Delta City Council  
February 21, 2023  
Mine Economics and Longevity  

It’s NOT a 4 to 5-year mine life?

Manh Choh is “World Class”

As published on February 6, 2022, Mr. Michael Kozak, an equity stock analyst employed by Cantor-Fitzgerald, one the world’s largest investment bankers and equity managers, recommended Contango Ore (CORE) as a “Moderate Buy”.

Mr. Kozak supported his recommendation with the following statements as he wrote of the value of the Manh Choh mines in Alaska:

In paragraph 3: “A project (Manh Choh) that has extremely low operating costs is on course to become the “world’s highest grade open-pit gold mine.”

In paragraph 5: “....given its Tier 1 mining jurisdiction and the Best-in-the-World open pit gold grade....”

Manh Choh economics

CORE CEO Van Nieuwenhuyse: quoted in North of Mining News (Nov 2020): The big thing we need to address is we have a 4 – 5-year mine life, we have to do more exploration and find more ore. When you have a mining district like this, you will find more ore if you just drill more holes.”

CORE CEO Van Nieuwenhuyse: Announced that at a $1,750/oz. gold price Kinross/Contango will benefit from the low-cost transportation component and show an all-in profit of $1,000 / oz.

The Gil Affect

Ft. Knox Alaska

Over the last 24 months, Kinross has touted the proposed ore haul as a critical necessity to the life of the Ft. Knox mining operation and our local economy. The published written record, since 2018, does not support that connection nor that reliance.

ASAH reviewed the press coverage of Ft. Knox from June 18, 2018, to February 22, 2022. That coverage consisted of 15 different articles from 14 different mining related publications local, statewide, and national. (List available on request)

There is no mention whatsoever of an expected 5,000-ton daily ore haul and its effect on lengthening of the life of Ft. Knox. Indeed, the mine life was highly touted as being pushed out until 2030, perhaps beyond, due to the wise development of the recently opened Gil deposit near other Ft. Knox leases. Ft. Knox mine life is not in peril without the Manh Choh ore haul.
MANH CHOH GOLD PROJECT AND SURROUNDING TARGETS

Chief Danny Area: Gold in Soils (thru 2019)

$3 Million Exploration Program Planned for 2022

- Gold in soils at Main and North Peak display clear northwest-trending patterns that mimic current resources.
- The trend from Discovery to S' O'clock is either arcuate or created by numerous D3-age NE-trending faults with apparent left lateral offset.
- The North Saddle gold anomaly appears to be located in a graben bounded by the Tors fault on the south and another subparallel D2-age northwest trending fault to the north.
- The southeastern limits of all of the gold in soil trends is abruptly cut off by the D3-age northeast trending Line of Death (LOD) fault.
- Motion on LOD fault in uncertain but likely some left lateral motion and possibly down on SE side of LOD.
With Kinross considering purchasing "other small mine prospects in Alaska" to feed its hungry mill at Fort Knox, the exploration of these and many other projects across the state could very well shift from finding deposits large enough to support a standalone mine to smaller high-grade deposits that could match the model that has been set with the global mining company's purchase of a stake in Peak Gold.

In preparation for this Fort Knox Alaska strategy, which involves seeking higher-grade ore from projects within a roughly 300-mile radius of Fort Knox, Kinross invested heavily in dewatering the current tailings.

Gil is the first mine to be developed under the Kinross Alaska strategy, which is leveraging the underutilized 14-million-metric-ton-per-year mill and storage capacity at Fort Knox to process higher-grade ore mined from projects within a roughly 300-mile radius of the gold operation.

While some of this new mill feedstock responsible for this rejuvenation of Fort Knox will come from deposits on the property, the majority is expected to come from smaller but much higher grade projects along Alaska's road, rail and river systems that can deliver high-grade ore to Fort Knox.

"There is an economic radius around Fort Knox given the mill capacity that makes a good chunk of Alaska attractive for potential bolt-on," said Kinross Gold Chief Technical Officer Paul Tomory.

"(W)e have a great opportunity to find additional gold, silver and copper resources on our 100% owned state mining claims that cover approximately 170,000 acres adjacent to Peak Gold's 675,000-acre Tetlin lease, both of which have excellent exploration upside with numerous high-quality exploration targets," said Van Nieuwenhuyse.

These claims include several advanced stage exploration targets – Hona, Eagle and Triple Z – that have been well defined by exploration carried out by Contango ORE and others.

Kinross says a scoping study completed earlier this year confirms the initial estimates that trucking ore from Manh Choh to Fort Knox for processing results in a low-cost, high-margin project.
In addition to the newly increased tailings capacity at Fort Knox, Tomory said the 14-million-metric-ton-per-year mill capacity at Fort Knox is being vastly underutilized. With plenty of excess capability at both ends of the operation, Kinross is looking for sources of high-grade gold ore along Alaska's road system.

"There is an economic radius around Fort Knox given the mill capacity that makes a good chunk of Alaska attractive for potential bolt-on," said Tomory.

Alaska Highway projects

The potential to deliver ore to an already established mill also changes the dynamics of numerous projects lying along the Alaska Highway between Fairbanks and Peak Gold.

One such project that has flown under the radar in recent years is Richardson, an enormous gold exploration property alongside the Alaska highway about 70 miles southeast of Fairbanks.

Kinross' search for more similar higher grade ore to feed the Fort Knox mill shifts the economic and development dynamics of dozens of projects on or near roads and potentially even along rivers across much of Alaska.

Or, as Fort Knox General Manager Jeremy Brans put it, "It is no longer just 'Kinross Fort Knox'; it is 'Kinross Alaska...with Fort Knox at its heart'."

In the meantime, the Kinross team will seek out more Alaska projects to deliver ore to the Fort Knox mill.

"We see a great future ahead for Kinross and we expect our continuous improvement culture will continue to provide opportunities to extend mine life and optimize mine plans," Brans said. "It has also led to a shift in thinking: It is no longer just 'Kinross Fort Knox'; it is 'Kinross Alaska...with Fort Knox at its heart'."

Under its new operating strategy, Kinross is looking to acquire smaller Alaskan gold projects that can deliver high-grade ore to its 14-million-metric-ton-per-year mill at Fort Knox.

Without the need to outline a project large enough to support the time and money investment to build gold recovery and tailings disposal system, the Kinross Alaska strategy changes the dynamics of exploring and evaluating the mining potential of gold properties within Fort Knox' economic radius, which extends for at least 300 miles around Fairbanks.