

Progress toward Red Dog mine

The Red Dog project continues to move forward. Cominco and the state of Alaska are presently finalizing an agreement that will allow the state to proceed with construction of the road and port part of the project. Under this agreement, Cominco will guarantee that the state will receive payments adequate to allow the state to raise the money needed to pay for construction. It is estimated that the road and port will cost approximately \$150 million. The road and port portion of the project will be managed by the Alaska Industrial Development Authority (AIDA).

NANA is also close to finalizing an agreement that will allow state access through needed NANA lands. The lands will be leased to the state for 99 years or until mining operations are completed, at which time the road and port may be closed. At that time the lands will be returned to NANA.

The five-year construction program on the road, port, and mine is scheduled to begin this summer. In 1986 a dock facility and staging area will be constructed at the port site. These will later be used to assist in the landing of additional construction equipment and for camp and storing areas. This year's dock construction is expected to start around July 1 and should be completed by the middle of September. The work is funded by the state and the apparent low-bidder is AIC/Martin, Alaska firms that are in a joint venture.

While the state works on the dock, Cominco will continue with mine engineering studies and will be obtaining project financing.

It will cost approximately \$225 million for Cominco and NANA to build the Red Dog mine. This year there will not be a large field program by Cominco and NANA at Red Dog, since most onsite preparation work is finished and construction will not start until after engineering is completed and project financing is obtained.

There has been a lot of interest in jobs on the Red Dog project. Since there won't be a lot of construction work in 1986, relatively few jobs will be available this year. Between July 1 and the end of September we estimate that 30 to 35 people will be involved in dock construction.

AIC has not yet indicated how many people from the NANA region they may hire. In 1987, we expect the large road project to start in the middle of the year. The road will be under construction until 1989.

The state will start building the port in 1988. This state work, and later on Cominco construction at the mine should provide construction job opportunities until the mine is ready for operation in 1990/91. Although we are all anxious for the mine to start operating, projects of this size take a long time to build. The best Red Dog jobs will be those permanent positions that will become available when the mine starts operating. When the time comes, NANA and Cominco will hire as many local residents as possible for the mine operating jobs.

However, since these jobs are still some years away, shareholders should not be applying for them at this time.