

TRUE NORTH

**PROJECT
DESCRIPTION
and
TRANSPORTATION
PLAN
AMENDMENTS**

Prepared by

Fairbanks Gold Mining, Inc.
(a subsidiary of Kinross Gold Corporation)
P.O. Box 73726
Fairbanks, Alaska 99707-3726
(907) 488-4653

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1.0 INTRODUCTION

1.1 Overview

This document amends the True North Project Description and Transportation Plans prepared by Fairbanks Gold Mining, Inc. (FGMI) in September 2000 and December 2000 respectively. Hereafter in this amendment the September 2000 Description and December 2000 Transportation Plans are referred to as the “original” description and plans. These amendments, which are related to the mine site, are based on up-to-date exploration results, technical mine planning, and environmental studies. Only information pertinent to the amendments is included. Refer to the True North Project Description, September 2000, the December 2000 Transportation Plan, and reports referenced in those documents for additional background information.

As predicted in the original baseline evaluations, the environmental and socioeconomic impacts associated with the True North Project have been minor. The amendments described herein are also minor in the context of cumulative impacts. There are no high value wetlands, such as open water or emergent wetlands located within the Millsite Lease area. Additional evaluation of the other four main components: Surface and Ground Water Hydrology, Cultural Resources, Flora and Fauna, and the Socioeconomic Evaluation indicate minor potential to impact these areas with the further development of the project.

The True North Mine is operated by FGMI, a wholly owned subsidiary of Kinross Gold Corporation. FGMI owns 100% of True North and has lease agreements with the underlying claim owners. The agreements include the area of the Millsite Lease described in Section 1.2.

The True North Mine is within the Chatanika River watershed located on the northwest flank of Pedro Dome approximately 25 miles northeast of Fairbanks (Figure 1-1). The ridgelines drain into Murray Creek, a tributary of Dome Creek to the south; and Louis Creek, Whiskey Gulch, and Spruce Creek, tributaries of Little Eldorado Creek to the north.

Specifically, this document amends and updates the project description and transportation plan on how the True North Mine will continue to be developed and operated. The initial mine was based on the Hindenburg and East Pits. FGMI has completed additional exploration at True North including the Central, Shepard, and Zeppelin Pit areas. The amended mine footprint (Figure 1-2) is based on exploration results; a pit design including proven, probable, and estimated resources to insure the required mine area is not understated; and mining above the water table. The number of delineated wetlands disturbed will increase by 193 acres and the upland disturbance will increase by 393 acres. The disturbed acreage remains within the Millsite Lease area. The Davidson Ditch will be impacted for approximately one mile in the area of Spruce Creek with the development of haul roads, the Zeppelin Pit, and the North Development Rock Dump.

The current mine operates year round with conventional open pit mining averaging 30,000 tons per day at a 2:1 strip ratio. The strip ratio increases to 4.2:1 in the amended pit design. Consequently, the total mining rate, ore plus development rock,

will be increased from an average 30,000 tons per day to an average 52,000 tons per day. This will maintain the current average 10,000 tons of ore per day for trucking to the Fort Knox Mill. Mining remains similar to a gravel pit or rock quarry; no process components are required at the property. Mining in the Central, Shepard, and Zeppelin Pit areas (this amendment) is projected to begin in the second to third quarters of 2002 and continue into 2004.

The same type of ore hosted by calcareous and carbonate-altered schist that was described in the Hindenburg and East pits has been encountered in the new amended area.

Ore transportation in the initial presentations included 9 ore haulage trucks with a Steese Highway crossing. Through the permit process, FGMI added the Steese Highway Bridge to eliminate the concerns about the Steese Highway crossing and the number of times that trucks would cross the highway. Further, FGMI accepted the State's noise limits on the ore haulage trucks. In the amended plan, the ore haulage on day shift will be with the 9 ore haulage trucks supplemented, if necessary, with additional trucks to maintain the average 10,000 tons per day and/or to adjust to increased mine efficiencies. The average 10,000 tons per day would also be increased if ore haulage efficiencies were achieved, for example if the trucks could safely haul more tons per load. This amendment remains the same for all other items including noise limits and only 9 ore haulage trucks at night.

The mine's annual operating expenditures for labor, power, and support services are estimated to increase by \$2 million, from \$14 million to \$16 million. Most of these expenditures occur in Fairbanks and throughout Alaska. True North Mine employment is estimated to increase by 20 employees, from 100 to 120 employees.

FGMI exploration crews are currently drilling to further define mineralization in the True North area, specifically in the Millsite Lease boundary. As stated in the initial True North project description, public meetings, and again in this amendment, if exploration drilling confirms additional reserves, FGMI will submit additional requests for modification to the Plan of Operations, Reclamation Plans, and any other required permits as development plans become defined. These modifications will require approval by the appropriate state and federal agencies prior to initiation of development work.

The True North Mine is currently the only exploration property with reserves sufficiently defined to warrant moving forward with permitting and/or amending current permits within FGMI's exploration holdings (approximately 59,000 acres excluding the Fort Knox Millsite Permit area). Within the Fairbanks Mining District there are over 100,000 acres of mineral claims held by other individuals and mineral development companies that may provide additional opportunities.

1.2 Project Location and Land Status

The True North Mine is located 25 miles northeast of Fairbanks on the northwest flank of Pedro Dome. Access to True North is by the access/haul road constructed in 2001, beginning at the Steese Highway approximately 0.5 miles south of Cleary Summit.

FGMI received a Millsite Lease for development within a portion of the True North claim area. More specifically, the True North Project Millsite Lease is located in portions of Sections 21, 27, 28, 29, 32 & 33, T3N, R1E, Fairbanks Meridian. The area within the Millsite Lease covers 2,096 acres with 79 state mining claims.

1.3 History Update

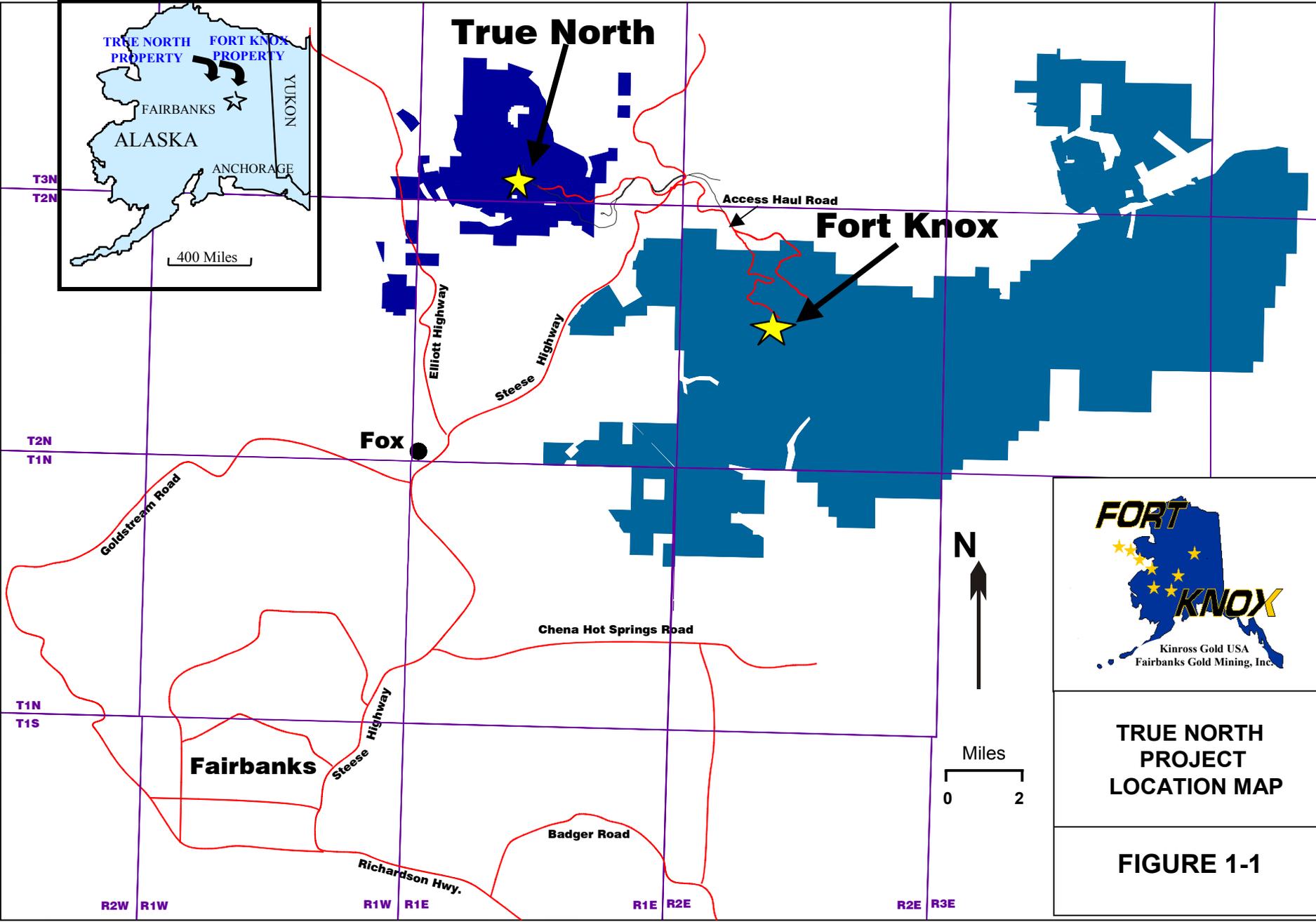
FGMI received the True North Project Millsite Lease, True North Access Haul Road right-of-way, and the Addendum to the Fort Knox Millsite Permit (Lease) on January 20, 2001. The Army Corps of Engineers finalized the Decision Document and issued the Amendment to Murray Creek #2 (Q-940742) on January 24, 2001.

Construction began January 24, 2001 on the mine site, access road, and Steese Highway Bridge. The first True North ore was hauled to Fort Knox for processing on March 31, 2001. The high float application on a portion of the haul road and paving at the bridge were completed during the summer 2001. The True North shop construction was completed in November 2001.

Concurrent reclamation was started during the summer of 2001. Dormant willow cuttings were planted and 108 acres were seeded along the access road.

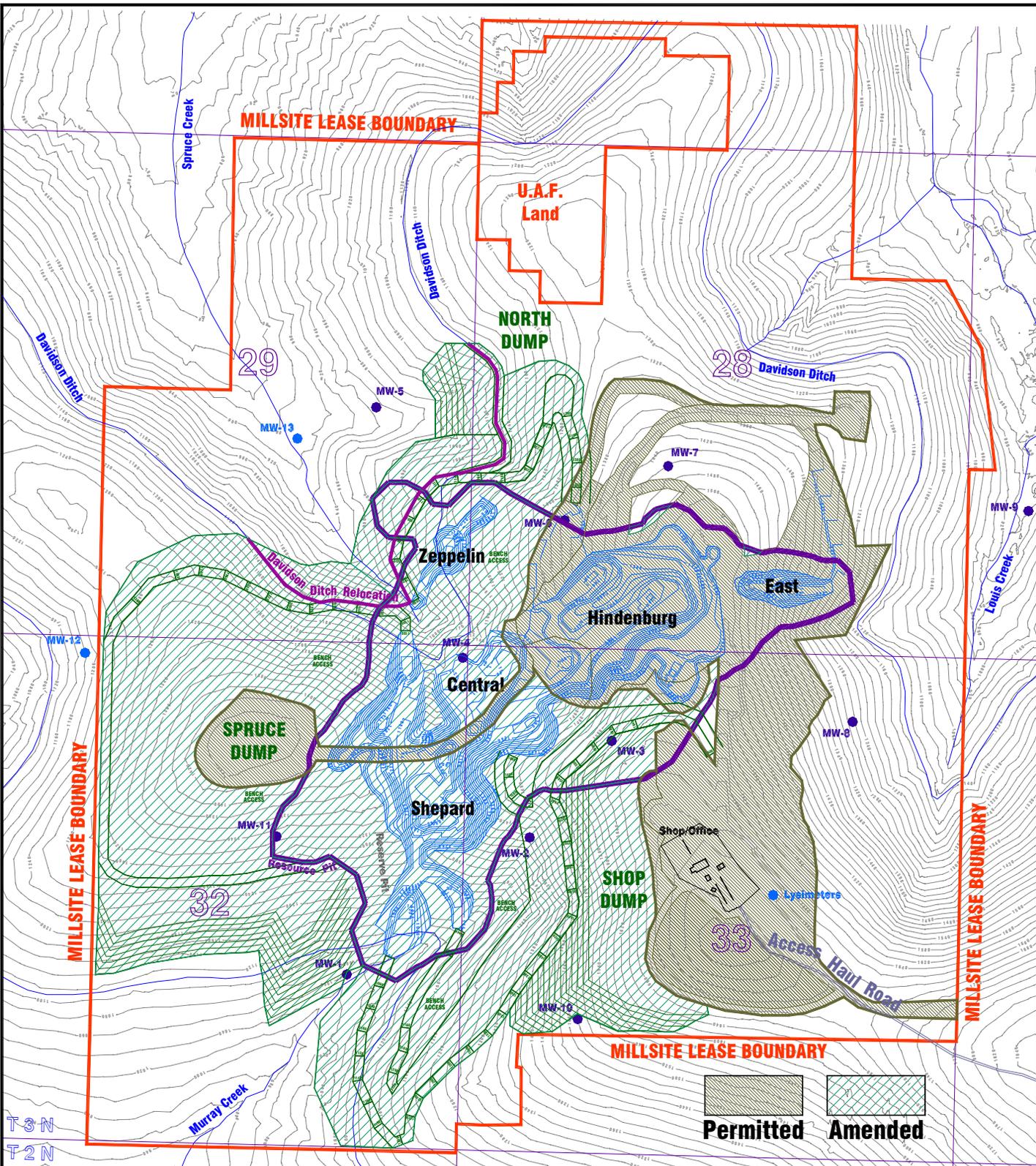
1.4 Geology

The True North geology, ore hosted by calcareous and carbonate-altered schist, remains consistent within the Hindenburg, East, Central, Shepard, and Zeppelin pits. FGMI and SRK, a third-party consultant, are conducting additional geo-chemical characterizations of the ore and development rock. This characterization will continue throughout the mine life.



**TRUE NORTH
PROJECT
LOCATION MAP**

FIGURE 1-1



LEGEND:

- Contour Line
- Dump/Road Contour
- Dump/Road Toe
- Pit Design Limit
- Pit Resource Area

Date: December 19, 2001

File name: tn2_mineplan_1.dwg

NOTES: Pit outlines based upon most current drilling information and economics, and are updated periodically.

Figure 1-2

TRUE NORTH PROJECT
Permitted and Amended Footprint

2.0 TRUE NORTH MINE

2.1 Amended Basic Design Information

The basic design parameters for the amended True North Mine are summarized as follows:

MINE LIFE

- Amended - 2003 to 2004, original - 2002 to 2003. The original project description stated 2.5 to 3 years. Mining was accelerated at True North and reduced the original time by 1 year to 1.5 to 2.0 years. This amendment adds 1.5 to 2.0 years.

MINE	<u>AMENDED</u>	<u>ORIGINAL</u>
Pit Area Design Basis	Resource	Reserve
Pit Dimension (N-S) (Feet) (At the widest point)	5,000	2,500
Pit dimension (E-W) (Feet) (At the widest point)	5,000	2,200
Crest Elevation (Feet)	1,650	1,650
Bottom Elevation (Feet)	1,000	1,150
Bench Height (Feet)	10-20	10-20
Pit Slopes (Degrees)	30-50	35-50
Mine Haul Road Width (Feet)	80-100	80-100
Mine Haul road Grade (%)	8	8
Work Force (Employees)	120	100-110
On Site Living / Cafeteria	None	None
Operating Period	24 hours/day	24 hours/day
Operating Period	365 days/yr.	365 days/yr.
Ore Production (Tons/Year)	3.7 million	3.5 million
Ore Production (Tons/Day)	10,000	10,000
Development Rock (Tons/Day)	42,000	20,000
Strip Ratio	4.2:1	2:1

ORE STOCKPILES (Both A and B Grade Ores)

- Located near the maintenance complex and pit, the same as in the original.

GROWTH MEDIUM STOCKPILE

- All material suitable for establishing a viable vegetative cover consistent with the designated post-mining land use. Growth medium stockpile quantity has increased to 796,684 cubic yards in this amendment, up from 185,371 cubic yards in the original.

ORE HAULAGE

- 24 hours per day, 365 days per year, the same as in the original.
- Amended - hauling an average 3.7 million tons of ore per year, original at 3.5 million tons per year, both at the same rate of approximately 10,000 tons per day hauled to the Fort Knox Mine site. The increase from 3.5 to 3.7 reflects less operating days in the start up year and supplemental haulage in the amended plan to make up for no haulage in bad weather days. The amended rate would be adjusted for increased mine and/or increased ore haulage efficiencies.
- Amended - during the day, the 9 ore haulage trucks would be supplemented with additional trucks to maintain the average 10,000 tons per day rate and/or to meet increased mine efficiencies. The average 10,000 tons per day rate would also be increased if ore haulage efficiencies, such as safely increasing the load factor per truck, could be achieved. The amendment remains the same as the original for all other items including noise limits on the ore haulage trucks and limiting ore haulage to 9 trucks at night.

EQUIPMENT

- Amended - Hydraulic shovel (1) 16 yard, and loaders (2) 13 yard, loading supplemented with Fort Knox equipment. Original – loaders (2) 13 yard.
- Amended - haul trucks (5) 100 ton, supplemented with Fort Knox equipment. Original - haul trucks (3) 100 ton
- Amended - Ore haulage trucks (9) tractor-trailer, supplemented with additional trucks during the day. Original - ore haulage trucks (9) tractor-trailer.
- Blast hole drills (2) 45,000 lb. pull down class, the same as in the original.
- Support equipment: track dozers, a rubber-tire dozer, motor graders, water trucks, a backhoe, and small trailer-mounted light plants, the same as in the original.

ELECTRICAL REQUIREMENTS

- Grid power right-of-way approximately 2 miles long (ADL 416477) supplied by Golden Valley Electric Association, the same as in the original.
- 480 volt, 3 phase power, the same as in the original.

WATER SUPPLY

- Water supply wells drilled to provide approximately 7,200 gallons per day year round use and up to 240,000 gallons per day for 150 days for use in dust control from May 1 through September 30. (Temporary Water Rights A 2001-96), the same as in the original.
- Bottled water is purchased for potable water, the same as in the original.

2.2 Mining

Amended production rates for the conventional open pit mine will be 3.7 million tons of ore per year as compared to 3.5 in the original; at an average 10,000 tons per day of ore in both the amendment and original; and 42,000 tons per day of development rock, up from 20,000 tons per day of development rock in the original plan. Mining above the water table and all other mine procedures will remain the same in the amendment as in the original.

3.0 ORE HAULAGE AND PROCESSING

3.1 Ore Haulage

True North ore is being trucked approximately 12.5 miles to the Fort Knox Mill for processing. The amendment includes the original 9 ore haulage trucks supplemented with additional trucks during the day, when necessary, to maintain the average 10,000 tons per day rate. The rate would also be increased to meet mine efficiencies and/or take advantage of increased ore haulage efficiencies. The amendment remains the same as the original for all other conditions including noise limits on the ore haulage trucks and only 9 ore haulage trucks at night.

3.2 Processing Update

True North ore within the Central, Shepard, and Zeppelin Pits is consistent with the geo-chemical characteristics of ore mined and processed from the Hindenburg and East Pits and requires the same processing as the Hindenburg and East Pit ores. The amendment and original ore processing remains the same. Metallurgical optimization testwork will continue.

4.0 CLOSURE AND RECLAMATION PLANS

4.1 General

Reclamation is a progressive, long-term process. Planning for reclamation began during conceptual design of the mine. Actual reclamation began during construction, when topsoil stockpiles and cut and fill slopes were stabilized. Reclamation will continue concurrently with mining and upon cessation of the mining operations. In both the original and this amendment, all pits will be free draining at closure and FGMI acknowledges the State's preference to design for back filling pits where practical.

The objectives of permanent closure and reclamation will be to stabilize, remove, or mitigate sources having the potential to degrade the lands and waters of the state, and to leave the land and water in a condition that will allow for the designated post-mining land uses.

4.2 Reclamation Plans and Post-Mining Land Uses

Fairbanks Gold Mining, Inc. with the concurrence of State resource agencies has designated the post-mining land use as wildlife habitat and recreation consistent with

the Tanana Valley Basin Management Plan. The True North Reclamation Plan and closure cost estimates have been updated to reflect expansion of the pit, roads, and development rock dumps. For the area and component-specific reclamation plans, which will govern actual reclamation activities, refer to the True North Project Reclamation Plan December 2001.

4.3 Reclamation Acreage and Bonding

The True North Millsite Lease area covers approximately 2,096 acres of which 293 acres of disturbance with minor modifications (Louis Creek Dump and B-grade Stockpile) are permitted under the authorization of the permit issued January 20, 2001. The original permitted disturbance was bonded for an estimated reclamation and closure cost of \$1,301,100. The amended disturbed acreage will increase to a total of 1,014 acres with a bond for an estimated reclamation and closure cost of \$2,238,410. Approximately 1,082 acres within the Millsite Lease area remain undisturbed and are targeted for future exploration or condemnation drilling.