

FAIRBANKS GOLD MINING, INC.
AMENDED AND RESTATED MILLSITE LEASE

Fort Knox Mine Project

(amending and restating the Millsite Permit
effective as of February 15, 1994,
as amended and supplemented)

ADL Nos. 414960 and 414961

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AMENDED AND RESTATED MILLSITE LEASE
ADL Nos. 414960 and 414961

THIS AMENDED AND RESTATED MILLSITE LEASE ("**this Lease**"), amending and restating the Millsite Permit effective as of February 15, 1994, as amended and supplemented (ADL Nos. 414960 and 414961), is agreed to and executed this 8th day of JULY, 2002 by the following parties:

- (1) the State of Alaska Department of Natural Resources ("**DNR**"), acting by and through the Division of Mining, Land, and Water ("**DMLW**") pursuant to AS 38.05.255;
- (2) 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 Mental Health Trust Land Office ("**TLO**") within DNR pursuant to AS 37.14.009(a)(2) and AS 38.05.801; and
- (3) Fairbanks Gold Mining, Inc. ("**FGMI**"), a Delaware corporation the address of which is #1 Fort Knox Road, P.O. Box 73726, Fairbanks, Alaska 99707-3726, which corporation is a wholly owned subsidiary of Kinam Gold Inc. (formerly known as Amax Gold Inc.) ("**AGI**"), a Delaware corporation all of the outstanding common shares of which are owned by Kinross Gold Corporation ("**Kinross**"), an Ontario corporation.

RECITALS

- A. Effective as of February 15, 1994, DNR and FGMI entered into the Millsite Permit (ADL Nos. 414960 and 414961) (referred to in these recitals as the "**Millsite Permit**").
- B. Modification No. 1 to the Millsite Permit (comprising an amendment to Section 8.a.iii of the Millsite Permit) is set forth in that certain Letter dated January 23, 1995, from Jules Tileston, Director of the Division of Mining within DNR, to William R. Jeffress, Chief of Environmental Services for FGMI.
- C. Pursuant to (1) the settlement of Weiss v. State, Case No. 4FA-82-2208 Civil, embodied in 1991 SLA ch. 66, as amended and supplemented by 1994 FSSLA chs. 5 and 6, as amended and supplemented by 1994 SSSLA chs. 1 and 2, approved by the Superior Court on December 6, 1994, and

affirmed by the Supreme Court in Weiss v. State, 939 P.2d 380 (Alaska 1997), and (2) that certain Quitclaim Deed No. 8000044 from the State of Alaska to the Alaska Mental Health Trust Authority dated September 20, 1996, recorded on September 25, 1996, at Book 971, Pages 924-930, Fairbanks Recording District, the Trust Authority acquired all right, title, and interest of the State of Alaska in and to some but not all of the lands subject to the Millsite Permit (said lands are referred to in these recitals and defined below in Section 2 as the "**Millsite Area**").

- D. Effective as of January 20, 2001, the parties entered into that certain Addendum To Millsite Permit ("**Addendum**"), one of the effects of which was—in addition to continuing to allow gold-bearing ores derived from the lands within Upland Mining Lease ADL 535408 ("**ADL 535408**") (which lands constitute some of the lands within the Millsite Area) to be processed through the existing mill and tailings facilities situated within the Millsite Area—to allow other gold-bearing ores, whether derived from inside the Millsite Area or from outside the Millsite Area and whether owned by affiliates of Kinross or by persons or entities unaffiliated with Kinross, to be processed through said mill and tailings facilities if (1) the State of Alaska Department of Environmental Conservation ("**DEC**"), on a case-by-case basis (whether under section 1.2.2 of Solid Waste Permit 0031-BA008 or otherwise), approves such processing, and (2) appropriate amendments to the Plan of Operations, the Reclamation Plan, and all other relevant permits and authorizations are approved by the issuers thereof in due course.
- E. Pursuant to paragraph 5 of the Addendum the parties agreed in good faith to seek to prepare, revise, and finalize, prior to December 31, 2001, the terms of an amended and restated millsite lease under AS 38.05.255 that restates the terms of the Millsite Permit as amended and supplemented.

NOW, THEREFORE, FGMI, DMLW and TLO hereby agree and act as follows:

1. Effect.

Effective as of January 1, 2002, this Lease amends, restates, and supersedes the Millsite Permit as amended and supplemented through December 31, 2001. Without limiting the generality of the foregoing, the parties agree that this Lease supersedes not only (a) the Millsite Permit as modified by Modification No. 1 thereto and as amended and supplemented by the Addendum but also (b) that certain letter dated March 30, 1999, from Stephen C. Planchon of the TLO to Bill Jeffress of FGMI, (c) that certain letter dated August 12, 1999, from Stephen C.

Planchon of the TLO to Steve Lang of FGMI, and (d) that certain letter dated February 7, 2000, from Stephen C. Planchon of the TLO to W. R. Jeffress of FGMI.

2. Definitions.

For the purposes of this Lease, the following terms not already defined above have the following meanings:

a. "Director" means, as the case may be, the Director of the Division or the Executive Director of the TLO, unless otherwise indicated. "Directors" means both the Director of the Division and the Executive Director of the TLO.

b. "Division" means the DMLW within DNR, or any successor agency thereto with jurisdiction over the matters herein, unless otherwise indicated. "Division" does not include the TLO.

c. "Effective Date" means February 15, 1994.

d. "Facility" or "Facilities" means any and all structures, excavations, or improvements constructed or in the process of being constructed in or on the Millsite Area, including but not limited to buildings, roads, utility lines and equipment, pipelines, dams, impoundments, reservoirs, pits, waste dumps, and wells.

e. "Hazardous Substance" means the same herein as in AS 46.03.826(5), with "oil" as defined in AS 46.03.826(7).

f. "Millsite Area" means the lands described in Exhibit A attached hereto and incorporated by reference herein, including the lands within those patented federal mining claims described in Exhibit A that have been conveyed (subject to a mineral reservation) or are under agreement to be conveyed by FGMI to the State of Alaska, Department of Natural Resources.

g. "Millsite Operations" means those activities that are conducted in or on the Millsite Area pursuant to and in compliance with the Plan of Operations and the Reclamation Plan and that are normally and reasonably associated with a millsite, including but not limited to the following:

i. crushing, milling, processing, beneficiation, concentrating, vat leaching, treating, storing, removing, transporting, and selling or otherwise disposing of

(A) gold-bearing ores derived from the lands within ADL 535408 or

(B) other gold-bearing ores, whether derived from inside the Millsite Area or from outside the Millsite Area and whether owned by affiliates of Kinross or by persons or entities unaffiliated with Kinross, if (1) DEC, on a case-by-case basis (whether under section 1.2.2 of Solid Waste Permit 0031-BA008 or otherwise), has approved such processing, and (2) appropriate amendments to the Plan of Operations, the Reclamation Plan, and all other relevant permits and authorizations have been approved by the issuers thereof in due course;

ii. placing, constructing, erecting, installing, maintaining, repairing, using, replacing, and removing excavations, openings, shafts, ditches, drains, settling ponds, tailings ponds, stockpiles, waste dumps, roads, haulageways, buildings, structures, machinery, equipment, and other Facilities at locations specified in the Plan of Operations and the Reclamation Plan, on or below the surface of the Millsite Area, as may be reasonably necessary or desirable for the purpose of engaging in the activities described in Section 2.i.i above;

iii. reclaiming the Millsite Area in conformance with the provisions of this Lease and the Reclamation Plan; and

iv. any and all other actions in or on the Millsite Area which may be reasonably necessary or desirable to carry on Millsite Operations subject to the limitations and restrictions of any and all other permits, authorizations, statutes, laws, regulations, and ordinances existing at the time of the action.

h. "Plan of Operations" means the plan of operations submitted to the Division by FGMI in accordance with 11 AAC 86.800, as said plan of operations is updated, revised, amended, or supplemented from time to time by FGMI and approved by the Division and the TLO, for

i. the development and operation of an open pit gold mine on the lands within ADL 535408 and

ii. the conduct of Millsite Operations within the Millsite Area.

i. "Pollution" means the same herein as in AS 46.03.900(19) with respect to water, land, or subsurface land and the same herein as AS 46.03.900(2) with respect to air.

j. "Project Description" means the "Project Description for the Fort Knox Mine (August 1992)" submitted by FGMI to the Division, as said document is updated, revised, amended, or supplemented from time to time by FGMI in a writing submitted to the Division and the TLO, describing

i. the proposed development and operation of an open pit gold mine on lands within ADL 535408 and

ii. the proposed Millsite Operations within the Millsite Area.

k. "Reclamation" means rehabilitation of the lands within the Millsite Area pursuant to and in accordance with the Reclamation Plan.

l. "Reclamation Plan" means the reclamation plan for the Millsite Area submitted by FGMI and approved by the Division in compliance with AS 27.19 and the regulations promulgated pursuant thereto, as updated, revised, amended, or supplemented from time to time by FGMI and approved by the Division.

m. "State" means, as the case may be, either (1) the State of Alaska Department of Natural Resources or (2) the Trust Authority, or both such entities, in each's capacity as owner of lands within the Millsite Area, and all agencies or authorized representatives thereof.

n. "Temporary Closure" means a suspension or cessation of Millsite Operations on the Millsite Area not exceeding three (3) years in duration.

o. "Transfer" means, as the context requires, (a) to sell, grant, assign, encumber, pledge, or otherwise commit or dispose of, or (b) a sale, grant, assignment, encumbrance, pledge or other commitment or disposition.

p. "Use Charge" means the fee as provided for in Section 5 herein.

3. Grant.

a. Subject to the reservations, exceptions, exclusions, limitations, conditions, and other provisions contained in this Lease, DNR and the Trust Authority hereby grant to FGMI and its successors and assigns the following non-possessory surface use rights in and to the Millsite Area for the term set forth in Section 4 below:

i. the right to use the Millsite Area in accordance with the Project Description and as authorized in the Plan of Operations and the Reclamation Plan, to conduct Millsite Operations on, for, respecting, or in connection with gold-bearing ores derived from lands within ADL 535408; and

ii. subject to (A) approval by DEC, on a case-by-case basis (whether under section 1.2.2 of Solid Waste Permit 0031-BA008 or otherwise), of such operations, (B) approval by the Division and the TLO of appropriate updates, revisions, amendments, or supplements to the Plan of Operations for the Millsite Area, (C) approval by the Division of any necessary updates, revisions, amendments, or supplements to the Reclamation Plan for the Millsite Area, and (D) receipt by FGMI of any other necessary regulatory approvals or authorizations required at the time, the right to use the Millsite Area to conduct Millsite Operations on, for, respecting, or in connection with gold-bearing ores derived from lands other than those within ADL 535408 (regardless of whether said ores are derived from inside the Millsite Area or from outside the Millsite Area and regardless of whether said ores are owned by affiliates of Kinross or by persons or entities unaffiliated with Kinross).

A graphic depiction of the activities initially anticipated under this Lease, the initial Plan of Operations, and the initial Reclamation Plan is attached hereto as Schedule 1.

b. All rights to use are subject to any valid existing rights within the Millsite Area and the requirement of reasonable multiple concurrent use as provided for in the Constitution of the State of Alaska and AS 38.05.285; however, pursuant to 11 AAC 86.145, FGMI may restrict public access to those areas of the Millsite Area where such restriction is necessary for public safety or to prevent unreasonable interference with Millsite Operations.

4. Term.

The term of this Lease commences on the Effective Date and shall continue unless sooner terminated in accordance with the provisions of this Lease, until completion of all requirements under and pursuant to:

- a. the Plan of Operations for lands within the Millsite Area;
- b. the Reclamation Plan;

c. FGMI's obligation to convey the previously reserved mineral rights to the patented mining claims pursuant to the Agreement to Convey attached hereto as Exhibit H; and

d. that portion of Solid Waste Disposal 0031-BA008 issued by the DEC concerning closure of the tailings impoundment.

5. Use Charge.

a. On or before the close of business on the Effective Date of this Lease and annually thereafter on or before the Effective Date for so long as this Lease is in effect, in order to continue this Lease in effect, FGMI shall pay a Use Charge as follows:

i. The annual Use Charge for the first five years hereunder shall be the rental value of the land, without improvements installed or constructed by FGMI, calculated based on the appraised value determined by an appraisal of the Millsite Area to be carried out at FGMI's expense by an independent appraiser selected by FGMI from an approved list of appraisers provided by the Division of Land and in accordance with the additional appraisal instructions issued by the Division of Land attached hereto as Exhibit B. The initial Use Charge is \$102,000 per year pursuant to Division of Land Appraisal 2598-1.

ii. The annual Use Charge for the next five-year period hereunder, starting on February 15, 1999, shall comprise all of the following:

(A) the rental value of the land, without improvements installed or constructed by FGMI calculated based on the current appraised value determined by an appraisal of the Millsite Area to be carried out at FGMI's expense by an independent appraiser selected by FGMI from an approved list of appraisers available from the Division at least 90 days prior to February 15, 1999, and in accordance with any additional appraisal instructions issued by the Division. Said rental value of the land has been determined to be \$111,920 per year pursuant to Division Appraisal #2598-2, which amount shall be payable as follows:

To the Division: \$81,120

To the TLO: \$30,800

- (B) beginning with the lease year commencing on February 15, 2002, the additional annual sum of \$119,098, which amount shall be payable to the TLO. (The parties hereby recognize and agree that this additional sum is being paid to the TLO *not* to compensate the TLO for use of the lands within the Millsite Area *but, instead, collectively*, (1) to provide the TLO with a payment roughly equivalent to the minimum annual payment which the TLO would have required to be paid under ADL 535408 if said mining lease had been issued by the TLO and the lands therein had not been subject to prior valid state mining claims, (2) to reimburse the TLO for costs incurred in reviewing and approving the terms of this Lease, and (3) to compensate the TLO for instructing DNR to relinquish an original mental health selection in T1S R2W FM in order to allow DNR's general selection of certain lands in said township to be tentatively approved.)

iii. The annual Use Charge for each succeeding five-year period hereunder (i.e., for the five-year period commencing on February 15, 2004, the five-year period commencing on February 15, 2009, etc.) shall comprise the amounts set forth in Section 5.a.ii. above, adjusted by multiplying each such amount by a fraction (A) the numerator of which is, as of the November 15 immediately preceding the commencement of the applicable five-year period hereunder, the most recently available Consumer Price Index for All Urban Consumers (CPI-U) published by the U. S. Department of Labor, Bureau of Labor Statistics, and (B) the denominator of which is the CPI-U published by the U. S. Department of Labor, Bureau of Labor Statistics, for the month of January 1999, which adjusted amounts shall be payable to the same parties to whom the unadjusted amounts were payable under Section 5.a.ii. above; *provided, however*, with respect to the amounts payable for the rental value of the land (i.e., the amounts set forth in Section 5.a.ii.(A) above as adjusted pursuant to this Section 5.a.iii.), that any party hereto may seek to have said amounts calculated not as provided above in this Section 5.a.iii. but, instead, based on a current appraisal value determined in the same manner as set forth in Section 5.a.ii. except that (A) the cost of said appraisal shall be borne by the party seeking to have said amounts so calculated and (B) the amounts payable for the rental value of the land under this Section 5.a.iii. shall be the amounts calculated based on a current appraisal value only if said amounts exceed the amounts that otherwise would be payable under this Section 5.a.iii.

iv. Upon permanent cessation or abandonment of all Millsite Operations under the Plan of Operations except for Reclamation, all amounts comprising the Use Charge shall be reduced, to reflect the substantial decrease in

use of the Millsite Area, by multiplying the amounts comprising the Use Charge most recently paid prior to such cessation or abandonment by one percent (1%), which reduced amounts shall be payable annually in the same manner and to the same parties to whom the unreduced amounts were payable under Section 5.a.ii. or Section 5.a.iii. above (as the case may be). With respect to the Use Charge payable to the TLO as described in Section 5.a.ii.A, this reduced rate shall remain in effect for 16 months from the time of mill closure. If, after this period of time, reclamation activities have not been completed to the extent that the affected Trust land is prevented from being used for other revenue generating purposes, the Use Charge will revert back to the rate established in Section 5.a.ii.A for Trust land and remain in effect until such time as this land can be used for other revenue generating purposes.

b. In addition to the annual use charge set out above, FGMI shall pay to the Division an "annual tipping fee", calculated according to the following formula, for every ton of ore from the True North Project (situated on lands within Township 3 North, Range 1 East, F.M.) tailings from which are placed in the Fort Knox Project tailings facility:

"Tons of ore from the True North Project processed through the Fort Knox Project facilities during the calendar year" x "the Rate (\$ per ton) from the table set forth below" = "annual tipping fee"

Annual Average Price of Gold (NY Comex Price) for the calendar year	Rate (\$ per ton) for each ton of ore
\$340.01 and above	To be negotiated
\$320.01 to \$340.00	\$0.0200
\$300.01 to \$320.00	\$0.0100
\$280.01 to \$300.00	\$0.0075
\$260.01 to \$280.00	\$0.0050
\$240.01 to \$260.00	\$0.0025
\$240.00 and below	\$0.0000

The annual tipping fee due for any particular calendar year shall be calculated following the end of said calendar year and paid no later than February 15 of the following calendar year.

c. Unless otherwise specified upon sixty (60) days notice to FGMI, all payments to the State under this Lease shall be made payable (1) in the case of payments to be made to DNR, to the order of the "Alaska Department of Revenue", and (2) in the case of payments to be made to the Trust Authority, to the order of the "Mental Health Trust Land Office", and must be mailed or otherwise delivered to the following address, as applicable:

Payments to DNR:

State of Alaska
Department of Natural Resources
Attention: Financial Services
550 West 7th Avenue, Suite 1410
Anchorage, Alaska 99501

Payments to the Trust Authority:

State of Alaska
Department of Natural Resources
Mental Health Trust Land Office
550 West 7th Avenue, Suite 1430
Anchorage, Alaska 99501

d. Failure to pay the Use Charge in full constitutes a material breach of this Lease which shall result in termination unless cured as provided in Section 18 herein.

6. Materials within Millsite Area.

a. FGMI may use, without additional charge within the Millsite Area for or in connection with Millsite Operations, any or all timber, waste rock, stone, gravel, peatmoss, topsoil, or other material valuable for building or commercial purposes derived from within the Millsite Area. Unless otherwise agreed by DNR or the TLO (as the case may be) and FGMI in a separate instrument, however, FGMI shall not sell or remove from the Millsite Area for use elsewhere any timber, waste rock, stone, gravel, peatmoss, topsoil, or any other material valuable for building or commercial purposes. In developing construction plans and in actual extraction of material, FGMI shall include an assessment of the potential for incorporating borrow sites into the design of the water supply impoundment.

b. The Project Description anticipates both the use of material in construction of impoundments and the permanent storage of material such as

tailings and rock derived from the mine pit within the Millsite Area during and as part of Millsite Operations, as generally depicted in the map attached hereto as Exhibit C. The parties recognize that such use and storage result in benefits to all parties, and therefore, the parties agree that the value, if any, of the right to use such materials within the Millsite Area for or in connection with Millsite Operations comprises an undifferentiable component of the Use Charge provided for in Section 5 of this Lease. The parties further recognize and agree that due to the interrelated balance of benefits derived by each party within the Millsite Area arising from the use of materials throughout the Millsite Area as described in the Project Description, any value attributable to the use of materials is neither apportionable within the Millsite Area for any purpose nor allocable to any part of the Millsite Area for any purpose. In the event of a reconveyance by the State of the federal patented mining claims that are the subject of the Agreement To Convey (attached as Exhibit H hereto), any materials derived from state lands other than said federal patented mining claims and placed on said federal patented mining claims must either be removed from said claims by FGMI and placed on other state lands prior to said reconveyance or paid for at the time of said reconveyance by FGMI at the then appraised value.

c. All timber on the Millsite Area that will be disturbed due to Millsite Operations shall be:

- i. used for Millsite Operations in or on the Millsite Area;
- ii. chipped and mulched by FGMI for use as a soil amendment for incorporation into topsoil stockpiles and other suitable growth medium for the purposes of enriching growth medium stockpiles, enhancing interim reclamation, or increasing the resources to reclaim the mined area at closure, or upon Division approval in consultation with DNR Division of Forestry, otherwise incorporated into the soil; or
- iii. after consultation with the DNR Division of Forestry and where determined by FGMI to be of suitable size and located in affected areas that are easily accessible, felled, limbed, bucked into log lengths, and decked in areas easily accessible to the public for collection of firewood free of charge.

7. Reclamation Bond.

a. Prior to commencement of construction or Millsite Operations resulting in land disturbance and prior to January 1 of each subsequent year, FGMI shall furnish to the Division a reclamation bond which meets the requirements and standards of AS 27.19, the regulations thereunder and the

Reclamation Plan, securing FGMI's performance of the Reclamation Plan excepting only the areas the reclamation of which is specifically covered by a bond required by the Solid Waste Disposal Permit issued by the DEC for the Millsite Area. FGMI, for itself, its assigns and subrogees specifically waives any right to challenge the amount of the bond based on the bond amount exceeding seven hundred and fifty dollars (\$750) per mined acre.

b. The reclamation bond amount for the first five years of this Lease shall be mutually agreed upon prior to issuance of this Lease. Thereafter, the reclamation bond amount shall be redetermined at intervals and for intervals of no more than five years. At least 90 days prior to the expiration of a reclamation bond interval, FGMI shall supply to the Division all relevant information concerning FGMI's operations and reclamation planned for the Millsite Area for the succeeding interval. The Division shall notify FGMI of the bond amount for the succeeding interval at least 45 days prior to the expiration of the current bond interval.

c. FGMI shall provide evidence of bond renewal or a surety's commitment for a new bond no later than 15 days prior to the expiration of the existing bond. Failure to provide such evidence of renewal or commitment timely is a breach of this Lease.

8. Insurance.

a. During the term of this Lease, FGMI shall maintain the following policies of insurance written by insurance companies with a financial rating of "Very Good" as rated in the most recent edition of Best's Insurance Reports or the equivalent of that rating as approved and accepted by the State, and be authorized to provide insurance in Alaska.

i. Commercial General Liability Insurance with a combined single limit (including umbrella liability coverage) of not less than Twenty-Five Million Dollars (\$25,000,000.00) per occurrence/annual aggregate, which shall include, but not be limited to: Premises and operations, Independent Contractors, Owners and Contractors Protective, Products/Completed Operations, Contractual including the indemnification clauses in Section 20, Explosion, Collapse and Underground Property Damage, Personal Injury, Incidental Malpractice and Errors and Omissions Coverage.

This insurance shall insure FGMI and the State against claims which may arise out of, or result from FGMI's operations related to the Millsite Area whether such operations be conducted by FGMI or by their contractors, or

subcontractors, or by anyone directly or indirectly employed by either of them, or by anyone for whose acts any of them may be liable. This insurance shall be considered to be primary of any other insurance carried by the State through self insurance or otherwise. This insurance shall also contain a "cross liability" or "severability of interest" clause or endorsement. The State shall be named as additional insured on all FGMI insurance policies covering the Millsite Area and on all insurance policies taken out and maintained by all contractors and subcontractors under their contracts with FGMI, or appropriate waivers of subrogation in favor of the State must be obtained with respect to all such insurance policies to effect the same purpose.

ii. Auto Liability Insurance with a combined single limit (including umbrella liability coverage) of not less than Twenty-Five Million Dollars (\$25,000,000.00) per occurrence/annual aggregate, which shall include, but not be limited to: All Owned, Non-owned and Hired vehicles while used both on and away from the Millsite Area.

This insurance shall be considered to be primary of any other insurance carried by the State through self insurance or otherwise. This insurance shall also contain a "cross liability" or "severability of interest" clause or endorsement. The State shall be named as additional insured.

iii. Professional Liability Insurance providing coverage for all errors and omissions or negligent acts of any design/project professional involved in the Millsite Area with coverage limits of not less than Twenty-Five Million Dollars (\$25,000,000) per claim and project aggregate. Such insurance shall be maintained during the term of this Lease. The requirements of this Section 8.a.iii. shall be deemed satisfied for the term of this Lease if equivalent coverage is provided under the Commercial General Liability insurance required in accordance with Section 8.a.i. above and such equivalency is evidenced by the State's written confirmation and approval thereof.

iv. Statutory Alaska Workers' Compensation and Employer's Liability Insurance with a limit of not less than Ten Million Dollars (\$10,000,000.00) in compliance with the laws of the State, and, where applicable, insurance which complies with any other statutory obligations, whether federal or state, pertaining to the compensation of injured employees, and including Voluntary Compensation. The Worker's Compensation Insurance shall contain a waiver of subrogation clause in favor of the State.

v. Pollution Liability Insurance, if available at a reasonable cost, with combined single limits not less than Twenty-Five Million Dollars (\$25,000,000.00) per occurrence for any claim arising out of or related to any event or happening directly or indirectly caused by or resulting from the dispersal, discharge, escape, release, removal or saturation of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, gasses, contaminants, or pollutants into the atmosphere, or in, onto, upon, or into the surface or subsurface of soil, water or watercourses, objects, or any tangible or intangible matter, whether sudden and accidental or gradual.

vi. All Risk Property Insurance (including earthquake and flood), including business interruption, on the dam structure, buildings, and equipment on or affixed to or otherwise connected to the Millsite Area, in such amounts and with such deductibles as under good business practices are ordinarily provided for on similar buildings and equipment, but in no event in an amount less than the replacement value of all the insurable structures, buildings, improvements, and equipment on or in the Millsite Area. During the course of construction, FGMI shall provide or cause the contractor to provide "All Risks" Builders' Risk Insurance to the full value of the project.

b. All required insurance policies with endorsements must be submitted to the Division and the TLO for approval. The Division and the TLO shall approve or disapprove the policies and endorsements within thirty (30) days of receipt by the Division and the TLO. Certificates of Insurance (or certified copies of the policies, if requested by one of the parties) shall be provided to the Division and the TLO. The certificates shall provide that thirty (30) days advance written notice by certified mail will be given the Division and the TLO before cancellation or material change in the coverage.

c. The requirements for insurance coverages of the kinds and with the limits stated in this Section shall not be construed as a representation that such insurance coverage is adequate or limits FGMI's liability.

d. Required insurance is subject to annual review and adjustment by the Division and the TLO, which may require reasonable changes based on changes in risks. FGMI shall be provided with a written explanation for any change and may appeal any change to the Director of the Division pursuant to 11 AAC 02 et seq.

e. All Property insurance policies shall contain a waiver of subrogation in favor of the State who shall also be named as a loss payee on any loss settlement paid. FGMI shall be obligated to pay all deductibles.

9. Commencement of Millsite Operations.

a. No particular Millsite Operations shall commence in or on the Millsite Area until:

i. the Plan of Operations and the Reclamation Plan are approved by the Division and the TLO;

ii. the initial reclamation bond is received and approved by the Division;

iii. all required certificates and proofs of insurance are received and approved by the Division and the TLO; and

iv. any and all other permits or authorizations necessary for said particular Millsite Operations are received by FGMI.

b. Before FGMI commences construction of the tailings impoundment and water supply impoundment as described in the Project Description, FGMI shall enter into an Agreement for Funding Post-Reclamation Obligations as shown in Exhibit D with the Division and any other relevant parties. Such agreement shall require that FGMI provide a fund to establish a perpetual endowment to provide for post-closure management, repair, and maintenance of the proposed water supply impoundment dam, the Solo Creek causeway, the tailings impoundment dam, and any associated permits or authorizations. Such agreement shall be a material part of the Reclamation Plan. Notwithstanding the foregoing, nothing in this Lease, the Agreement for Funding Post-Reclamation Obligations, the Reclamation Plan, or any other permit or authorization may be construed to obligate FGMI to leave the water supply impoundment in place if this Lease

i. is declared void or invalid,

ii. expires, or

iii. is terminated, except where such termination is caused by a breach by FGMI, prior to both the issuance of all permits and authorizations necessary to conduct all operations contemplated in the Project Description and any discharge of tailings into the tailings impoundment.

c. Prior to beginning construction, and as a requirement of the Plan of Operations, FGMI shall provide site development plans and a construction schedule for review by the Division. The facilities to be reviewed shall be limited

to improvements which could have an impact on the long term value of the State's land. Areas of specific interest include: roads, grading, drainageways, waste dumps, tailing disposal facility, buried utilities, environmental controls or facilities which are not specifically being reviewed by other agencies, soil or rock cuts or embankments which are not being reviewed by the Division (dam safety), the general layout of the surface plant, and all geotechnical, hydrologic, and other engineering reports providing the basis for design of the above facilities. The plans provided shall be those intended for construction of the specified facilities. If significant changes are made in the design drawings before or during construction, revised drawings shall be submitted for review. Construction plans and reports submitted for review shall be prepared in accordance with state law.

d. The extent of review by the Division shall normally be limited to assuring general conformance with terms of this Lease, the Plan of Operations, the Reclamation Plan, an environmental audit pursuant to Section 12 herein, and other appropriate decision documents. This review is not intended to consist of detailed technical review of any facility. However, the Division may require additional information, if deemed necessary prior to authorizing construction. There will normally be no review of detailed architectural, structural, process, mechanical, or electrical plans. It is understood that FGMI project design and construction documents will conform to all applicable state and local codes, regulations, and statutes. Compliance also includes plan submittal to the State Fire Marshal, mechanical department, and electrical department when required by law.

e. Following review, the Division will advise FGMI in writing that they are authorized to proceed with construction. FGMI shall not proceed with construction prior to receiving appropriate authorization. An authorization for construction may be issued by the Division for individual or groups of project components, although complete submittals are desirable, when possible. The final requirements under this Section shall be coordinated with FGMI and other appropriate agencies.

f. Prior to beginning ore processing, FGMI shall submit certification(s) by an engineer or engineers that the roads, grading, drainageways, tailings disposal facilities, buried utilities, and site preparation for waste dumps were all constructed or prepared in accordance with the plans which were submitted to the Division for review. All certification shall be made by properly licensed engineers. Representatives of the Division shall periodically inspect project progress. If deviations from the plans or schedule are observed, the Division representative shall advise FGMI of the deviations and FGMI shall take appropriate action to correct the deviations. Following completion of construction

and any other permit requirements, the Division shall issue an authorization to operate.

10. Maintenance; Obligations; Breach.

a. FGMI shall maintain the Millsite Area in a reasonably neat and clean condition. FGMI shall maintain, in good condition, all portions of the Millsite Area, including but not limited to, all facilities and all of FGMI's personal property located in or on the Millsite Area. In addition to the obligations set forth in this Lease, FGMI shall take all prudent precautions to prevent Pollution of the groundwater, surface water, air, and land; to prevent or suppress grass, brush, or forest fires; and to prevent erosion or destruction of the lands, features, and resources within the Millsite Area.

b. FGMI shall conduct all Millsite Operations in compliance with the Plan of Operations approved by the Division and the TLO for lands within the Millsite Area, the Reclamation Plan, all other permits or authorizations issued by local, state, and federal agencies, and all applicable laws, statutes, regulations, and ordinances including but not limited to environmental statutes and regulations.

c. Failure to commence to cure a breach of any obligation set forth in this Lease upon notice from the Division or the TLO and within the time allowed by this Lease constitutes a material breach of this Lease and may result in termination.

11. Inspection and Entry by the Division and the TLO.

a. FGMI shall permit the Division and the TLO, or their agents to enter into and upon the Millsite Area and Facilities at all reasonable times without notice, subject to such safety and security procedures as FGMI may from time to time adopt, for the purpose of inspecting the Millsite Area and the activities thereon including but not limited to activities involving Hazardous Substances.

b. Each year this Lease is in effect, during the third (3rd) calendar quarter, FGMI shall meet with the Division and the TLO to provide an update and briefing describing the activities of the year immediately preceding and activities planned for the immediately upcoming year with a copy of the update and briefing materials to be provided ten (10) days prior to the meeting. At the discretion of the Division or the TLO, this information may be made public in the context and format mutually agreed upon by FGMI, the Division, and the TLO.

c. At least once a year, upon prior written notice, the Division and the TLO will formally inspect the Millsite Area and all activities thereon.

d. At any time upon the written request of the Division or the TLO, FGMI shall promptly make any and all records, documents, or other information required to be kept or maintained by law, regulation, or ordinance available to the Division or the TLO for inspection and copying as reasonably required by the Division or the TLO to determine FGMI's compliance with local, state, and federal laws applicable to Millsite Operations.

12. Environmental Audit.

a. Prior to and in preparation for each scheduled update of the Plan of Operations and any other approved plan of operation, prior to and in preparation for termination of this Lease, and as partial satisfaction of the requirements of section 7 of the Agreement for Funding Post-Reclamation Obligations executed by the parties hereto, an environmental audit shall be conducted at FGMI's expense. The Division and the TLO and FGMI shall mutually select a qualified auditor. To qualify, the auditor must:

i. certify that no relationship exists through professional, financial, or personal reasons that could bias the auditor's judgment or the audit results and that no self-serving interest in the outcome of the audit exists;

ii. demonstrate a commitment to professional and ethical standards generally accepted in the environmental auditing profession; and

iii. demonstrate a professional proficiency in the specific areas of hardrock mining, associated environmental issues, and current federal/state regulatory programs and climate, and an appropriate working knowledge and appreciation of management principles, quantitative methods, and computerized information systems.

b. The scope of the audit to be conducted during the fifth (5th) year of this Lease will be to determine if both the Environmental Management Systems of FGMI and regulatory controls of FGMI provide reasonable assurances that environmental objectives are being met and that the systems and controls are functioning as intended. The scope of subsequent audits may be revised as mutually agreed upon prior to initiation of each audit to address specific issues or objectives not previously identified in Environmental Management Plans of FGMI or permit terms. Identification of such issues or objectives may be accomplished through a joint FGMI/State public meeting prior to the audit.

c. The audit will be an objective, systematic, and documented review of the conditions, operations, and practices related to environmental requirements and environmental management of the Millsite Operations conducted under this Lease. The objectives of the audit will be to evaluate:

i. FGMI's compliance with all federal, state, and local permits and authorizations;

ii. FGMI's compliance with internal environmental policies, plans, and procedures, and established environmental management systems and policies, an initial list of which is attached hereto as Exhibit E and is subject to updating, amendment, or revision upon mutual agreement of the parties;

iii. the reliability and integrity of information relating to environmental reporting and compliance;

iv. the adequacy of state oversight to protect state resources; and

v. those conditions, operations, and priorities required by the Department of Fish and Game permits.

d. The audit will evaluate, at a minimum and not limited to, all items listed in Section 1.12 of the Solid Waste Disposal Permit issued by the DEC regarding the facility audit required for that permit.

e. The State and FGMI will use the audit results to assist in updating, renewing, or issuing authorizations and permits, in updating policies, plans, and procedures, and in determining compliance with permits and authorizations.

13. Taxes and Liens on Millsite Area.

a. During the term of this Lease, FGMI shall be solely responsible for paying any and all real property taxes, assessments, and similar charges levied by the state, any municipality, or any other governmental entity upon the interest in the Millsite Area granted to FGMI by this Lease. FGMI shall have the right to contest, in courts or otherwise, the validity or amount of any such taxes, assessments, or charges if FGMI deems them to be unlawful, unjust, unequal, or excessive, or to undertake such other steps or proceedings as FGMI may deem reasonably necessary to secure a cancellation, reduction, readjustment, or equalization thereof before FGMI shall be required to pay them, but in no event shall FGMI permit or allow its interest in the Millsite Area granted by this Lease

to be lost or the State's title to the Millsite Area to be clouded or encumbered as a result of the nonpayment of any such taxes, assessments, or charges.

b. During the term of this Lease, FGMI shall be solely responsible for paying for all labor and services performed upon or materials furnished to the Millsite Area by, for, or at the request of FGMI. FGMI shall keep its interest in the Millsite Area granted by this Lease and the State's title to and interest in the Millsite Area free and clear of any and all mechanic's, mining, labor, or materialmen's liens arising out of or resulting from the performance of labor or services upon or the furnishing of materials to the Millsite Area by, for, or at the request of FGMI, except those liens arising by operation of law for which payment is not yet due. FGMI shall have the right to contest, in the courts or otherwise, the validity or amount of any such lien that may be filed. If and when requested by the State, FGMI shall post and record notices of nonresponsibility for the benefit of the State pursuant to AS 34.35.065 and AS 34.35.150 and any other similar applicable laws.

c. During the term of this Lease, FGMI shall not allow the State's title to or interest in the Millsite Area to be encumbered by any judgments entered by a court of law against FGMI or FGMI's agents or contractors. If a lis pendens is filed arising from pending or actual litigation against FGMI or its agents or contractors that encumbers or purports to encumber the State's title to or interest in any lands within the Millsite Area lands, FGMI shall diligently and with best efforts seek to effect immediate removal of said lis pendens.

14. Temporary Closure.

a. FGMI shall notify the Division and the TLO in writing at least thirty (30) days prior to any planned Temporary Closure of ninety (90) days or longer. FGMI shall notify the Division and the TLO of any unanticipated Temporary Closure expected to last ninety (90) days or more within ten (10) days of the first day of the Temporary Closure. The notice shall state the nature and reason for the Temporary Closure, the anticipated duration of the Temporary Closure, and any event which would reasonably be anticipated to result in the resumption or abandonment of Millsite Operations. Millsite Operations must resume for not less than ninety (90) consecutive days in order to terminate the running of the Temporary Closure. If a Temporary Closure extends beyond three (3) years, the Division and the TLO, acting jointly, may deem Millsite Operations to be permanently abandoned or ceased, and whereupon final Reclamation must commence unless otherwise agreed by the parties.

b. FGMI shall ensure that the Millsite Area is maintained in a safe and secure condition during a Temporary Closure and FGMI shall not allow the Millsite Area to be degraded or eroded during or as a result of the Temporary Closure.

15. Abandonment or Cessation of Mining.

Not later than 90 days after the permanent cessation or abandonment of Millsite Operations, FGMI shall notify the Division and the TLO of its intent to cease said Operations.

16. Post-Lease Land Conditions.

The parties agree that the conditions to which lands in the Millsite Area must be returned after cessation of Millsite Operations shall be as provided for in the initial Reclamation Plan as conditionally approved by the Division and attached hereto as Exhibit F. Because such conditions have formed and will continue to form a material basis for the planning, design, and conduct of all operations described in the Project Description and approved in the initial Plan of Operations and initial Reclamation Plan (including both mining operations on lands within ADL 535408 and Millsite Operations with the Millsite Area), any additional cost of incorporating and effecting a significant change in such agreed upon post-Lease land conditions, including but not limited to significant topographic or slope changes not necessary to meet the objectives set forth in the initial Reclamation Plan, such that the Reclamation Plan must be modified to accommodate such change, where such change does not arise or result from a material change in facts or conditions as now understood by the parties or a change in law or regulation, shall be paid for by the requesting party.

17. Removal and Reclamation.

a. The removal of all Facilities constructed or placed on the Millsite Area shall be in accordance with the Reclamation Plan. Unless otherwise provided in the Reclamation Plan, FGMI must reclaim land concurrently with the conduct of mining operations on lands within ADL 535408 and the conduct of Millsite Operations.

b. All reclamation not accomplished concurrently must be initiated immediately upon a determination by the Division and the TLO, acting jointly, that a Temporary Closure has resulted in permanent abandonment or cessation pursuant to Section 14(a) herein, or within three years after permanent abandonment or cessation of Millsite Operations, whichever occurs first.

18. Termination for Breach.

a. If FGMI shall materially breach any of the terms, covenants, or conditions contained herein or attached hereto and said breach, except as provided in Sections 18(b) and 18(c) herein, shall not be cured to the satisfaction of the Division or the TLO within sixty (60) days after written notice of such breach has been personally served or mailed by certified mail to FGMI and any assignee of this Lease for security purposes of which the Division and the TLO have been previously notified, the Division or the TLO may terminate this Lease by written notice.

b. If a material breach, except as provided in Section 18(c) herein, cannot be reasonably cured within sixty (60) days of the written notice, FGMI shall notify the Division and the TLO within fourteen (14) calendar days of its receipt of the written notice that the breach cannot be cured within sixty (60) days and shall notify the Division and the TLO of FGMI's timetable to cure the breach. The timetable for cure is subject to approval by the Division and the TLO, acting jointly, which approval shall not be unreasonably withheld. FGMI shall commence to cure the breach within thirty (30) days of the notice of breach and diligently and in good faith continue to cure the breach to the satisfaction of the Division and the TLO.

c. If FGMI shall fail to timely pay the Use Charge and said failure is not cured within ten (10) days after written notice of such failure has been personally served or mailed by certified mail to FGMI and any assignee of this Lease for security purposes of which the Division and the TLO have been previously notified, the Division or the TLO may terminate this Lease by written notice. If a good faith attempt to pay the Use Charge is made and the payment is deficient solely due to the amount paid being less than the amount actually due, FGMI shall have thirty (30) days to cure such default after notice is given as described in this Section.

d. Notice of breach or failure under this Section shall specify the default and the applicable permit provision(s) and shall demand that FGMI cure the default to the satisfaction of the Division and the TLO within the applicable timeframe. No notice shall be deemed a forfeiture or termination of this Lease unless the notice so states expressly.

e. FGMI may request, in writing delivered to both the Division and the TLO, a hearing within thirty (30) days of FGMI's receipt of a notice of termination. Upon receipt of FGMI's request for a hearing, the time to cure the

breach or breaches cited as the cause for termination shall be tolled until the Director of the Division issues a final decision on the termination for breach. Such tolling shall not affect any other responsibilities, obligations, or performance under this Lease or any other permit or authorization affecting the Millsite Area.

f. The Director of the Division will hold the hearing within ten (10) business days of the Division's receipt of FGMI's request unless mutually agreed otherwise by the parties. The hearing shall be conducted informally and recorded electronically. The parties may appear in person or through counsel, present evidence and witnesses in their own behalf, and cross-examine opposing witnesses. The decision of the Director of the Division may be appealed to the Commissioner of DNR pursuant to 11 AAC 02 et seq.

g. Upon termination of this Lease, the parties shall be relieved of further rights, obligations, and liabilities under this Lease except for rights, obligations, and liabilities incurred or accrued prior to the date of termination. The termination of this Lease shall not affect FGMI's obligations under the Plan of Operations, the Reclamation Plan, or any other permit, lease, or authorization issued by the Division, the TLO, or other agency of federal, state, or local government. If this Lease is terminated prior to completion of Reclamation, FGMI shall complete the requirements of the Plan of Operations, the Reclamation Plan, and such other requirements as the Division may reasonably require to protect the health, safety, and welfare of the public.

19. Surrender of Permit Area.

a. Simultaneous with FGMI's receipt of the written concurrence of the Division and the TLO that all Lease obligations and responsibilities have been satisfied, FGMI shall deliver a deed in the form shown in Exhibit I hereto conveying to the State of Alaska, Department of Natural Resources, all rights previously reserved by FGMI in and to the patented federal mining claims within the Millsite Area described in Exhibit A hereto, and shall surrender the Millsite Area. The parties agree that conveyance of such previously reserved rights is necessary to assure the continued effectiveness of the Millsite Area reclamation as approved in the Reclamation Plan.

b. Upon termination of this Lease for breach, FGMI shall cease all Millsite Operations and shall be permitted on the Millsite Area solely for Reclamation and timely removal of FGMI personal property. FGMI's obligation to deliver a deed in the form shown in Exhibit H hereto conveying the rights previously reserved by FGMI in and to the patented federal mining claims within

the Millsite Area described in Exhibit A shall not terminate upon termination of this Lease for breach and FGMI shall timely convey said rights upon termination for breach.

20. Indemnification.

a. FGMI assumes all responsibility, risk, and liability for all Millsite Operations and other activities conducted by FGMI in connection with the project described in the Project Description, including construction, reclamation, and environmental and Hazardous Substance risks and liabilities, whether accruing during or after the term of this Lease. FGMI shall defend, indemnify, and hold harmless the State and its employees from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of, in connection with, or incident to any act or omission by or on behalf of FGMI on the Millsite Area, including acts or omissions of independent contractors, unless the sole proximate cause of the injury or damage is the negligence or willful misconduct of the State or anyone acting on the State's behalf. Within 15 days FGMI shall accept any such cause or action or proceeding upon tender by the State. This indemnification shall survive the termination of this Lease.

b. FGMI shall require that all indemnities obtained from all contractors and subcontractors on the Millsite Area be extended to include the State as an additional named indemnitee. FGMI shall further require that the State be named as an additional insured on all insurance policies taken out and maintained by all contractors and subcontractors under their contracts with FGMI, or that appropriate waiver of subrogation in favor of the State be obtained with respect to all such insurance policies to effect the same purpose.

21. Guaranty.

a. FGMI shall cause Kinross to guarantee FGMI's performance of this Lease, including the Reclamation Plan and all permits and authorizations issued by federal, state, and local governments. The guaranty shall be in a form substantially the same as the guaranty originally executed by AGI pursuant to the Millsite Permit (see Exhibit G attached hereto).

b. FGMI shall cause Kinross to provide to the Division and the TLO an opinion of counsel dated the day FGMI executes this Lease, satisfactory in form and substance to the Division and the TLO, stating:

i. Kinross is a corporation duly organized, validly existing and in good standing under the laws of Ontario, Canada;

ii. Kinross has full power and authority to execute said guaranty of FGMI's performance of this Lease, which power and authority have been duly authorized by all proper and necessary corporate action, and the execution, delivery, and performance by the guarantor of its obligations under this Lease do not require shareholder approval, and do not contravene any law, regulation, rule, or order binding upon it or its Articles of Incorporation or Bylaws; and

iii. Kinross's execution of said guaranty of the performance of this Lease when duly executed and delivered, will constitute the valid, legal, and binding obligation of Kinross. enforceable in accordance with its terms, subject to (1) applicable bankruptcy, insolvency, moratorium, or other similar laws affecting the enforcement of creditors' rights generally; (2) laws imposing duties to act in good faith or in a commercially reasonable manner, and (3) laws respecting or affecting the procedural or remedial provisions of this Lease.

c. FGMI shall cause Kinross to provide to the Division and the TLO on the date of execution of this Lease a copy of the Kinross's most recent balance sheet, but dated not more than one year prior to the date of execution of this Lease. The balance sheet must be certified by a reputable accounting firm authorized to do business in the Province of Ontario, including certifications that:

i. The balance sheet fairly presents the financial condition of Kinross at such date in accordance with generally accepted accounting principles; and

ii. There are no liabilities, direct or indirect, fixed or contingent, of Kinross as of the date of such balance sheet which are not reflected therein or in the notes thereto other than liabilities or obligations not material in amount which are not required to be reflected in a corporate balance sheet prepared in accordance with generally accepted accounting principles.

22. Modifications.

a. Any request by FGMI for modification of this Lease must be made by written application to the Division and the TLO. The application must contain a detailed description, justification, maps, plats, and cross-sections as necessary, and copies of concurrent applications for update, revision, amendment or supplementation of the Plan of Operations, Reclamation Plan, and any other affected permits or authorizations. The Division and the TLO may request further

information and data based on the individual modification requested. For any major or significant modification to this Lease, including but not limited to an increase in Millsite Area acreage, a decrease in Millsite Area acreage greater than forty (40) acres cumulative, or any change in use, the Division or the TLO, at either's option and in either's discretion or at FGMI's request, may give public notice, solicit public comment, and hold public hearings. No modification is effective until approved in writing by the Division and the TLO.

b. Any revisions, changes, or updates to other permits or authorizations issued by federal, state, or local governments that affect the Millsite Area are automatically incorporated into the responsibilities, requirements, and obligations of this Lease unless otherwise provided in writing by the Division and the TLO.

23. Conveyance by State.

a. From time to time either DNR or the Trust Authority may convey all or a portion of its ownership of any or all of the Millsite Area at any time to any entity allowed by law. Notice of such conveyance shall be given by certified mail to FGMI no later than thirty (30) days prior to such conveyance. Any such conveyance shall identify this Lease as an encumbrance on the interest conveyed and said conveyance thus shall be subject to this Lease.

b. No party's rights, obligations, or responsibilities under this Lease shall be increased or decreased by virtue of any such conveyance unless mutually agreed otherwise by the parties. Upon any conveyance of lands within the Millsite Area by DNR or the Trust Authority which causes said grantor to own no interests in the conveyed lands other than such interests as it may be required to reserve under AS 38.05.125, the provisions of AS 38.05 (excluding AS 38.05.801) and 11 AAC (excluding 11 AAC 99) that are in effect on the date of such conveyance and which govern this Lease and the conduct of Millsite Operations hereunder shall be deemed to be incorporated into this Lease (insofar as it covers the conveyed lands) as if fully set forth herein. In addition, notwithstanding (1) DNR's prior conveyance of a portion of the Millsite Area to the Trust Authority or (2) any future conveyance by DNR to the Trust Authority or to any other person or entity, a hearing requested pursuant to Section 18(e) of this Lease and held pursuant to Section 18(f) of this Lease shall be before the Director of the Division and any appeal from a decision of the Director of the Division will be to the Commissioner of DNR pursuant to 11 AAC 02 et seq.

24. Transfer by FGMI.

a. FGMI may Transfer all or part of its interest in, to, or under this Lease solely as provided in this Section.

b. FGMI may Transfer all or part of its interest in, to, or under this Lease only in conjunction with a similar Transfer of all or part of its interest in, to, or under ADL 535408, if this Lease continues to be appurtenant to ADL 535408 as provided in Section 29 below.

c. No Transfer permitted by this Section shall, as between the State and FGMI, relieve FGMI of any liability, whether accruing before or after such Transfer, which arises out of Millsite Operations conducted prior to such Transfer.

d. FGMI may Transfer less than its entire undivided interest in, to, or under this Lease if such Transfer covers all lands within the Millsite Area, but FGMI may not Transfer any interest in, to, or under this Lease that covers less than all of the lands within the Millsite Area.

e. Except for a Transfer pursuant to Section 24(g) below, no Transfer of any interest in, to, or under this Lease is effective without the express written approval of the Division and the TLO. Neither the Division nor the TLO is bound by any Transfer made without its express written approval.

f. The Directors will approve a Transfer of this Lease or any interest therein if this Lease is in good standing and the party to whom FGMI proposes to Transfer this Lease or any interest therein:

i. is qualified to hold interests in state mining rights under AS 38.05.190;

ii. is qualified to assume or acquire all other permits and authorizations necessary to conduct both mining operations on lands within ADL 535408 (if said lease remains in effect at the time of the Transfer) and Millsite Operations with the Millsite Area;

iii. is not on notice of default by any state agency on any lease, reclamation bond, or other permit within the State of Alaska, and is not subject to an enforcement action, of which either of the Directors has knowledge, for default or breach on any mining lease, reclamation bond, permit, or similar authorization issued by an entity other than the State, including the United States and other states;

iv. has committed in writing to be bound by this Lease to the same extent as FGMI; and

v. provides to the Division and the TLO all proofs of insurance, bonds, or undertakings required by this Lease, including any insurance, bonds, or undertakings required under the Plan of Operations, the Reclamation Plan, or other permit or authorization then in effect relating to both mining operations on lands within ADL 535408 (if said lease remains in effect at the time of the Transfer) and Millsite Operations within the Millsite Area.

g. If the Transfer is the grant of a security interest by deed of trust, mortgage, pledge, lien, or other encumbrance in or on all or part of FGMI's interest in, to, or under this Lease to secure a loan or other indebtedness of FGMI in a bona fide transaction, such security interest shall be subject to the terms of this Lease. FGMI must notify the Division and the TLO of any security interest granted in FGMI's interest in, to, or under this Lease within ten (10) days of the granting of said security interest. Until such notice is received, neither the Division nor the TLO is under any obligation to send any notices relating to this Lease to the security interest holder. Upon any foreclosure or other enforcement of a security interest granted in compliance with this Section, the acquiring third party shall, upon compliance with the requirements of Section 24(f) above, be deemed to have assumed the position of FGMI with respect to this Lease.

h. In the event of a Transfer by FGMI of less than its entire undivided interest in, to, or under this Lease, FGMI and its transferee shall act and be treated as one party, except that the Division and the TLO shall be required to deliver copies of all notices permitted or required under this Lease to all parties holding interests in this Lease pursuant to Transfers which have been approved by the Division and the TLO as provided in this Section or of which the Division and the TLO have received notice pursuant to Section 24(g) above.

i. Transfer of all or any of FGMI's interest in, to, or under this Lease does not relieve Kinross or any succeeding guarantor of the obligations of the guaranty unless the requirements for such Transfer of the guaranty as provided in the Kinross guaranty executed pursuant to Section 21 above have been satisfied.

25. Corporate Authority; Authorized Representatives.

a. FGMI shall deliver to the Division upon the execution of this Lease a certified copy of a resolution of its board of directors authorizing execution of this Lease and naming the officers that are authorized to execute this Lease on behalf of the corporation.

b. The Directors and the person executing this Lease on behalf of FGMI will be the authorized representatives of their respective principals for the purposes of administering and enforcing this Lease. The State or FGMI may change the authorized representative or the address to which notices to that representative are to be sent by a notice given in accordance with Section 26 below. Upon commencement of Millsite Operations, FGMI shall also designate by name, job title, and address, an agent and alternate agent who will be present in the State of Alaska during all Millsite Operations.

26. Notice.

a. All notices required or permitted under this Lease shall be in writing and shall be given (1) by personal delivery to the respective addressee; (2) by electronic communication, with the original paper document sent immediately by registered or certified mail, return receipt requested, or by commercial courier service that retains a record of delivery, or (3) by registered or certified mail, return receipt requested, or by commercial courier service that retains a record of delivery. All such notices shall be sent to all of the parties at the following respective addresses:

DNR:

State of Alaska
Department of Natural Resources
Division of Mining, Land, and Water
Attention: Director
550 West 7th Avenue, Suite 1070
Anchorage, Alaska 99501
Facsimile: 907-269-8904
(Telephone: 907-269-8600)

Trust Authority:

State of Alaska
Department of Natural Resources
Mental Health Trust Land Office
Attention: Executive Director
550 West 7th Avenue, Suite 1430
Anchorage, Alaska 99501
Facsimile: 907-269-8905
(Telephone: 907-269-8657)

FGMI:

Fairbanks Gold Mining, Inc.
Attention: General Manager
#1 Fort Knox Road
P.O. Box 73726
Fairbanks, Alaska 99707
Facsimile: 907-490-2290
(Telephone: 907-490-2201)

b. Any notice shall be effective and deemed delivered (1) 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; (2) if by electronic communication, on the day of receipt at the office of the addressee if received during normal business hours or on the next business day following receipt if not received during normal business hours; and (3) if solely by mail or commercial courier, on the day of actual receipt at the address of the recipient if delivered by the postal service or commercial courier during normal business hours or on the next business day following receipt if not delivered during normal business hours.

27. Statutes and Regulations.

This Lease is subject to all applicable federal and state statutes, including federal, state, and local statutes, regulations, and ordinances in effect on the Effective Date and, to the extent constitutionally permissible, new statutes, regulations, and ordinances enacted or promulgated after the Effective Date and changes to existing statutes and regulations made after the Effective Date.

28. Payment to Multiple Parties.

In the event that payments due to the Division or the TLO under this Lease become payable to one or more other parties due to conveyance of lands within the Millsite Area by DNR or the Trust Authority, all parties to whom payment is due shall execute and deliver to FGMI a document executed by all of those parties designating the amounts of payment due each party and the name and address of each party to whom to payment is due. Until FGMI receives such designation, FGMI shall continue to make all payments to the Division and the TLO as provided in Section 5 above, and FGMI shall have no responsibility to see to the allocation or distribution of such payments made to the Division and the TLO in accordance with the provisions of Section 5 above.

29. Nonpossessory Interest in Real Property.

The rights granted to FGMI by this Lease shall constitute a nonpossessory interest in real property in the nature of

- (a) an easement appurtenant to ADL 535408, if and for so long as ADL 535408 remains in effect during the term of this Lease, and
- (b) a transferable easement in gross for so long as this Lease remains in effect after the termination or expiration of ADL 535408,

which is granted for the term provided in Section 4 of this Lease but is subject to termination upon a material breach of this Lease that is not cured in the manner provided in Section 18 of this Lease. No estate in or to the lands within the Millsite Area is conveyed to FGMI by this Lease.

30. Denial of Warranty.

The State makes no warranties whatsoever, express or implied, including but not limited to any warranties regarding any prior encumbrances on or conditions of the Millsite Area, any warranties regarding title to the Millsite Area, any warranties regarding access to the Millsite Area, any warranties regarding quiet enjoyment of the Millsite Area, or any warranties regarding fitness of the Millsite Area for any use. FGMI is not entitled to any refund of prior Use Charge(s) paid which are excess due to deficiency in title.

31. Recording.

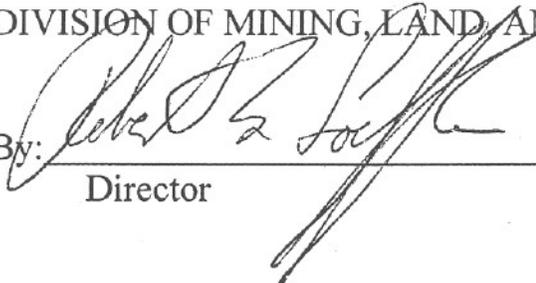
Upon the execution, acknowledgment, and delivery of this Lease, FGMI at its sole cost may cause this Lease, or a memorandum of this Lease executed by the parties and meeting the requirements of AS 40.17.120, to be recorded in the Fairbanks Recording District, State of Alaska.

32. Venue; Controlling Law.

The venue for any appeal or civil action relating to this Lease shall be in the Fourth Judicial District, State of Alaska. This Lease shall be interpreted and construed in accordance with the laws of the State of Alaska.

EFFECTIVE as of January 1, 2002.

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER

By: 
Director

ALASKA MENTAL HEALTH TRUST AUTHORITY

By: State of Alaska
Department of Natural Resources
Mental Health Trust Land Office

By: 
Executive Director

FAIRBANKS GOLD MINING, INC.

By: 
Title: Vice President

STATE OF ALASKA)
) ss.
_____ JUDICIAL DISTRICT)

THIS CERTIFIES THAT on the 8th day of July, 2002 at Anchorage, Alaska, the foregoing document was acknowledged before me by (name) Robert Lochler, Director of the STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES, DIVISION OF MINING, LAND, AND WATER, on behalf of said division within said department acting pursuant to AS 38.05.255 and other applicable authority.

Sharon Tumacder
Notary Public for the State of Alaska
My commission expires _____ My Commission Expires
February 12, 2005

STATE OF ALASKA)
) ss.
_____ JUDICIAL DISTRICT)

THIS CERTIFIES THAT on the 8th day of July, 2002 at Anchorage, Alaska, the foregoing document was acknowledged before me by (name) Steve Planchan, Executive Director of the MENTAL HEALTH TRUST LAND OFFICE within the STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES, on behalf of said office acting pursuant to AS 37.14.009(a)(2) and AS 38.05.801 and other applicable authority on its own behalf and for the ALASKA MENTAL HEALTH TRUST AUTHORITY.

Sharon Tumacder
Notary Public for the State of Alaska
My commission expires _____
My Commission Expires:
February 12, 2005

STATE OF ALASKA)
) ss.
_____ JUDICIAL DISTRICT)

THIS CERTIFIES THAT on the 8th day of July, 2002 at Anchorage, Alaska, the foregoing document was acknowledged before me by (name) Thomas Irwin, (title) Vice President, of FAIRBANKS GOLD MINING, INC., a Delaware corporation, on behalf of the corporation.

Sharon Tumacder
Notary Public for the State of Alaska
My commission expires _____
My Commission Expires:
February 12, 2005