



To: Corri Fiege, Chair
Resource Management Committee
Through: Jusdi Warner, Executive Director
From: Cole Hendrickson, Minerals & Energy Resource Manager
Date: 10/14/2026
Re: Walter Creek Heap Leach Expansion – MHT 9400937
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 issue a negotiated ground lease for the expansion of the Walter Creek Heap Leach, within a portion of MH Parcel F70015, to facilitate the continued operations at the Fort Knox Mine.”

Background:

Revenue Projections: **Income** **(up to) 12% Appraised Land Value, annually for term**

Transaction/Resource: The proposed action is to negotiate a ground lease with the applicant, Fairbanks Gold Mining, Inc. (FGMI), for the use of 280.00 acres of Trust land to facilitate the expansion and continued operations of the Fort Knox Pit. The lease would grant FGMI the ability to expand their existing Walter Creek Heap Leach facilities to meet operational requirements of Fort Knox for additional development associated with Phase 12 of the mine.

The proposed lease would have a term of an initial term of 5 years, with terms for extensions. The lease may terminate upon successful reclamation.

Property Description/Acreage/MH Parcel(s): Fairbanks, AK / 280 acres / MH Parcel F70015 (a portion of)

General Background: The area proposed for expansion has been selected by FGMI as an optimal location given its proximity to the existing Walter Creek Heap Leach Facility. In addition, the requested lands are ideal for a haul road reroute that is impacted by this expansion. All activities authorized by this proposed lease not only require a Plan of Operations approval from the Trust Land Office prior to development, but approval from all managing government regulatory agencies that oversee the permissions and approvals for this type of activity.

Anticipated Revenues/Benefits: The Trust will receive an annual rental of 12% of the appraised land value until reclamation is complete.

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.

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 and one known RS2477 Trail is within the proposed boundary. The easement, serialized as ADL 415405, and RST, serialized as RST 1925, were issued and/or 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.

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. A third-party appraisal will be reviewed and approved to establish the rental cost. TLO staff are familiar with the Fort Knox Mine.

Alternatives: The primary alternative is to not issue the surface lease. This alternative would decrease revenue to the Trust as it would keep a currently non-performing asset stagnant and discourage further development of the Fort Knox Mine, which the Trust receives a production royalty from.

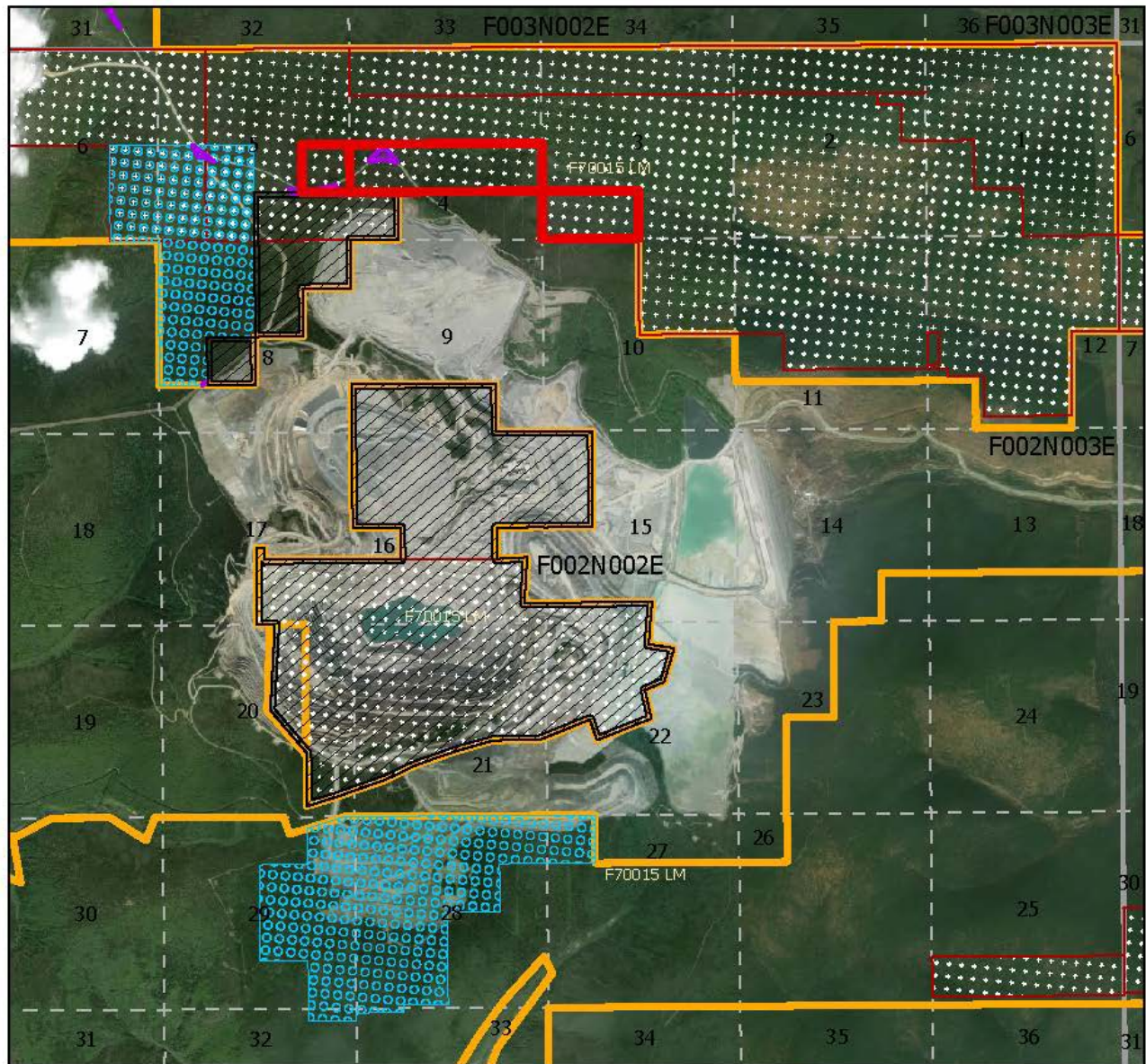
Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. This proposal will generate revenue on an otherwise non-performing 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 surface lease 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 9400937

