

**The Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**FINAL BEST INTEREST DECISION**  
**Negotiated Surface Lease – Pedro Waste Rock Dump – Fairbanks**

MHT: 9400917  
MH Parcel(s): F70015

- I. Executive Summary.** The applicant – Fairbanks Gold Mining Inc. – asks to lease 440 acres of trust land for a waste rock dump to support the Fort Knox Mine, adjacent to land purchased by Fairbanks Gold Mining from the Trust Land Office, completed on December 19, 2012, serialized as MHT 9400441, Inc. in support of the mine. The TLO completed a preliminary decision on June 11, 2025, and provided public notice of that decision from June 18, 2025, through July 20, 2025. The TLO received public comments on the proposed lease during that public notice period. The TLO has reviewed those public comments and issues this final written decision. In reviewing public comments, the TLO has included (or reinforced) certain lease stipulations and mitigation measures to address the concerns raised in those public comments. A draft of the proposed lease has been attached to this decision as Exhibit C. With those changes and additions, the TLO’s Executive Director issues this final decision approving the proposed lease of this land to Fairbanks Gold Mining Inc.
- II. Applicant/File #.** Fairbanks Gold Mining, Inc. / MHT 9400917
- III. Proposed Use of Trust Land.** The applicant proposes to lease a portion of parcel F70015 for the purposes of developing a waste rock dump in support of the Fort Knox Mine.
- IV. Subject Property.**
- A. Legal Description.** A 440-acre portion of Parcel F70015 within Township 2 North, Range 2 East, Sections 5, 6, and 8, Fairbanks Meridian, more or less.
  - B. Settlement Parcel Number(s).** F70015 (a portion of)
  - C. Site Characteristics/Primary Resource Values.** The parcel is located within the Tintina Gold Belt and Fairbanks Mining District approximately 25 miles northeast of Fairbanks. The site is primarily covered in low alpine boreal shrubbery, primarily mixed black/white spruce and willow with limited areas of shrub wetland. The primary resource value is mineral in nature.
  - D. Historical and Existing Uses of the Property.** The property is located approximately 25 miles northeast of Fairbanks, in the vicinity of Clear Summit. Trust Parcel F70015, within which the property is located, was selected for the Trust because of the potential mineral values associated with the area. It occurs along the mineralized Tintina Gold Belt which extends in an arc-like fashion across Alaska and beyond the Canadian border to the east. Mineral occurrences within the province include Pogo, Livengood, Donlin, and Fort Knox. The parcel has experienced significant exploration and development for locatable minerals since

gold was first discovered on the nearby Pedro Creek in 1902. Some recreational use is evidenced by existing trails on satellite imagery.

**E. Adjacent Land Use Trends.** Adjacent land use trends are mineral exploration and development, public recreation, and wildlife habitat. The applicant leases a block of adjacent State of Alaska Mining Claims and Upland Mining Leases.

**F. Previous State Plans/Classifications.** None.

**G. Existing Plans Affecting the Subject Parcel.** Eastern Tanana Area Plan – Management for adjacent State Lands is Mineral and Dispersed Public Recreation.

**H. Apparent Highest and Best Use.** Parties to the Mental Health Trust Settlement assumed mineral development to be the highest and best use of lands in the area when they agreed to include acreage in this area in the reconstituted trust. The proposed use corresponds with this assumption of land use, and therefore, appears to be the highest and best use of the subject lands from the Trust’s perspective. While mineral extraction within this portion of the parcel is not planned, future mineral recovery is not anticipated due to the low grade of material found in this area.

**V. Proposal Background.** The applicant proposes to execute a surface lease to authorize the deposition of waste rock material removed from the Fort Knox Mine open pit. Waste rock storage will occur over several years to allow for continued production and then the project area will be reclaimed to State of Alaska Reclamation Standards described in AS 27.19 and monitored to ensure reclamation is successful.

**VI. Authorities.** The following authorities guide the Executive Director’s final decision:

**A. Applicable Authority.** AS 37.14.009(a), AS 38.05.801, and 11 AAC 99 (key statutes and regulations applicable to Trust land management and disposal). In accordance with AS 38.05.801 et seq. and the implementing regulations governing Alaska Mental Health Trust (“Trust”) land management (11 AAC 99), Trust land shall be managed consistently with the responsibilities accepted by the State under the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)). This means that management shall be conducted solely in the best interest of the Trust and its beneficiaries. In determining the best interest of the Trust and its beneficiaries, and in determining consistency between state law and the Alaska Mental Health Enabling Act, the Executive Director of the Alaska Mental Health Trust Land Office (“TLO”) shall, at a minimum, consider the following interactive Trust management principles in accordance with 11 AAC 99.020:

- Maximization of long-term revenue from Trust land;
- Protection of the corpus;
- Protection and enhancement of the long-term productivity of Trust land;
- Encouragement of a diversity of revenue-producing uses of Trust land; and
- Management of Trust land prudently, efficiently, and with accountability to the Trust and its beneficiaries.

**B. Inconsistency Determination.** As the proposed negotiated land lease is specifically authorized under 11 AAC 99, any relevant provision of law applicable to other state lands is inapplicable to this action if it is inconsistent with Trust

responsibilities accepted by the State under the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)) as clarified by AS 38.05.801 and Alaska Mental Health Trust land regulations (11 AAC 99). 11 AAC 99 includes determinations that certain State statutes applicable to other State land do not apply to Trust land unless determined by the Executive Director, on a case-by-case basis, to be consistent with 11 AAC 99.020. The State Statutes deemed inconsistent with Trust management principles and inapplicable to Trust land by these regulations have not been applied to this decision or this action, including, but not limited to, AS 38.04 (Policy for Use and Classification of State Land Surface), AS 38.05.035 (Powers and Duties of the Director), AS 38.05.300 (Classification of Land), AS 38.05.945 (Notice), AS 38.05.946 (Hearings), and 11 AAC 02 (Appeals).

**VII. Terms, Conditions, and Stipulations.** The proposed action includes leasing surface use to the aforementioned portion of F70015 for a primary term of 10 years, with one additional term of 10 years to accommodate the potential for additional pit expansion and successful reclamation.

- A. Annual Rent.** The rent will be 12% of the land appraisal value, paid annually.
- B. Bonding/Insurance.** This lease will be required to be apart of the suite of bonding and insurance that the mine is required to have in place with the State of Alaska and the Trust.
- C. Additional conditions.** This decision identifies and lists additional conditions and stipulations that the lessee must comply with. See attached Exhibit C for a listing of all of those conditions and stipulations.

**VIII. Resource Management Considerations.** 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.

**IX. Risk Management Considerations.**

- A. Performance Risks.** Performance risks will be minimized through enforcement of the terms and conditions of the lease, including but not limited to those provisions that address development plan approval, diligent resource development over time and reclamation activities.
- B. Environmental Risks.** The development activities performed under the lease will be done within the parameters of local, state and federal environmental protection laws that generally apply to private lands. Lease stipulations require compliance with CERCLA, RCRA, as well as state reclamation requirements. The Lessee will be adequately bonded and ensured.

**C. Public Concerns.** Historically, significant concern has been expressed about the impact of the leasing activities on public resources such as fish and wildlife. Environmental laws, regulations, and specialized operating guidelines have been developed to mitigate potential impacts to public resources. As noted above, the TLO lease will require full compliance with those laws and regulations.

**X. Due Diligence.**

**A. Site Inspection.** TLO staff were at the Fort Knox Mine on May 22, 2025 and periodic site visits would occur throughout the development stages of the site.

**B. Valuation.** Lease rental rates were established in consideration with the anticipated uses of Trust lands and restrictions to the surface estate. Lease rates are consistent with similar agreements and were guided by fair market value for the region, at 12% of the land appraisal value.

**C. Terms and Conditions Review.** Terms and conditions of this agreement are consistent with the TLO's standard negotiated ground leases, which best serve the interest of the Trust. Additionally, a similar ground lease agreement is in effect between the Trust and FGMI for the Victoria Creek Waste Rock Site, most terms here mirror that agreement already in place.

**XI. Trust Authority Consultation.** Consistent with 11 AAC 99.030(d), on April 23, 2025, the Executive Director consulted with the Alaska Mental Health Trust Resource Management Committee. The Committee recommended that the proposed transaction be forwarded to the Alaska Mental Health Trust board of trustees. On May 21, 2025, the board of trustees adopted the motion stating:

*The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the decision to issue a negotiated surface lease for waste rock storage of a portion of MH Parcel F70015 to facilitate the continued operations at the Fort Knox Mine.*

**XII. Public Notice.** The TLO satisfied 11 AAC 99.050 and the Alaska Constitution's notice requirements by providing public notice as follows:

1. in "a newspaper or other publication of general circulation" when it published notice of this decision in Fairbanks Daily News Miner once on June 18, 2025.
2. to the "appropriate municipality" and to "the appropriate Alaska Native regional nonprofit corporation;" on June 18, 2025 via email; and
3. posted on the Alaska Online Public Notice website from June 18, 2025 through July 20, 2025.

11 AAC 99.050 provides a process to provide the public adequate notice so they can engage in this process and comment on the proposed lease. The TLO satisfied 11 AAC 99.050 and there was public engagement in this matter.

The comments received during the public notice period are addressed in the following section.

**XIII. Public Comments and Responses.** A total of 11 comments (one comment being non-responsive) were received during the notice period that began on June 18, 2025. As the comments spoke on common topics, each topic will be summarized and addressed.

**Comment Topic 1:** Three comments expressed concern about what they claim is the “interconnected environmental and social impacts of” Fort Knox Mine and Mahn Choh mine. In that regard, the comments assert that “The applicant proposes to lease a portion of the parcel for the purpose of developing a waste rock dump in support of the Fort Knox Mine [and that] at least part of the proposed waste rock will be supplied by the applicant’s Manh Choh Mine.” In other words, that waste rock from Mahn Choh will be placed at the proposed lease site. The comments assert that this creates an environmental problem because “the Manh Choh ore is known to be potentially acid-generating (PAG) and heavy metal leaching (ML)” and thus the applicant would be “adding the Manh Choh PAG and ML tailings in the heretofore non-acid generating granitic ore-body at Fort Knox.” These same comments also raise concerns about the Manh Choh Mine waste being “transported 250 miles” to the proposed lease site.

**Response Topic 1:** FGMI is proposing to place waste rock from the Ft. Knox Mine pit directly, as close to the source of the material as feasibly possible, at the proposed lease area. The applicant has clarified to the TLO that no material from Mahn Choh mine will be placed within the boundaries of this proposed lease.

Reinforcing this point, Section 12(a)(i) USE OF PROPERTY (*see* Exhibit C) shall read:

*i. Grantee shall only be authorized by Grantor to develop a Waste Rock Dump with material from the Ft. Knox mine. Under no circumstance will material disposal or placement from the Mahn Choh mine be authorized in connection with this Agreement.*

The TLO finds that this additional stipulation addresses the concerns raised in those three comments.

**Comment Topic 2:** Six comments expressed concerns that there would be potential impacts to the Gilmore-Cleary Summit Trail, and that the “northern end of the Gilmore-Cleary Summit Trail to Fish Creek Road” may be “lost to public use if this lease is completed.” These comments asked the Trust “to provide protections for that trail.”

**Response Topic 2:** The TLO has identified 7 various rights of way, easements, or RS2477s that are either adjacent to or directly within the proposed lease boundary including, not limited to,:

1. **ADL 57997** (Public Easement – Active Adjudication – DNR Division of Mining, Land & Water)

2. **ADL 414981** (Public Utility Easement – Issued – DNR Division of Mining, Land & Water)
3. **ADL 415405** – (Right-of-Way Permit – Issued – Trust Land Office & DNR Division of Mining, Land & Water)
4. **ADL 416290** – (Public Easement (Gilmore/Cleary Summit Trail) – Issued – DNR Division of Mining, Land & Water)
5. **MHT 9400746** – (Term, Non-Exclusive Easement – Issued – Trust Land Office)
6. **RST 644** – (Cleary Summit-Gilmore Dome Trail RS2477 – DNR Division of Mining, Land & Water)
7. **RST 650** – (Gilmore Trail – Fairbanks Creek Connector Trail RS2477– DNR Division of Mining, Land & Water)

Section 12(b) (Use of Property) and Section 19 (Valid Existing Rights) of the proposed lease (Exhibit C attached) clarifies the lease is subject to, and requires compliance with, any and all valid rights-of-way, easements, or existing authorizations that encumber the land. This includes the easements identified above. FGMI is aware of the various encumbrances, including but not limited to the Gilmore-Cleary Summit Trail and is required to work with each appropriate authority for any portion of activity that may affect the trail, other encumbrance, or right. There is a formal, statutory and regulatory public process if FGMI later needs to close that portion of the trail or reroute, that is outside the scope of this decision.

**Comment Topic 3:** That the proposed lease raises general environmental concerns related to waste rock dumps, including, but not limited to, air and water.

**Response Topic 3:** Waste Rock Dumps are common industry practice associated with open pit mining. It is the process of removing the unprocessed, uneconomic heterogenous material (waste rock) from the ground in order to improve access to the economic material containing the desired ore. The waste rock is then precisely stockpiled on a nearby site, which then becomes an aspect of reclamation once the site is full. Reclamation looks like contouring so the site is stable, to prevent erosion, and will be vegetated to further help erosion and to blend into the material's new location.

The proposed lease for this activity requires strict compliance with all local, state, & federal laws and regulations that govern this activity, to not only protect the public's resources, but to diligently protect Trust land. Violation of the lease agreement is grounds for termination. If the lease is issued, development would not be authorized until FGMI secured all necessary permits for this activity.

**Comment Topic 4:** That the lease is inconsistent with the trust principles under AS 38.05.801 and 11 AAC 99.020; that this stated lease does not use trust land in the best interest of the trust beneficiaries.

**Response Topic 4:** 11 AAC 99.020(c) states:

In determining the best interest of the trust and its beneficiaries, and in determining consistency between state law and the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)), the executive director shall, at a minimum, consider the following trust management principles:

- (1) maximization of long-term revenue from trust land;
- (2) protection of the corpus;
- (3) protection and enhancement of the long-term productivity of trust land;
- (4) encouragement of a diversity of revenue-producing uses of trust land; and
- (5) management of trust land prudently, efficiently, and with accountability to the trust and its beneficiaries.

The proposed lease of trust land to FGMI is consistent with the Trust Management Principles in 11 AAC 99.020(c). By leasing this land, the TLO turns a non-revenue producing portion of a parcel into one that is providing income without the disposal of the property, which may be used again in the future, to further provide for the beneficiaries of tomorrow and not just today.

Further, TLO's draft lease – see attached Exhibit C – includes lease stipulations and mitigation measures that further protect this land asset and thus the trust beneficiaries in the future, including, but not limited to, Section 12 (USE OF PROPERTY) and Section 26 (ENVIRONMENTAL COMPLIANCE). FGMI's proposed action is one that is common industry practice, to be expected within an open pit mine, is an activity that requires compliance with environmental regulatory agencies, one that the TLO has developed a surface lease agreement for that is built on the protection of Trust land with complete compliance with regulatory laws and agencies and specifically demands environmental compliance. In addition, FGMI is required to be fully bonded and insured on these proposed activities.

**Comment Topic 5:** That the lease will affect private residences, businesses, and tourism from a scenic perspective.

**Response Topic 5:** The TLO understands concerns about the viewshed being affected. However, the TLO maintains those concerns are mitigated in two ways.

First, mining, and mine associated infrastructure, is a well-established activity in this region, has been for many decades, and will take place regardless of the outcome of this decision. The leased lands are directly adjacent to the current mine, and thus are adjacent to lands FMGI owns for the mine.

Second, the TLO has included lease stipulations and mitigation measures that seek to balance this lease with potential effects on private residences, business, and tourism. Sections 12(b),(c), (d), & (e) of the draft lease agreement – see Exhibit C – are all requirements that FGMI must diligently follow. These requirements seek to balance the proposed development with the concerns raised in the comment. The TLO recognizes that while surface disturbance is unavoidable in the short term for this activity, but FGMI under

this agreement has committed to return the land to as close to its original state as possible with revegetation efforts. Therefore, the TLO finds that these requirements and FGMI's agreements mitigate the concerns raised in this comment.

**Comment Topic 6:** That the TLO did not complete “meaningful engagement with Tribes and communities most impacted by [this lease] decision.”

**Response Topic 6:** The TLO was required to comply with the public notice requirements under 11 AAC 99.050. It did so.<sup>1</sup> That process required the TLO to provide notice via “a newspaper or other publication of general circulation.” The TLO did that when it published notice of this decision in Fairbanks Daily News Miner on June 18, 2025. The TLO also provided notice on June 18, 2025, to the “appropriate municipality” and to “the appropriate Alaska Native regional nonprofit corporation.” In addition, the TLO provided notice online via the Alaska Online Public Notice website on June 18, 2025 through July 20, 2025. This provided the public – including “Tribes and communities -- the opportunity to engage in this process and thus review the TLO’s proposed land disposal and submit comments on the proposed lease.

**Comment Topic 7:** Fairbanks Northstar Borough Community Planning commented that “leases of land for five or more years” require “the property owner . . . to submit a subdivision application” with the Borough.

**Response Topic 7:** The TLO recognizes the Borough’s comment and, as always, intends on complying with all state, federal, and local laws that apply to Trust land as the land manager of Trust land.

IX. **Best Interest Decision - Conclusion.** The Executive Director finds that the proposed lease is in the best interest of the Trust, subject to the terms and conditions addressed in this decision. This can be addressed by considering the TLO’s alternatives to Fairbanks Gold Mining, Inc.’s’ proposed lease:

1. Do Nothing: refuse the offer to lease the subject lands and discourage further development. This is not a preferred option because it would limit the royalty received off Trust lands in a market of high gold prices.
2. Alternate Option: offer the lands for competitive leasing. This is not a preferred option because it would prevent the applicant from reaching additional ore reserves at Fort Knox. Further, the applicant owns State of Alaska Mining Claims encumbering the subject lands’ mineral rights. To competitively lease the lands would be contrary to the Trust’s interest.
3. Proceed as Proposed: receive revenues from lease rentals and continue to receive royalty revenues from the development of Fort Knox.

Given that context, the Executive Director finds that the lease of this land will maximize long-term revenue from the land, that it will not affect or harm the trust corpus, that this

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<sup>1</sup> See Section XI of this Decision on public notice.

lease continues to diversify the Trust's land use portfolio, and that with the various conditions and stipulations included in the lease the land will be used prudently, efficiently, and with accountability for the trust and its beneficiaries. This decision does not preclude the TLO from determining that an alternative proposal will serve the best interest of the Trust. A future determination of that nature will require a best interest decision specific to the proposal.

- IX. Non-competitive Disposal Determination.** 11 AAC 99.020(d) allows for the disposal of Trust land through a competitive basis, unless the Executive Director in consultation with the Trust Authority, determines in a written decision required by 11 AAC 99.040 that a non-competitive disposal is in the best interest of the Trust and its beneficiaries. This non-competitive disposal is in the Trust's best interest because this authorization is essential to FGMI's operational plans to realize the benefits of new Fort Knox mine development, Phase 11, which has already been determined to be in the best interest of the Trust and its beneficiaries. A competitive disposal would be contrary to the applicant successfully developing the lands herein and would prevent the Trust from receiving royalty on production.
- X. Available Documents.** Background documents and information cited herein is on file and available for review at the TLO, located at 2600 Cordova Street, Suite 201, Anchorage, Alaska 99503. Phone: (907) 269-8658. Email: [mhtlo@alaska.gov](mailto:mhtlo@alaska.gov).

The disposal action proposed by this decision will occur no less than 20 days after the first publication date of this decision, and after the conclusion of the TLO administrative process. For specific dates or further information about the disposal, interested parties should contact the TLO at the above address, or visit the website at: <https://alaskamentalhealthtrust.org/trust-land-office/>.

- XI. Reconsideration or Appeal.** This Decision constitutes the final agency decision in this matter pursuant to 11 AAC 99.060. To be eligible to file for reconsideration of this Decision, or to file a subsequent appeal to the Superior Court, a person must have submitted written comments during the public notice period. Persons who submitted timely written comments will be provided with a copy of this final written decision and will be eligible to request reconsideration within 20 calendar days after publication of the notice or receipt of the decision, whichever is earlier under 11 AAC 99.060(b). A request for reconsideration must be accompanied by the fee established by the Executive Director under 11 AAC 99.130 (set at \$500) to be eligible for reconsideration. The Executive Director shall order or deny reconsideration within 20 calendar days after receiving the request for reconsideration. If the Executive Director takes no action during the 20-day period following the request for reconsideration, the request is considered denied. Denial of a request for reconsideration is the final administrative decision for purposes of appeal to the superior court under AS 44.62.560.

**For the reasons provided above, the decision to dispose of these Trust lands by leasing them to the applicant is in the best interests of the trust and its beneficiaries and thus is APPROVED:**

Signed by:  
**Jusdi Warner**  
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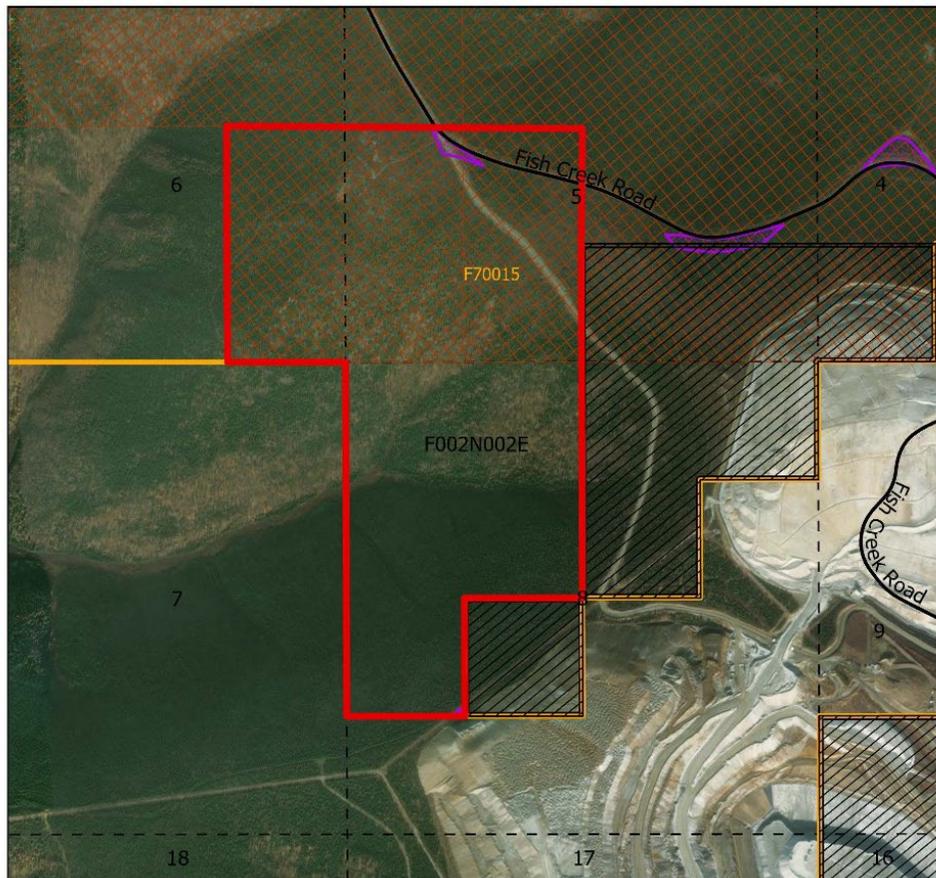
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Jusdi Warner  
Executive Director  
Alaska Mental Health Trust Land Office

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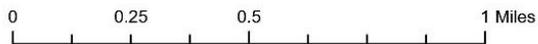
Attachments:  
Exhibit A – Area Map  
Exhibit B – Legal Description  
Exhibit C – Draft Lease

# Exhibit A Area Map



MHT 9400917

- Roads
- ▭ MHT 9400917
- ▨ Land Sale, Conveyed
- ▤ Easement Area
- ▩ Mineral Lease
- ▭ Mental Health Parcel
- ▭ PLSS Township
- ▭ PLSS Section



## Exhibit B Legal Description

### **MH Parcel F70015** (a portion of)

Township 2 North, Range 2 East, Fairbanks Meridian, Alaska

Those portions of Tract C, located within:

Section 5: SW1/4;

Section 6: E1/2SE1/4;

Section 8: NW1/4, NW1/4SW1/4

Containing 440.00 acres, more or less, according to the Supplemental Survey Plat accepted by the United States Department of the Interior, Bureau of Land Management, in Anchorage, Alaska on June 25, 1990, and the Alaska State Cadastral Survey No. 93-8 filed in the Fairbanks Recording District on June 21, 1994, as Plat 94-72.

# Exhibit C

## Draft Lease Agreement

### Alaska Mental Health Trust Authority Trust Land Office GROUND LEASE AGREEMENT

Record this document in the  
Fairbanks Recording District

**MHT 9400917**

**THIS GROUND LEASE AGREEMENT** (“Agreement” or “Lease”) is made effective as of date of Grantor signature (“Effective Date”), by and among **THE ALASKA MENTAL HEALTH TRUST AUTHORITY** (“Trust Authority”), a public corporation within the Alaska Department of Revenue (AS 47.30.011 et seq.), acting by and through the State of Alaska, Department of Natural Resources, Trust Land Office (“TLO”), pursuant to AS 37.14.009, AS 38.05.801 and 11 AAC 99, (The Trust Authority and the TLO are collectively referred to as “Grantor”) whose address is 2600 Cordova Street, Suite 201, Anchorage, AK 99503, and Fairbanks Gold Mining, Inc. (“Grantee”), whose address is P.O. BOX 73726 #1 Fort Knox Road, Fairbanks, AK 99707.

In consideration of Grantee’s promise to pay rent to the TLO, and other performance to be rendered by Grantee hereunder, Grantor has determined that it is in the best interest of the beneficiaries of the Trust Authority to lease to Grantee pursuant to this Agreement the lands described in Paragraph 1 below and depicted in Schedule 1 incorporated by reference in this Lease, and Grantee desires to lease the Trust Authority land described below from Grantor pursuant to this Lease.

NOW THEREFORE, in consideration of the mutual covenants as hereinafter set out, Grantor and Grantee enter into this Lease upon the following terms and conditions.

#### RECITALS

- A. Grantee owns and operates the existing Fort Knox Mine near Fairbanks, Alaska.
- B. Grantee’s mining operations require disposal of waste rock and Grantee desires to use lands owned by Grantor for the purpose of a waste rock disposal facility known as the Pedro Waste Rock Dump.
- C. Grantor has determined that it is in the best interest of the beneficiaries of the Trust Authority to lease to Grantee pursuant to this Agreement the lands described in Paragraph 1 below and depicted in Schedule 1 incorporated by reference in this Lease, and Grantee desires to lease the Trust Authority land described below from Grantor pursuant to this Lease.

#### A G R E E M E N T

**GRANT. Grantor does hereby lease to Grantee for the term as set out in Paragraph 7 hereof the following described property (“Property”) subject to all the terms and conditions hereof without warranty, over the following described tract of land in a portion of MH Parcel F70015:**

Township 2 North, Range 2 East, Fairbanks Meridian, Alaska

Those portions of Tract C, located within:

Section 5: SW1/4;  
Section 6: E1/2SE1/4;  
Section 8: NW1/4, NW1/4SW1/4

Containing 440.00 acres, more or less, according to the Supplemental Survey Plat accepted by the United States Department of the Interior, Bureau of Land Management, in Anchorage, Alaska on June 25, 1990, and the Alaska State Cadastral Survey No. 93-8 filed in the Fairbanks Recording District on June 21, 1994, as Plat 94-72.

Together with all improvements and fixtures now existing on or affixed to the Property, and together with all appurtenances and hereditaments thereto and subject to all valid existing rights.

**RESERVED RIGHTS. Grantor reserves for itself and others all rights not expressly granted to Grantee. These reserved rights include the following, at a minimum:**

- a. the right to allow concurrent users;
- b. the right to explore for, remove, and dispose of all resources from the Property;
- c. the right to establish or grant easements and rights-of-way upon, in, across, or through the Property for any lawful purpose, including roads, railroads, well sites, pipelines, utility lines and drill holes necessary or convenient for the working of the Property for all resources, or necessary or convenient for access to other land for any useful purpose; and
- d. the right to manage and to convey to third Parties by grant, lease, permit, or otherwise, any and all interests in the Property other than those granted by this Agreement, provided that any such conveyance to a third Party shall be made subject to Grantee's rights under this Agreement.

The rights reserved pursuant to this provision shall not be exercised in any manner that unreasonably interferes with Grantee's rights or operations under this Agreement. Grantor shall provide Grantee with prior written notice of Grantor's intent to exercise any such reserved rights. Grantor and Grantee shall work cooperatively to identify potential conflicts and Grantor shall require, as a condition to the exercise by any permittee, lessee, or grantee of Grantor of any of Grantor's reserved rights, such terms as appear necessary to avoid unreasonable interference with Grantee's enjoyment of this Agreement or endangerment of Grantee's operations. If at anytime the exercise of any of Grantor's reserved rights must cease or a change must be made in the manner or place of such exercise in order to avoid unreasonable interference with Grantee's enjoyment of this Agreement or endangerment of Grantee's operations, such cessation or change shall occur at no cost to Grantee.

- 3. STATUTORY RIGHTS.** Grantor hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said land above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said land, or any part or parts thereof, at any and all times for the purpose of opening, developing, drilling, and working mines or wells on these or other land and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and

fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said land or any part thereof for the foregoing purposes and to occupy as much of said land as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

4. **RIGHT OF ENTRY.** The Grantor shall have the right to enter the Property at all times, in order to examine it, to show it to prospective purchasers or lessees, or to make such repairs, alterations, improvements, or additions as the Grantor may deem necessary or desirable.
5. **INSPECTION.** The Property shall be open to inspection by the Grantor at all reasonable times, but no less than once per year. The Grantor may, in its discretion, charge Grantee with the inspection costs permissible under 11 AAC 05.010, or its successor regulation, including a reasonable inspection fee, reimbursement for Grantor time involved, and/or other associated costs.
6. **MATERIAL RESOURCES.** Unless otherwise provided for below or in other written authorization, the Grantee may not sell or remove from the Property any timber, stone, gravel, topsoil, or any other material valuable for building or commercial purposes (“Material”). Material may be used only in compliance with the terms of the Lease. Grantee has the right to:
  - a. extract and use on the Property at no cost, Material situated on, in, or under the Property; and
  - b. extract and use at no cost, Material situated on, in or under the Property for construction and maintenance of roads reasonably necessary for access to the Property.
7. **TERM.**
  - a. This Agreement shall automatically expire at 11:59pm on the \_\_\_\_\_ day of \_\_\_\_\_, unless it is extended or earlier terminated as elsewhere provided in this Agreement.
  - b. Term Extension Option. This Agreement may be extended for 1 additional 10-year term upon 90 day written notice and request for extension given by Grantee to Grantor and written acceptance made by the Grantor. Unless otherwise specified in the written acceptance made by the Grantor, all of the provisions of this Agreement shall apply during the extension periods. The Grantor within its sole discretion may accept or reject Grantee’s request for an extension. If the Grantor fails to give written notice of its acceptance of Grantee’s request for an extension 90 days prior to the date this Agreement would otherwise expire, then this Agreement shall terminate on that date.
8. **RENT.**
  - a. Annual Payments.
    - i. Grantee shall pay an annual payment to the Grantor in the amount of \$ \_\_\_\_\_. Payment will be due on or before \_\_\_\_\_ of each year. Payments are due without notification from the Grantor.
    - ii. Annual payments shall be paid in advance. In the case of a requested extension, the following year’s payment shall be tendered with the request for an extension as set forth in this Agreement.
  - b. Rent Subject to Adjustment.

- i. **CPI:** At Grantor’s option, the payment rate will be adjusted by Grantor for the rental period beginning \_\_\_\_\_, the \_\_\_\_\_ anniversary of the first day of the lease term, and annually every year thereafter on \_\_\_\_\_ (“Adjustment Dates”). The payments will be increased to an amount equal to the payment previously in effect multiplied by a fraction, the numerator of which is the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, All Items and Major Group Figures for Urban Wage Earners and Clerical Workers (1982-1984 = 100) (“Consumer Price Index”) for the month most immediately preceding the Adjustment Date, and the denominator of which is the Consumer Price Index published for the month most immediately preceding the first day of the previous payment rate; provided, however, in no event will the rent decrease.

If a substantial change is made in the Consumer Price Index, or its publication is discontinued or changed in a way as to prevent calculations pursuant to this subparagraph, then the price index will be adjusted to the figure that would have been used had the manner of computing the Consumer Price Index in effect on the first day of the lease term not been altered. If the Consumer Price Index (or a successor or substitute index) is not available, a reliable governmental or other nonpartisan publication evaluating the information used in determining the Consumer Price Index will be used.

Grantor’s delay or failure in computing or billing for these rent adjustments will not impair the continuing obligation of Grantee to pay the adjusted rent.

- c. Payment for Term Extensions. In the case of extensions, payments may be adjusted within the sole discretion of the Grantor. If the Grantor desires to adjust the payments as to any extension, it shall provide a schedule of payments for the next extension at the time Grantor gives its approval of the requested extension. Grantee shall then have thirty (30) days to notice its acceptance of the adjustment or give written notice of its withdrawal of its request for an extension. If Grantee withdraws, then this Agreement shall terminate on the date it otherwise would have had no extension been sought or granted. If Grantee does not withdraw, then this Agreement shall be extended for the additional term as set forth in this Agreement and payments shall be made at the adjusted rate.

## 9. PAYMENT METHOD.

- a. All payments due hereunder (i) shall be made payable to the Trust Land Office, or as otherwise directed by the Grantor in writing; (ii) shall reference this Agreement with **MHT 9400917**, which appears on the first page hereof; and (iii) unless otherwise specified by the Grantor in writing, shall be tendered to the Grantor at:  
Financial Services  
550 West 7th Avenue, Suite 1410  
Anchorage, Alaska 99501-3554  
or to a depository designated by the Grantor upon thirty (30) days written notice to Grantee.
- b. **Late Payment Penalty:** The greater of either the fee specified in 11 AAC 05.010, the fee specified in AS 38.05.065 (if applicable) or interest at the rate set by AS 45.45.010(a), or the successor statutes and regulations, will be assessed on a past-due account until payment is received by Grantee. Acceptance of a late payment or of a service charge for a late payment

is subject to Grantor's rights under this Agreement. A 10-day grace period after the due date is allowed on all installment payments for the purchase of land.

- c. **Returned Check Penalty:** A returned check fee as provided in 11 AAC 05.010, or its successor regulation, will be assessed for any check on which the bank refuses payment. If the bank refuses payment, Grantee will be notified and the default period will continue to run until payment is satisfied. Late penalties under subparagraph (b) of this provision shall continue to accumulate.

**10. ADDITIONAL RENT.** All taxes, charges, costs, and expenses which the Grantee is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Grantee's failure to pay such amounts, and all damages, costs, and expenses which the Grantor may incur by reason of any default of the Grantee or failure on the Grantee's part to comply with the terms of this Lease, shall be deemed to be additional rent and, in the event of nonpayment by the Grantee, the Grantor shall have all the rights and remedies with respect thereto as the Grantor has for the nonpayment of the basic rent.

**11. EXCLUSION OF WARRANTIES.** The TLO makes no warranty, express or implied, has not assumed and shall not have any liability whatsoever, regarding the social, economic, or environmental aspects of the lands, rights and resources subject to this Agreement, including, without limitation, the soil conditions, water drainage, access, natural or artificial hazards that may exist, or the merchantability, profitability, or fitness for any particular purpose and authorizes use of the lands, rights and resources subject to this Agreement without any warranty of habitability.

**12. USE OF PROPERTY.**

- a. Plan of Operations. During the term, hereof Grantee shall only use the Property in accordance with an approved plan of operations, to be submitted by Grantee for Grantor approval prior to any operations.
  - i. Grantee shall only be permitted to develop a Waste Rock Dump with material from the Ft. Knox mine. Under no circumstance will material from the Mahn Choh mine be authorized in connection with this Agreement.
- b. Grantee is responsible for obtaining, at its sole expense, all necessary authorizations, permits and/or permission from other property owners and third Parties to conduct its activity and for compliance with restrictions and requirements regarding operations that are contained in this Agreement.

The Grantor reserves the right to allow other uses of the Property at its sole discretion. Existing or future authorized uses of the lands subject to this Agreement will not be unreasonably interfered with by Grantee.

Grantee shall properly locate all activities and improvements within the Property. For activities and improvements not made part of this Agreement, the Grantee shall obtain prior written approval of the Grantor.

- c. Compliance with Law. Grantee shall conduct all of its operations and activities under this Agreement in strict compliance with all provisions of federal, state and local law and in a manner consistent with the permitted uses.
- d. Vegetative Material. Grantee shall not operate any equipment on Trust land outside of the Property without prior written approval by the Grantor. Activities employing wheeled or tracked vehicles shall be conducted consistent with current state and federal regulations and

in such manner as to minimize surface damage. Vehicles shall be operated without disturbing the vegetative mat.

- i. Destruction or removal of the vegetative mat is prohibited by any means except as approved in writing by the Grantor.
  - ii. The winter operation of ground contact vehicles for off-road travel must be limited to areas of ground frost or snow cover sufficient to ensure protection of the vegetative matter.
- e. Minimal Disturbance. All activities shall be conducted in a manner that will minimize disturbance of natural draining systems, that will not cause a change in character, pollution, or siltation of streams, lakes, ponds, water holes, seeps, and marshes, and that will not disturb fish and wildlife resources. Cuts, fills, or other activities causing any of the above disturbances, if not repaired immediately, are subject to any corrective action as may be required by the Grantor.
- f. Monuments. All survey monuments, witness corners, and/or reference monuments shall be protected against damage, destruction, or obliteration. Any damaged or obliterated markers shall be reestablished at the Grantee's expense in accordance with accepted survey practices of the Division of Land and Grantor.
- g. No Liens. Grantee shall not allow any lien to be filed against the lands subject to this Agreement by anyone supplying labor or materials for any improvements or by or for the benefit of Grantee.
- h. Force Majeure. The Grantee will not be responsible for damage to the Property caused by a natural disaster or from an Act of God. In the event of a natural disaster or Act of God, which renders all, or a portion of the Property unleaseable, the Grantor will not be obligated to take any actions to provide for continued occupancy by the Grantee as to the affected portion of the Property. In such event, Grantee may choose to vacate or the Parties may mutually agree to terminate this Lease, and under either option the Grantee will remain responsible for compliance with Paragraphs 24 (Disposition of Improvements and Fixtures Upon Termination) and 27 (Surrender of Property) of this Lease, subject to reasonable consideration of the consequences of a natural disaster or Act of God to the Property.

**13. ENCUMBRANCE OF PROPERTY.** Grantee shall keep the Property and every part thereof, including, but not limited to, the estate of Grantor in the Property, and Grantee's improvements at any time located thereon, free and clear of any and all liens, claims, charges and encumbrances of any kind whatsoever not expressly permitted hereunder, including, but not limited to, mechanics', materialmen's and other liens for, or arising out of, or in connection with work or labor done, services performed, or materials or appliances used or furnished for or in connection with any operation or use of the Property, any permitted alteration, improvement, or repairs or additions which may be made thereon, or any work or construction by, for, or permitted on or about the Property, and shall at all times promptly and fully pay and discharge any all claims on which any such lien may or could be based. Grantee shall indemnify, defend and save harmless Grantor from and against all such liens, claims, charges, encumbrances and suits or other proceedings pertaining thereto and all damages, fines, judgments, penalties, liabilities, losses, costs and expenses, including, but not limited to, attorneys', consultants' and experts' fees and any and all sums paid for settlement of claims, incurred by, for or on behalf of Grantor in connection therewith. In addition to those rights set forth in this Lease, if Grantee shall fail to remove any lien, claim, charge or encumbrance within fifteen (15) days after the same shall have been placed on the Property, Grantor shall have the right, but not the obligation, to cause to be released such lien, claim, charge or encumbrance at Grantee's cost, including payment to the lien claimant, bond or other lawful procedure, and Grantee shall pay, on demand, to Grantor, as additional rent under this Lease, all reasonable and documented costs and

expenses incurred by, for or on behalf of Grantor, including, but not limited to, attorneys', consultants' and experts' fees and costs, in connection with the removal of any such lien, claim, charge or encumbrance, together with interest thereon and a ten percent (10%) administrative fee. Nothing in this Lease contained shall be construed as a consent on the part of Grantor to subject Grantor's estate in the Property to any lien or liability under the lien laws of the State of Alaska.

**14. APPROVAL OF LESSOR.** This Agreement may be modified or amended only by a document signed by both Parties hereto, which postdates the Effective Date, specifically states the terms of the modification or amendment, and refers to the MHT number written on the first page hereof.

**15. ASSIGNMENT OF INTEREST.** This Agreement or an interest herein may not be assigned or otherwise transferred by Grantee except upon the prior written approval of the Grantor. The Grantor, within its sole discretion, reserves the right to reject any proposed assignment. Any transfer of interest is not effective unless approved by the executive director of the Trust Land Office, Department of Natural Resources, State of Alaska, or his designee, on a form designated by the executive director. Any unauthorized attempt to assign or otherwise transfer any of Grantee's interest under this Agreement is void and of no force or effect whatsoever. Unless expressly provided otherwise in the Agreement or other Grantor documentation, the assignment or transfer of an interest does not relieve the Grantee of any obligations or liability under this Agreement. Grantee will fully disclose all terms and conditions associated with any proposed assignment or transfer with the understanding that Grantor approval may be subject to revision of this Agreement or to receiving a reasonable portion of the monetary benefits associated with the proposed assignment or transfer.

**16. ACQUISITION OF RIGHTS OR INTERESTS.** Any right or interest acquired during the term of this Lease and accruing to the benefit of the Property will remain appurtenant to the Property, and may not be severed or transferred from the Property without the prior written approval of the Grantor. In the event of termination or forfeiture of this Lease, any such right or interest will vest in the Grantor.

**17. CONDEMNATION OF PROPERTY OR IMPROVEMENTS.** If the whole or any part of the Property is taken by any authorized body or person vested with the power of eminent domain, by negotiation, court action, or otherwise, the following provisions shall control:

- a. If the entire Property is taken by condemnation, this Lease and all rights of the Grantee will terminate as soon as practicably possible. Advance rent received by the Grantor shall be returned on a pro rata basis to reflect the unused portion of rent remaining from the date the Grantee is required to surrender possession of the Property. The Grantor is entitled to all condemnation proceeds, except that the Grantee will be entitled to receive from the condemning authority that portion of the proceeds attributable to the fair market value, as determined in the condemnation proceedings, less any legal fees and costs incurred by Grantor to address such point in such proceedings, of Grantee's interest in any buildings or improvements taken that were placed on the condemned Property by the Grantee in conformance with this Lease. Grantor shall have no duty whatsoever to pursue any compensation for Grantee's interest under the Lease or otherwise in any condemnation proceedings (or negotiations with any agency or body with the power of eminent domain) and it shall be Grantee's sole responsibility and obligation to raise and pursue such claims, if any, against the condemning authority. If Grantee fails to do so, it waives all rights to any portion of the proceeds from the condemnation.
- b. If only a portion of the Property is taken, then the following shall apply:

- i. If the taking by condemnation materially affects the use being made by Grantee of the Property, the Grantee shall have the right to elect to terminate the Lease by written notice to the Grantor received by Grantor not later than 180 days after the earlier of the date of taking or the date of possession.
- ii. If the Grantee elects to terminate, the provisions in subparagraph(a) of this paragraph shall govern the condemned portion of the Property and the covenants and conditions of the Lease govern disposal of the remainder of any buildings or improvements made by the Grantee in accordance with the terms of the Lease.
- iii. If the conditions set forth in (b)(i) above are not applicable or if Grantee elects not to terminate, the Lease continues and the Grantor is entitled to the full condemnation proceeds except that Grantee shall be entitled to receive from the condemning authority the portion attributable to the fair market value (as determined in the condemnation proceedings), less any legal fees and costs incurred by Grantor to address such point in such proceedings of Grantee's interest in the Property including, buildings or improvements taken that were placed on the condemned portion of the Property by the Grantee in accordance with the provisions hereof plan. Grantor shall have no duty whatsoever to pursue any compensation for Grantee's interest under the Lease or otherwise in any condemnation proceedings (or negotiations with any agency or body with the power of eminent domain) and it shall be Grantee's sole responsibility and obligation to raise and pursue such claims, if any, against the condemning authority. If Grantee fails to do so, it waives all rights to any portion of the proceeds from the condemnation. Rent at the existing rate will terminate on the date the Grantee is required to surrender possession of the condemned portion of the Property. Except as it may be adjusted from time to time under the covenants and conditions of the Lease and applicable statutes, rent for the balance of the term will be adjusted by the Grantor to reflect the portion of the Property taken.

**18. WARRANTIES.** Grantee represents and warrants that:

- a. It has the capacity to enter into and perform the obligations under this Agreement and all transactions contemplated herein, and all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;
- b. It will not breach any other agreement or violate any law or regulation by entering into or performing this Agreement;
- c. It has had a full opportunity to inspect the Property and has determined that they are suitable for the intended use and accepts the Property "as is" and "where is" with all faults;
- d. It has read and is familiar with the obligations of this Agreement, all operations will be conducted in strict compliance with this Agreement, and it has notified all of its agents, employees and contractors similarly; and
- e. This Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with the terms, including the representations and warranties set forth herein.

**19. VALID EXISTING RIGHTS.** The Grantee's use of the Property shall not interfere with valid existing rights, if any, that exist upon the Effective Date of this Agreement, without prior written approval from the Party holding those rights.

**20. INSPECTION/RECORDS.**

- a. Throughout the term of this Agreement and for at least three years following termination, Grantee shall keep and retain in its possession books, reports and records (collectively

referred to as “Records”) concerning the operations and activity conducted under this Agreement or on lands subject to this Agreement. Grantee shall permit the Grantor to examine the Records at all reasonable times. As to all such Records, the Grantee shall use consistently applied generally accepted accounting procedures when applicable.

- b. The Property shall be open to inspection by the Grantor at all reasonable times, but no less than once per year. The Grantor may, in its discretion, charge Grantee with the inspection costs permissible under 11 AAC 05.010, or its successor regulation, including a reasonable inspection fee, reimbursement for Grantor time involved, and/or other associated costs.

**21. LAND ALTERATIONS DUE TO NATURAL OR ARTIFICIAL CAUSES.** The interest described in this Lease constitutes the entire Property. If, through natural or artificial causes, accretion or reliction of land occurs contiguous to the Property and Grantor acquires title to those accreted lands, the Grantee will have a right of first refusal to occupy or use those accreted lands under an amendment to the Lease, at the same pro rata price, terms and conditions as contained in the original Lease at the time of amendment. The rules of law applicable to accretion or reliction of land apply to this Lease, and to the interest described in this Lease.

**22. NO WAIVER.** The receipt of compensation by Grantor, with or without knowledge of any default on the part of the Grantee, is not a waiver of any provision of this Agreement. No delay or omission by Grantor to exercise any right or power accruing upon any noncompliance or default by Grantee with respect to any of the terms hereof shall impair any such right or power, or be construed to be a waiver thereof. Subject to the terms of this paragraph, every such right and power may be exercised at any time during the continuance of such default. It is further agreed that a waiver by Grantor of any of the covenants and agreements hereof to be performed by the other shall not be construed to be a waiver of any succeeding or previous breach thereof or of any other covenants or agreements herein contained.

**23. DEFAULT.**

- a. If the Grantee defaults on the performance of any of the covenants or conditions of this Lease, and the default is not remedied within 30 days after written notice of such non-monetary default or within 10 days after written notice of any monetary default has been received by the Grantee, or within any additional period the Grantor allows in writing for good cause, the Grantee will be subject to legal or any other administrative action deemed appropriate by the Grantor, including termination of this Lease. The Grantor may include in the notice of the default or give a separate written notice stating that if the default is not remedied, this Lease shall terminate on a certain date, which shall be at least 30 days after receipt of the first notice. Upon the date specified in such notice, unless the default has been remedied, the Lease shall expire automatically without further notice or action by the Grantor and this Lease and all rights of the Grantee under the Lease shall terminate. Upon termination of the Lease, Grantee shall peacefully quit the Property, the Grantor shall have an immediate right to possession of the Property and any possession by the Grantee thereafter shall be unlawful. It is specifically agreed that no judicial action shall be necessary to terminate this Lease or to allow the Grantor to retake possession in the event of default by the Grantee. No improvements may be removed from the Property while the Lease is in default except with the Grantor’s prior written approval. The Grantor is not liable for any expenditure made or undertaken by the Grantee under this Lease. In event of default, Grantee shall be liable to Grantor for the full actual amount of all costs or fees, including attorney’s fees, reasonably incurred by the Grantor for the enforcement of this Lease.

- b. Notwithstanding the above, if in the sole discretion of the Grantor, the default is resulting in resource damage, the Grantor, without waiving or releasing any obligation or default, shall have the right, but shall be under no obligation, to step and cure the default immediately and charge Grantee with the costs of curing said default.
- c. If the Grantee fails to remedy the default within the time allowed in subparagraph (a) of this Paragraph, the holder of an approved security interest who has received notice under subparagraph (a) of this Paragraph may remedy the default. The holder shall act within 60 days from the date of receipt of notice under subparagraph (a) of this Paragraph, or within any additional period the Grantor may in its sole discretion allow for good cause shown.
- d. If this Lease is terminated, the Grantor may immediately enter, or reenter and take possession of the Property. Any entry, reentry, possession, repossession, or dispossession by the Grantor, whether taken with or without judicial action, does not absolve, relieve, release, or discharge the Grantee, either in whole or in part, of any liability under the Lease.
- e. At any time after termination, due to substantial default by the Grantee under this Lease, the Grantor may re-let the Property, or any part thereof, in the name of the Grantor for such terms and on such conditions as the Grantor may determine, and may collect and receive the rent therefor. The Grantor shall not be required to account for or pay to the Grantee any excess compensation received as a result of such re-letting. The Grantee shall be liable for any deficiency, and for all reasonable and justifiable costs, expenses, and fees incurred by the Grantor arising out of the default, including the Grantor's efforts to re-let the Property.
- f. Grantee acknowledges and agrees that upon Grantee's default in payment of rent and Grantor's retaking of the Property, that Grantor's remedies include but are not limited to the right of distraint as against personal property on the Property and that such personal property may be seized and sold by auction or other reasonable commercial manner without notice or hearing, with the proceeds less all of Grantor's costs associated with the sale of such personal property to be applied against the amounts owed by Grantee under the Lease.
- g. No right or remedy conferred upon or reserved to the Grantor hereunder or under applicable law or in equity, is intended to be exclusive of any other right or remedy available herewith or thereunder, and each and every such right and remedy shall be cumulative.

**24. DISPOSITION OF IMPROVEMENTS AND FIXTURES UPON TERMINATION.** Within 60 days, or such other period as agreed between the Parties, after either the partial or complete surrender or termination of this Lease or the completion of all activities required by the approved Plan described in Paragraph 12 on the surrendered or terminated portion of the Property (whichever is later), Grantee shall remove, to the extent ordered by Grantor, and otherwise may remove, from the surrendered or terminated portion of the Property all equipment, improvements, and fixtures owned, placed, or suffered to be placed on, in, or under said surrendered or terminated portion of the Property by Grantee. Upon expiration of such period and at the option of Grantor, any equipment, improvements, and fixtures which Grantee has not removed from the surrendered or terminated portions of the Property shall either be removed by Grantor at Grantee's expense or shall become the property of Grantor. The actual expenses of such removal, including compensation for Grantor's time involved relating to the removal, may be recovered at Grantor's discretion from the performance deposit or bond (if any), the proceeds of any sale of such equipment, and/or any other sources available to the Grantor at law or in equity.

**25. INDEMNITY TO LESSOR.**

- a. Grantee shall protect, defend, indemnify, and hold harmless the State of Alaska, Department of Natural Resources, the Trust Land Office, the Alaska Mental Health Trust Authority, and their respective officers, directors, employees, volunteers, agents, successors, and assigns

from and against all liens, claims, demands, fines, penalties, and causes of action of every kind and character without limit, including claims for loss or damage to property, or injury to any person, or release or discharge of any hazardous substance arising from, or in connection with, any act or omission committed under this Agreement by or on behalf of Grantee, except for damage or injury caused by the sole gross negligence or willful misconduct of the Trust Land Office.

- b. Grantee represents and warrants to the Grantor that the potential liabilities that may arise under this Agreement, including the liabilities assumed in the indemnification clause, are fully insured by a policy or policies of insurance purchased by Grantee from insurance companies satisfactory to the Grantor and that the full limits of Grantee's policy or policies are available to protect the Grantor and the Grantee from such liabilities.
- c. The Grantor shall not be responsible for any defect or change of condition in the Property, whether to any person or property, due to any cause whatsoever, including, but not limited to, damage done by flood, earthquake, fire, utility outage or acts of other tenants in the building or other persons or entities, except duly authorized employees or agents of the Grantor.
- d. The Grantee agrees to reimburse the Grantor for any and all necessary expenses, attorney's fees, and costs incurred in the non-judicial or judicial enforcement of any part of the foregoing indemnity provision.

## **26. ENVIRONMENTAL COMPLIANCE.**

- a. The Grantee shall, at the Grantee's own expense, comply with all existing and hereafter enacted state and federal environmental responsibility laws ("Environmental Laws"). The Grantee shall, at the Grantee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Environmental Laws.

As used in this Agreement, the term "Hazardous Materials" means any hazardous or toxic substance, material, or waste that is or becomes regulated by any municipal governmental authority, the State of Alaska, or the United States government.

- b. Should the Authority require that a remedial action plan be prepared and that a remedial action be undertaken because of the presence of, or any disposal, release, spill, or discharge, or threatened disposal, release, spill, or discharge of or contamination by Hazardous Materials at the Property that occurs during the term of this Agreement or arises out of or in connection with the Grantee's use or occupancy of the Property, then the Grantee shall, at the Grantee's own expense, prepare and submit the required plans and financial assurances and carry out the approved plans. The Grantee's obligations under this section shall arise if there is any event or occurrence at the Property during the term of this Agreement, or arising out of or in connection with the Grantee's use or occupancy of the Property that requires compliance with the Environmental Laws.
- c. At no expense to the Grantor, the Grantee shall promptly provide all information requested by the Grantor for preparation of affidavits or other documents required by the Grantor to determine the applicability of the Environmental Laws to the Agreement, and shall sign the affidavits promptly when requested to do so by the Grantor.
- d. The Grantee shall indemnify, defend, and hold harmless the Grantor from all fines, penalties, suits, judgments, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of or in any way connected with the presence of or any disposal, release, spill, or discharge or any threatened disposal, release, spill, or discharge of or contamination by Hazardous Materials at the Property that occurs during the term of the Agreement or arises

out of or in connection with the Grantee's use or occupancy of the Property; and from all fines, penalties, suits, judgments, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of the Grantee's failure to provide all information, make all submissions, and take all steps required by the Authority under the Environmental Laws or any other law concerning any spill, discharge, or contamination that occurs during the term of this Agreement or arises out of or in connection with the Grantee's use or occupancy of the Property.

- e. The Grantee agrees that it will not discharge or dispose of or suffer the discharge or disposal of any petroleum products, gasoline, hazardous chemicals, or Hazardous Materials into the atmosphere, ground, wastewater disposal system, sewer system, or any body of water. If the presence of any Hazardous Material caused or permitted by Grantee results in any contamination of the lands and resources subject to this Agreement, Grantee shall promptly take all actions at its sole expense as are necessary to return the lands and resources subject to this Agreement to the condition existing prior to the introduction of any such Hazardous Material in a manner consistent with applicable law, and to the satisfaction of any governmental agency having jurisdiction over the matter.
- f. In any court action or administrative proceeding, in addition to all other applicable presumptions, it shall be rebuttably presumed that any environmental contamination of the Property (i) has been released on the Property; (ii) has resulted from acts or omissions of the Grantee or its agents; and (iii) has occurred during the term of this Agreement. The Grantee has the burden of rebutting the presumptions by clear and convincing evidence.
- g. This section of this Agreement is not intended to in any way alter the State of Alaska's powers and rights or the Grantee's duties and liabilities under Title 46 (or its successor) of the Alaska Statutes or other state, federal, or municipal statutes, regulations, or ordinances. The obligations and provisions of this section 26 shall survive the termination of this Agreement.

## **27. SURRENDER OF PROPERTY.**

- a. Upon the expiration, termination, or cancellation of this Lease, the Grantee shall peacefully quit the premises, leave and deliver up property in as good a condition as was in effect at the commencement of this Lease, excepting reasonable wear and tear associated with use for intended and approved purposes [including the deposit of mining overburden]. Grantee shall return the premises to the Grantor free and clear of all liens and encumbrances arising by, through or under Grantee, its agents or subcontractors.
- b. Grantee may upon 60 days written notice to the Grantor surrender all or part of the Property, with the understanding that such surrender is subject to written acceptance by the Grantor. A partial or unapproved surrender shall not reduce Grantee's obligation to reclaim or otherwise comply with other obligations that may have accrued as a result of Grantee's activities on the surrendered ground. A total, approved surrender of the Property by Grantee shall result in termination of this Agreement. Grantee may upon 60 days written notice to the TLO surrender all or part of the lands, rights and resources subject to this Agreement, with the understanding that such surrender is subject to written acceptance by the TLO. A partial or unapproved surrender shall not reduce Grantee's obligation to reclaim or otherwise comply with other obligations that may have accrued as a result of Grantee's activities on the surrendered ground. A total, approved surrender of the Property by Grantee shall result in termination of this Agreement.

**28. HOLDING OVER.** If Grantee shall, with the written consent of Grantor, hold over after the expiration of the term of this Lease, such tenancy shall be for an indefinite period of time on a month-to-month tenancy, which tenancy may be terminated with ten (10) days prior notice by Grantor.

During such tenancy, Grantee agrees to pay Grantor at an equal rate to 120 percent of 1/12th of the annual rate in effect immediately prior to the holding over, unless a different rate shall be agreed upon in writing, and Grantee shall be bound by all of the other terms, covenants and conditions of this Lease, so far as applicable.

### **29. FAILURE OF TITLE.**

- a. Grantor makes no representations or warranties, express or implied, as to title to, access to, or quiet enjoyment of, the Property or any portion thereof. Grantor expressly disclaims liability to the Grantee for any deficiency in title, or difficulty in securing access, to the Property.
- b. If all or part of the Property has been selected by the State of Alaska under the laws of the United States granting land to the state, but the land has not been patented to State of Alaska by the United States, then this Agreement is a conditional Agreement as provided by law until the patent becomes effective. If, for any reason, the selection is not finally approved, or the patent does not become effective, any rental, royalty, or other production or profit-based payments made to Grantor under this Agreement will not be refunded.

### **30. GENERAL.**

- a. Performance Deposit/Bonding. In order to secure its performance hereunder and to secure return of the Property in good condition, Grantee shall furnish a performance deposit or evidence of an existing performance deposit before agreement issuance, in an amount as set forth on Schedule 4 and shall maintain such performance deposit during the term hereof. Grantee may be required to furnish an additional performance deposit where a greater amount is justified by a change in the use and degree of risk involved in the types of operations being or proposed to be carried out under this Agreement. In lieu of the performance deposit required under the preceding sentence Grantee may, with the Grantor's approval, furnish and maintain a statewide performance deposit, in accordance with any applicable regulations.
- b. Insurance. Without limiting Grantee's indemnification obligation, Grantee shall purchase, at its own expense, and maintain in force at all times during the term of this Agreement, the policies of insurance specified on Schedule 2. Required types of insurance may include, but are not limited to, comprehensive general liability insurance, builder's risk insurance, workers' compensation insurance, and comprehensive automobile and/or aircraft liability insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Grantee's policy contains higher limits, the Grantor shall be entitled to coverage to the extent of such higher limits. Certificates of insurance must be furnished to the Grantor upon execution of this Agreement and must provide for a thirty (30) day prior written notice to the Grantor of cancellation, nonrenewal or material change of the policies. Failure to furnish satisfactory evidence of insurance or the lapse of a policy is a material breach and grounds for termination of this Agreement. Each Worker's Compensation Insurance policy shall be endorsed with a waiver of subrogation in favor of the TLO and the Trust Authority. All other insurance policies required by this Agreement shall be endorsed to provide that such insurance shall apply as primary insurance and that any insurance or self-insurance carried by either the TLO or the Trust Authority shall be excess only and shall not contribute to the insurance required by this Agreement; shall be endorsed to name the TLO and the Trust Authority as additional insureds; shall provide for a waiver of subrogation in favor of the TLO and the Trust Authority; and shall provide that any loss shall be payable notwithstanding any act of negligence of Grantor, Grantee, or any transferee or other occupant of the Property which might otherwise result in a forfeiture of said insurance. All endorsements shall reference this Agreement. All insurance shall be on an occurrence and not a "claims made" basis. Grantor shall have the right, but shall not be obligated, to pay any

delinquent premium on any of Grantee's insurance policies if found necessary to prevent a cancellation, non-renewal or material alteration thereof; and Grantee shall within five (5) days, pay the delinquent premium, together with a ten percent (10%) administrative fee, as additional payments under this Agreement.

- c. Notices. Any notices required under this Agreement shall be deemed delivered upon receipt if personally delivered in writing, upon confirmation of successful transmission if sent via facsimile, or five (5) days after deposit in the United States mail, postage prepaid, and addressed as set forth in this Agreement if mailed. Either Party may change its notice address by effective written notice given to the other Party.

If to Grantor:

Trust Land Office  
2600 Cordova Street, Suite 201  
Anchorage, Alaska 99503  
Attention: Executive Director

If to Grantee:

Fairbanks Gold Mining, Inc.  
PO BOX 73726  
#1 Fort Knox Road  
Fairbanks, AK 99707  
Attn: CONTACT NAME HERE, TITLE

- d. Amendment/Modification. This Agreement may be modified or amended only by a document signed by both Parties hereto, which postdates the Effective Date, specifically states the terms of the modification or amendment, and refers to the MHT number written on the first page hereof.
- e. Severability. If any clause or provision of this Agreement is determined illegal, invalid, or unenforceable, in a final judicial proceeding by a court of competent jurisdiction, then the remainder of this Agreement will not be affected, and the Agreement shall be automatically reformed to carry out the intent of the Parties hereto without regard for such clause or provision.
- f. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement, notwithstanding the fact that all Parties are not signatories to the original or the same counterpart.
- g. Compliance with Governing Law. This Agreement is subject to all applicable local, state and federal statutes and regulations in effect on the Effective Date of this Agreement and to all such statutes and regulations that may become effective on or after the Effective Date, except those inconsistent with The Trust principals imposed on the state by the Alaska Mental Health Enabling Act of 1956, P.L. 84-830, 70 Stat. 709. See AS 38.05.801. A reference to a statute or regulation in this Agreement includes any subsequent change in that statute or regulation whether by amendment, repeal or replacement and any successor statute or regulation. All references to specific governmental agencies made herein include any successor agency or different agency that may assume the duties or jurisdiction of the referenced agency. In case of conflicting provisions, the applicable statutes, regulations and ordinances take precedence over this Agreement. This Agreement shall not be construed as a grant or recognition of authority for promulgation or adoption of municipal ordinances that are not otherwise authorized.

- h. Authority & Interpretation. This Agreement is made pursuant to AS 37.14.009(a)(2), AS 38.05.801 et seq. and 11 AAC 99 et seq. This Agreement and the respective rights and obligations of the Parties hereunder shall be construed and interpreted as a contract under the laws of the State of Alaska, without regard to its conflict of laws principles. Specifically, all words and phrases used in this Agreement are to be interpreted in conformance with AS 01.10.040. This Agreement shall be interpreted so as to carry forward the intent of the Alaska Mental Health Act of 1956, P.L. 84-830 70 Stat. 709 and AS 38.05.801 et seq. and regulations promulgated thereunder with maximum force and effectiveness.
- i. No Discrimination. Grantee and Grantee's subcontractors shall not discriminate against any employee or applicant because of race, religion, marital status, change in marital status, pregnancy, parenthood, physical handicap, color, sex, age, or national origin as set out in AS 18.80.220. Grantee and its subcontractors shall, on beginning any operations under this Agreement, post in a conspicuous place written notices setting out this nondiscrimination policy.
- j. Trust Land Office. The Trust Land Office is executing this Agreement as agent for the Alaska Mental Health Trust Authority, a public corporation within the Alaska Department of Revenue under AS 47.30.011 et seq., as established by Chapter 66, Session Laws of Alaska, 1991, in order to implement the State's obligation as trustee of the Trust established by the Alaska Mental Health Enabling Act of 1956, (P.L. 84-830, 70 Stat. 709), in accordance with State v. Weiss, 706 P.2d 681 (Alaska 1985). Neither the TLO nor the Trust Authority undertake any responsibility to act as a regulator as to this Agreement, or as to any operations of Grantee. Grantee is solely responsible to conduct itself in all respects in conformance with the regulations of the state and federal regulatory authorities having jurisdiction over Grantee and its activities under this Agreement.
- k. Parties.
  - i. References to Grantee and Grantor shall include their respective agents, employees and subcontractors.
  - ii. Nothing in this Agreement shall be construed to make the Grantor an agent, partner or joint venturer with Grantee.
- l. Historic, Archaeological Sites. No historic site, archaeological site, or camp, either active or abandoned, shall be disturbed in any manner, nor shall any item be removed therefrom. All activities shall be conducted in accordance with AS 41.35.010 et seq., or its successor statute, which prohibits the appropriation, excavation, removal, injury or destruction of any historic, prehistoric, or archaeological resources of the State. If Grantee discovers any sites during the term of the Agreement, Grantee shall promptly notify the State of Alaska Division of Parks and Outdoor Recreation, State Historic Preservation Office and Grantor.
- m. Survival. The representations and warranties of both Parties shall survive the termination of this Agreement, unless otherwise provided under this Agreement.
- n. Entire Contract/Agreement. All prior oral and written understandings are merged herein, and no provision hereof may be waived except in writing signed by the Party to be charged with such waiver. Any amendment to this Agreement must be executed in writing by both Parties. This Agreement shall not be construed more strongly against one Party than the other. All rights and obligations of the Parties hereunder shall bind and inure to the benefit of their respective successors and assigns.
- o. Exclusive Jurisdiction and Venue. In any legal action arising out of or related to this Agreement, the Parties agree that the laws of the State of Alaska shall apply and the Agreement shall be construed under Alaska law. The Parties also agree that jurisdiction and venue of such action shall lie exclusively with the courts for the Third Judicial District for the State of Alaska, at Anchorage, Alaska, and consent to personal jurisdiction in such courts.

- p. Headings. Paragraph headings are not part of this Agreement, shall have no bearing on the interpretation of this Agreement, and are inserted only for convenience.
- q. Memorandum of Lease. Grantor and Grantee agree, upon the request of either Party, to execute a memorandum of lease which may be recorded.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the Effective Date above written.

LESSOR

LESSEE

ALASKA MENTAL HEALTH  
TRUST AUTHORITY  
By its agent: Trust Land Office

FAIRBANKS GOLD MINING,  
INC.

---

By: Jusdi Warner  
Its: Executive Director

---

By:  
Title:

Alaska Mental Health Trust Authority, Grantor  
STATE OF ALASKA )  
 ) ss.

THIRD JUDICIAL DISTRICT )

This is to certify that on this \_\_\_ day of \_\_\_\_\_, 2026, personally appeared **Jusdi Warner, Executive Director** of the Trust Land Office, and who acknowledged to me that he/she executed the foregoing instrument, on behalf of the Trust Land Office, as agent for the Alaska Mental Health Trust Authority, freely and voluntarily and for the purposes therein stated.

\_\_\_\_\_  
Notary Public in and for Alaska  
My Commission expires: With Office

Fairbanks Gold Mining, Inc., Grantee  
STATE OF ALASKA )  
 ) ss.

THIRD JUDICIAL DISTRICT )

This is to certify that on this \_\_\_ day of \_\_\_\_\_, 2026, before me personally appeared \_\_\_\_\_, the \_\_\_\_\_ of Fairbanks Gold Mining, Inc., known to me to be the person named and who acknowledged to me that he/she executed the foregoing instrument in the above stated capacity on behalf of the said [partnership/corporation/limited liability company], freely and voluntarily and for the purposes therein stated.

\_\_\_\_\_  
Notary Public in and for Alaska  
My Commission expires: \_\_\_\_\_

AFTER RECORDING, RETURN DOCUMENTS TO:

**ORIGINAL:**

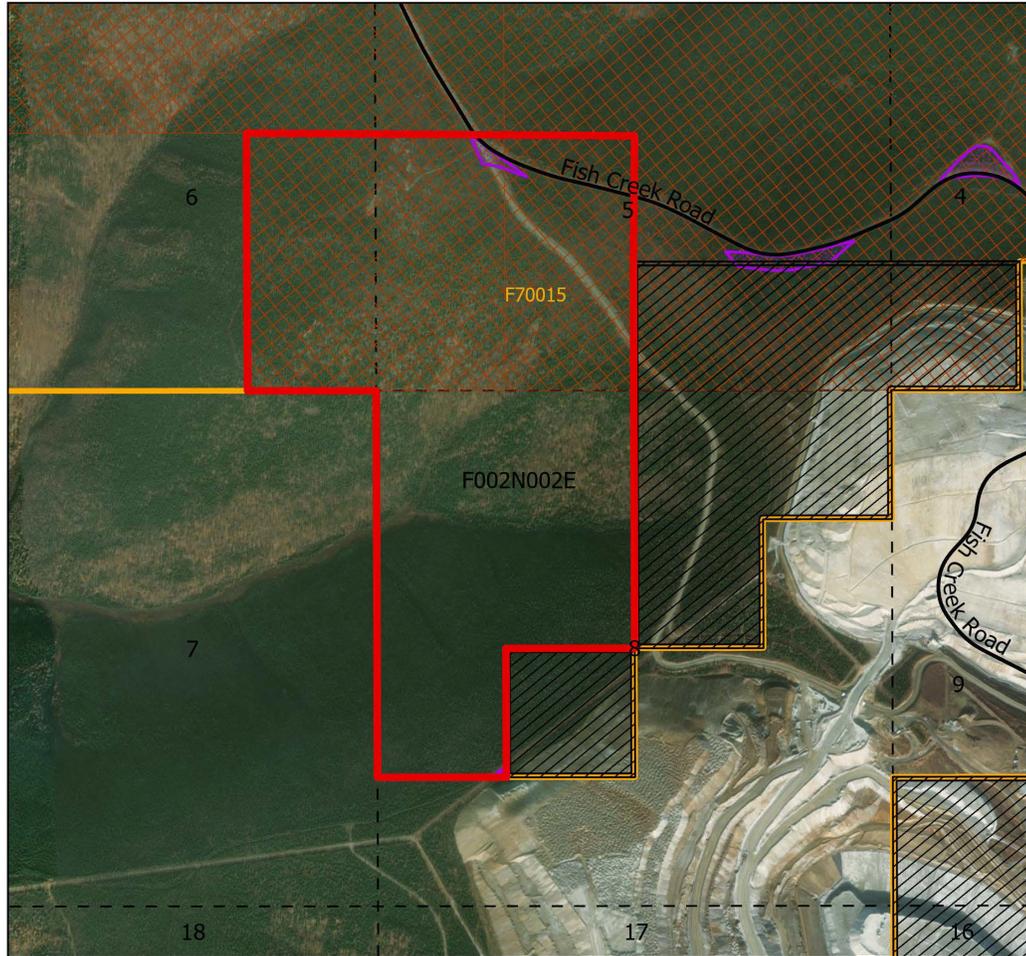
Trust Land Office  
2600 Cordova Street, Suite 201  
Anchorage, AK 99503

**CERTIFIED COPY:**

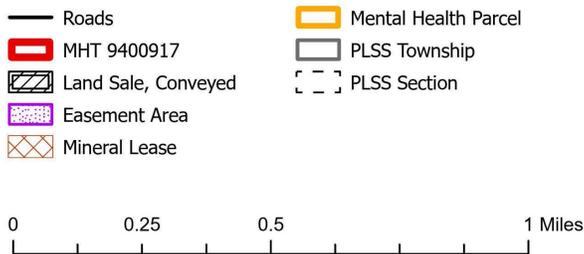
Fairbanks Gold Mining, Inc.  
PO BOX 73726  
#1 Fort Knox Road  
Fairbanks, AK 99707  
Attn: CONTACT NAME HERE, TITLE

**Official State Business – NO CHARGE**

**SCHEDULE 1**  
**Map of Property**



**MHT 9400917**



**SCHEDULE 2**  
Insurance

Grantee shall have in place, at its sole expense, at all times during the term of the Lease the following policies of insurance:

1. Workers' Compensation Insurance: Grantee shall provide and maintain, for all employees of Grantee engaged in work under this Agreement, Workers' Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of Alaska. Grantee shall be responsible to ensure that any contractor or subcontractor who works on this project shall provide and maintain adequate Worker's Compensation insurance, and Grantee agrees to defend and indemnify the Trust Authority and Trust Land Office from and against all claims, causes of action, or liabilities that may arise out of Grantee's failure to so ensure. This coverage shall include statutory coverage for states in which employees are engaging in work and employer's liability protection. Where applicable, coverage for all federal acts (e.g., U.S.L. & H., Jones and Harbor Acts) shall also be included.
2. Comprehensive (Commercial) General Liability Insurance: With coverage limits not less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence and not less than Two Million Dollars (\$2,000,000.00) annual aggregate where generally applicable including premises-operations, independent contractors, products/completed operations, broad form property damage, blanket contractual, and personal injury endorsements.
3. Comprehensive Automobile and Aircraft Liability Insurance: Covering all owned, hired, and non-owned vehicles and aircraft with statutory coverage limits not less than \$50,000.00 per person and \$100,000.00 per accident bodily injury and not less than \$25,000.00 property damage per accident.
4. The TLO shall have the right, at its option, to pay any delinquent premium upon on any of Grantee's insurance policies if found necessary to prevent a cancellation, non-renewal or material alteration thereof; and Grantee shall within five (5) days, reimburse Grantor therefor. Grantor reserves the right to increase the required insurance coverage limits from time to time to reflect then current industry standards or to accommodate changed conditions or perceived risks.

## SCHEDULE 4

### Bond and Performance Guaranty of Lessee

#### BOND REQUIRED

Lessee shall have in place at all times during the term of this leases a bond that (1) meets the requirements of AS 27.19-010-27.19.100, 11 AAC 97 and the Reclamation Plan, (2) is for an amount, as determined and adjusted from time to time under the Reclamation Plan, equal to the estimated cost of performing all accrued but not yet satisfied obligations under the Reclamation Plan, and (3) secures Lessee's performance of such accrued but not yet satisfied obligations under the Reclamation Plan.

#### GUARANTY OF LEASE

Fairbanks Gold Mining, Inc., (**Guarantor**), an Alaska corporation registered to do business in Alaska, the address of which is #1 Fort Knox Road, Fairbanks, AK 99712, and in accordance with that certain Ground Lease serialized as MHT 9400734 (**Lease**) by and between: (1) the Alaska Mental Health Trust Authority (**Trust Authority**), a public corporation within the Alaska Department of Revenue (ASS 47.30.011 et seq.), acting by and through the State of Alaska, Department of Natural Resources, Mental Health Trust Land Office (**TLO**), pursuant to AS 37.14.009(a)(2) and AS 38.05.801 (the Trust Authority and the TLO are collectively the Lessor and are referred to herein as the **TLO**), and (2) Fairbanks Gold Mining, Inc. (the **Lessee** referred to herein as "Lessee"), to which a form of this Guaranty is attached as Schedule 3, hereby irrevocably and unconditionally guarantees to the TLO the full performance, fulfillment, and satisfaction of all the duties, obligations and liabilities of Lessee arising under or pursuant to the Lease.

If for any reason any such duty, obligation, or liability of Lessee is not performed, fulfilled, or satisfied by Lessee or a successor or transferee thereof within the time or in the manner required under the Lease, Guarantor shall perform, fulfill, or satisfy (or cause to be performed, fulfilled, or satisfied) each of such duties, obligations, and liabilities; provided, however, that (1) the TLO must first make demand upon Lessee or said successor or transferee before making demand upon Guarantor, (2) if Lessee or said affiliated successor or transferee in good faith denies that any such duty, obligation, or liability exists or has not been performed, fulfilled, or satisfied by Lessee or said affiliated successor or transferee within the time or in the manner required under the Lease, the TLO must establish its rights as against Lessee or said affiliated successor or transferee before demanding performance, fulfillment or satisfaction from Guarantor, and (3) Guarantor shall be entitled to any and all benefits arising by virtue of any defense, set-off, counterclaim, or cross-claim available to Lessee or said affiliated successor or transferee.

Guarantor agrees that this Guaranty shall not be discharged, limited, or reduced except by complete performance of the duties obligations, and liabilities of Lessee (including affiliated successors or transferees thereof) guaranteed hereby or upon the approval by the TLO, in connection with a transfer made pursuant to Paragraph 15 of the Lease, of the assumption of the duties, obligations and liabilities of Lessee (including affiliated successors or transferees thereof) guaranteed hereby by a person which the TLO determines to be capable of satisfying in a responsible manner all such duties, obligations and liabilities.

This Guaranty shall be in addition to and without prejudice to any other security given by anyone (including but not limited to Lessee) to the TLO and held at any time by the TLO in connection

with any such duty, obligation, or liability.

This Guaranty shall be interpreted, construed, and enforced in accordance with the laws of the State of Alaska.

Venue for any appeal from an administrative decision of the TLO relating to this Guaranty shall be in the Superior Court for the State of Alaska in Anchorage, Alaska. Venue for any other legal action arising under or relating to this Guaranty shall be in the Superior Court for the State of Alaska in either Fairbanks, or Anchorage, Alaska.

This Guaranty shall be binding upon the Guarantor and the affiliated successors and assigns of the Guarantor and shall inure to the benefit of the TLO and its affiliated successors and assigns.

All notices required or permitted to be given pursuant to this Guaranty shall be in writing and shall be addressed respectively as follows:

Guarantor: Fairbanks Gold Mining, Inc.  
#1 Fort Knox Road, Fairbanks, Alaska 99712  
Attention: NAME, TITLE  
Telephone:  
Email:

The TLO: Alaska Department of Natural Resources Mental Health  
Trust Land Office Attention: Executive Director  
2600 Cordova Street, Suite 201  
Anchorage, Alaska 99503  
Facsimile: 907-269-8905  
Telephone: 907-269-8658

All notices shall be given (a) by personal delivery to the addressee, (b) by electronic communication, with a confirmation sent by registered or certified mail return receipt requested, or (c) by registered or certified mail return receipt requested. All notices shall be effective and shall be deemed delivered (a) if by personal delivery, on the date of delivery **if** delivered during normal business hours or on the next business day following delivery **if** not

delivered during normal business hours, (b) if by electronic communication, on the next business day following the day of receipt (said day of receipt being the day of receipt at the office of the recipient) of the electronic communication, and (c) if solely by mail, on the next business day after actual receipt.

