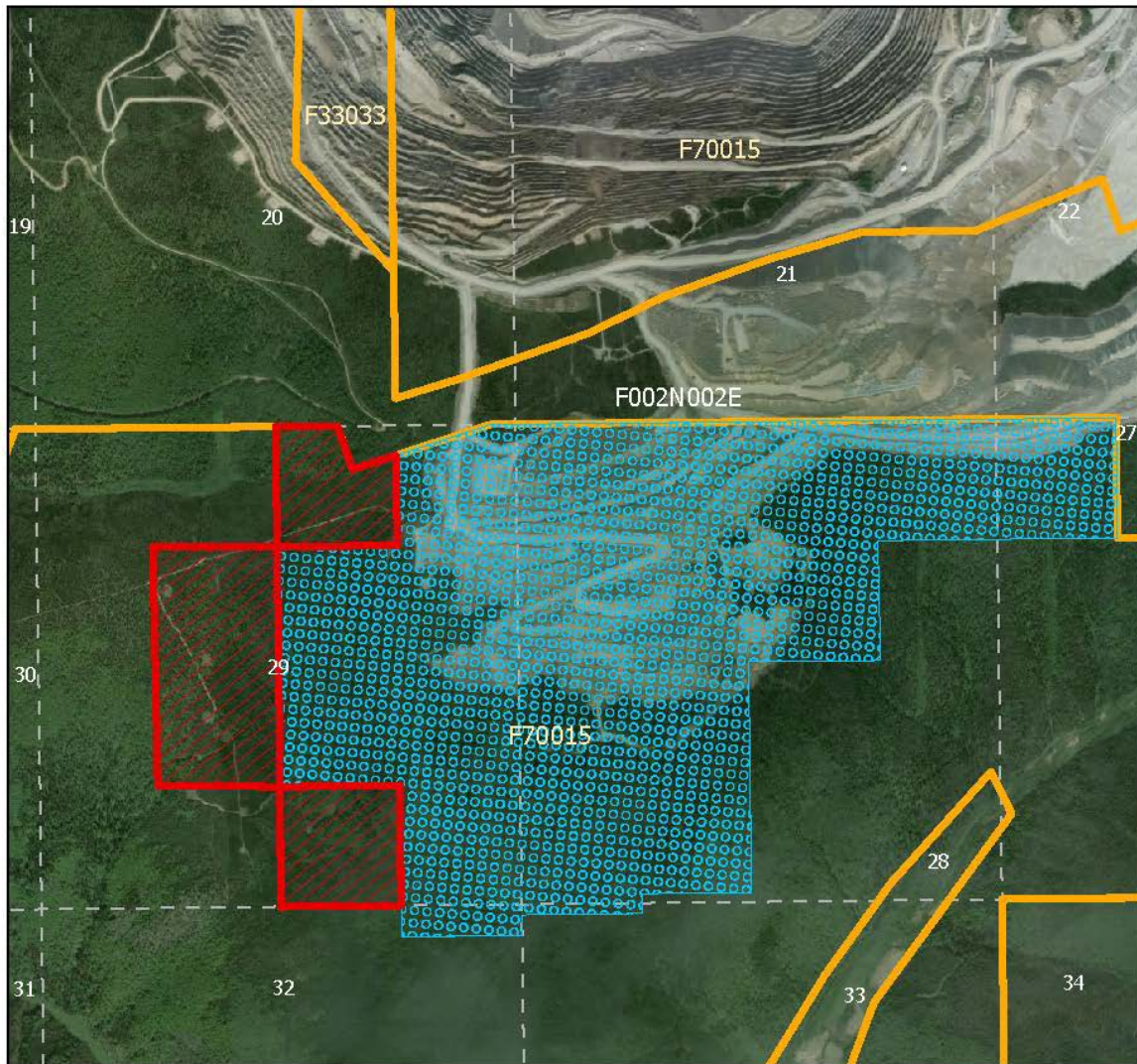
Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. This proposal will generate revenue on an otherwise nonperforming parcel in a manner that is consistent with adjacent land use activities on both Trust land and non-Trust land.

Trust Land Office Recommendation: Offer the subject lands in a negotiated ground lease expansion addendum to facilitate continued mine operations.

Applicable Authority: AS 37.14.009(a), 38.05.801 and 11 AAC 99

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Exhibit(s):
Area Map



MHT 9400734

-  Land Lease Expansion Area
-  Current Land Lease
-  Mental Health Parcel
-  PLSS Township
-  PLSS Section

0 0.25 0.5 1 Miles

