

● ALASKA

Sunken gold draws global miners to Nome

In worldwide quest to mine marine aurum placers, AngloGold-De Beers partnership offers US\$7M for offshore leases in state auction

By SHANE LASLEY

Mining News

An offshore lease sale held in late September by Alaska Department of Natural Resources did not draw the typical crowd of explorers seeking oil and gas in state waters. Instead, local residents and global mining giants vied for the opportunity to explore for the legendary sunken gold that may lie beyond the aurum-rich beaches of Nome.

The 23,793 acres of marine placer gold prospects auctioned by DNR's Division of Mining, Land and Water Sept. 28 fetched US\$9.3 million in high bids – the largest portion of which resulted from winning bids submitted by a consortium of South African gold miner AngloGold Ashanti Ltd. and pre-eminent diamond miner De Beers.

The state divided its offering into two groups – 53 smaller near-shore parcels, ranging from 40 acres to 160 acres, and 31 larger tracts measuring up to 2,794 acres located in the deeper waters from roughly one mile off the beach to the three-mile edge of Alaska-owned land.

During an outcry auction held in Nome, small-scale miners, including some Nome residents, bid US\$10,000 to US\$90,000 to win the smaller lots amenable to suction dredge mining.

The winning submissions among sealed bids for the tracts larger than 160 acres could net the state up to US\$7.7 million. The highest offering for a single



Over the past 30-plus years, De Beers Marine has refined the science of offshore exploration and mining at its diamond operations off the west coast of the African country of Namibia. The diamond mining ship, Peace in Africa, uses a large undersea tracked crawler to mine diamonds off of South Africa.

parcel was a US\$1.6 million bid tendered by AngloGold on tract 74, the largest and most prospective of the lot.

Solomon Gold, a newly formed company with ties to Anchorage-based Alaska Earth Sciences, also submitted winning bids for some of the submerged gold.

Seeking marine aurum

The gold-rich placer deposits off Nome's legendary beaches are not the first marine mining endeavors undertaken jointly by AngloGold and De Beers. In 2009, the mining powerhouses forged a partnership to explore and ultimately mine marine placers rich in gold and other heavy metals on the continental shelves around the world.

AuruMar Ltd., the company resulting from the joint venture, enjoys the offshore marine mining and exploration expertise De Beers brings to the table and the gold mining proficiency of AngloGold.

"By combining one of the world's most successful gold exploration teams with the foremost authority in ocean mining and exploration, we're creating a powerful base to tackle this new frontier," AngloGold Ashanti Chief Executive Officer Mark Cutifani said upon the formation of AuruMar.

"By building on our current terrestrial exploration, development and mining activities globally we'll work to expand our resource base from an exciting array

of shallow marine prospects," he added.

Over the past 30-some years De Beers Marine has refined the science of offshore exploration and mining through its diamond operations off the west coast of the African country of Namibia.

The diamond miner also holds prospecting licenses in waters from 20 meters to 200 meters deep, the limit at which its underwater diamond mining technology functions, off the west coast of South Africa. While De Beers itself is interested in any diamond prospects discovered here, AuruMar has signed an agreement to seek out gold, heavy minerals, platinum group metals and sapphires that may have been washed onto the ocean floor over the past several million years.

AuruMar is also overseeing a project exploring for gold off the New Zealand coast, where it is believed glaciers are responsible for bulldozing the gold into the sea.

Similar to the deposits AuruMar is exploring off the shores of New Zealand, glaciers are believed to have played a role in depositing gold on the floor of Norton Sound offshore from Nome.

3.3M ounce gold resource

Individuals and small scale operations have continuously worked and reworked the beaches of Nome for the 112 years

see **MARINE PROSPECTS** page 4

Contact North of 60 Mining News:

Publisher: Shane Lasley • e-mail: publisher@MiningNewsNorth.com

Phone: 907.229.6289 • Fax: 907.522.9583



North of 60 Mining News is a monthly supplement of the weekly newspaper, Petroleum News. It will be published in the fourth or fifth week of every month.



● ALASKA

Alaska accepts rare earth challenge

Gov. Parnell announces five-part strategy for in-state development of strategic minerals; Murkowski pushes at the federal level

STEFAN MILKOWSKI



Core samples from Ucore Rare Metals' Bokan Mountain near Ketchikan were on display at the Alaska Strategic and Critical Minerals Summit. The property is considered the most promising in the state for development of rare earth elements.

By **STEFAN MILKOWSKI**

For Mining News

Alaska officials are seeking to turn the national challenge of securing domestic supplies of critical minerals into an opportunity.

“Alaska has accepted the challenge,” Gov. Sean Parnell told participants in the Strategic and Critical Minerals Summit held Sept. 30 in Fairbanks. “Where China has said, ‘We’re going to curtail exports,’ ... Alaska is accepting the challenge of saying, ‘We’ve got them here, and we want to provide them to our nation and to the world beyond.’”

The Department of Natural Resources organized the daylong summit to bring together national security experts, state and federal policy makers, scientists, and

industry officials for discussion; brainstorm ways to encourage mineral development; and provide an opportunity for networking.

Parnell used the gathering to renew the state’s commitment to helping develop strategic minerals – including rare earth elements (REEs) – in Alaska. The governor also unveiled a strategy with five components:

- Conduct a statewide assessment of strategic mineral potential. State lawmakers this year agreed to spend US\$498,000 to compile existing geologic information and survey new areas for mineral potential. Rare earth elements have already been found at 71 sites, including 14 sites on the Bokan Mountain property near Ketchikan. But Parnell described Alaska as “one of the most underexplored regions of the world” and claimed Alaska’s potential for REEs is “huge.” The assessment will cover material already gathered on state, federal, and private land in Alaska, and will include surveys of select state lands. Parnell said he recently urged Interior Secretary Ken Salazar to conduct a similar survey focusing on federal lands in the state.

- Provide incentives for mineral development. Parnell noted the state’s support for a road to the Ambler mining district, and the granting of bonding authority for mining projects to the Alaska Industrial Development and Export Authority. “You’ve got a state government – both in the legislative branch and the executive branch – that is focused on making this happen,” he said. Parnell said the state is exploring ways to support the development of the Bokan Mountain site and the nearby Niblack exploration site with shared facilities built on state land.

continued from page 3

MARINE PROSPECTS

since gold was first discovered there. With the advent of suction dredges this endeavor moved farther offshore, and with gold prices topping US\$1,900, a record 50-plus small floating dredges braved the icy waters in 2011.

One semi-successful attempt at a commercial operation to dredge the marine placers was carried out by Western Gold Exploration and Mining Co., Limited Partnership (WestGold) in the late 1980s.

Purchasing Bima, a secondhand bucket dredge used for mining tin off the

shores of Indonesia, WestGold set out to mine a section of the “Central Core” a region that had been partially drill-tested by Shell Oil Co. in 1967 and Asarco in 1973.

From 1986 through 1990, WestGold recovered just over 118,000 ounces of gold from the submerged placer deposit. Frequent storm swells, harsh Arctic weather and mining conditions battered the Bima over its five seasons off of Nome. Structural failures coupled with gold prices sinking to US\$370 per ounce proved to be the undoing of the dredge.

WestGold completed 2,479 drill holes during its tenure, greatly enhancing the drill density in the marine placers.

Applying geographical information

system technology to the historical drill data, the University of Alaska Fairbanks, Department of Mining and Geological Engineering estimated during a study conducted in 2000 that more than 3.3 million ounces of gold lies in the tested regions.

All told, it is commonly believed that more than 10 million ounces of economically viable gold lies below the icy waters of Norton Sound.

If this proves to be true, the nearly US\$7 million AngloGold and De Beers paid could be a small price for the aurum that lies well within the reach of its modern dredging equipment. ●