

Alaskan Senate Authorizes Mine Financing

BECKY BOHRER, Associated Press

JUNEAU, Alaska (AP) — The Alaska Senate on Wednesday unanimously passed legislation that would allow up to \$270 million in financing for two southeast Alaska mine projects.

SB99, from Sen. Lesil McGuire, R-Anchorage, would authorize the Alaska Industrial Development and Export Authority, or AIDEA, to issue up to \$145 million in bonds to finance infrastructure and construction costs of the proposed Bokan-Dotson Ridge project. It would allow for up to \$125 million in financing for the proposed Niblack mine project. Both are on Prince of Wales Island, near Ketchikan.

Ucore Rare Metals Inc., which is behind the Bokan-Dotson project, calls it the largest heavy rare-earth deposit in the U.S. Heatherdale Resources Ltd. owns the Niblack project, which is a copper, gold, zinc and silver prospect.

Sen. Bert Stedman, R-Sitka, proposed the mine-related amendments to a measure that otherwise was aimed at making technical changes to an energy transmission and supply fund within AIDEA.

Stedman said that part of southeast Alaska has continued to feel the economic ripple effects of a diminished timber industry and the two projects would employ about 300 Alaskans and probably 100 to 150 additional workers for construction. For the region, that's a "very large employment opportunity, one that doesn't come very often," he said.

The projects weren't a "far-fetched dream," Stedman said. The same mineral profile seen at Greens Creek Mine near Juneau runs down to Prince of Wales Island, he said, and if this kind of financial assistance helps get the Bokan-Dotson and Niblack mines going, there probably will be an effort to start more mining operations to help communities.

Stedman said AIDEA financing would depend on the projects being deemed financially solvent to move forward.

AIDEA spokesman Karsten Rodvik said the agency would be repaid by revenue from the projects.

The bill passed 20-0 but reconsideration was served, meaning it could be voted on again before going to the House. Just over three weeks remain in the regular legislative session. Sen. Bill Wielechowski, D-Anchorage, said on the floor that he thought both of the projects were good ones but there needs to be a deeper discussion about AIDEA's role. The agency was created by the Legislature to provide financing for Alaska businesses to help grow the economy and provide jobs.

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Wielechowski said he didn't know that it was the best business model to bond for potentially hundreds of millions of dollars for "very little in return to the state" as a whole. He said he would like greater attention on how that bonding authority could be used to bring in more revenue to the state, for example by supporting ways to get more oil in the trans-Alaska pipeline system.

Under the bill, AIDEA could own portions of the projects or do direct financing, Rodvik said by email.

That provision concerns James Sullivan, a spokesman for the Southeast Alaska Conservation Council. He does not believe the implications of that were fully analyzed. He was troubled, too, by the fact the bill was only heard by one Senate committee.

Sullivan said he doesn't doubt AIDEA will do its due diligence.

"My issue here is that the Legislature is not doing its due diligence and is passing decision-making off on AIDEA," he said in an interview.

Ken Collison, chief operating officer of Ucore, said the bill shows the support the state has for natural resource industries. And having the support the bill would provide would help improve the project's economics, he said.

Collison said Ucore plans a feasibility study this year.

Rodvik said Ucore has requested \$2.8 million to build infrastructure and develop an exploration camp based in Kendrick Bay. He said that would include the purchase and installation of capital items required to complete an environmental review and feasibility study. He said Ucore also has budgeted about \$9 million for pre-construction expenditures this year.

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