

KOTZEBUE, Alaska. After more than six months of non-productive negotiations with Teck Alaska, the Northwest Arctic Borough's PILT (Payment in Lieu of Taxes) agreement with Teck for the Red Dog Mine expired on December 31, 2015. Following expiration of the PILT, Teck became subject to the Borough Severance Tax for the privilege of permanently removing resources from land within the Borough. The Borough Mayor and Assembly ended negotiations with Teck after it insisted on dictating all terms for a new PILT. The Borough remains committed to pursuing all avenues to ensure future PILT agreements are fair and equitable.

Over 25 years ago, the Borough entered into a PILT agreement with Teck's predecessor, Cominco. This Agreement provided tax stability for the uncertain and developing Red Dog Mine and provided the Borough with a set revenue stream. This basic agreement was renewed several times through 2015.

25 years later, the once uncertain prospect is a world class mine unique to Alaska. Teck's profits have increased exponentially. The mine has made \$5.2 billion in gross profits for Teck since 2005 (CAD after depreciation and amortization). In the first 3 quarters of 2015 Red Dog mine's gross profit was just under \$500 million Canadian dollars. During this same period, Teck's gross profits totaled \$998 million (CAD). Red Dog mine made up over one-third of Teck's profit in 2014. However, the current PILT agreement has resulted in payments averaging only \$9.1 million a year to the Northwest Arctic Borough and \$2.4 million per year to the school district. This does not meet our region's needs.

The Borough's leadership will not sit idle while a multi-national mining company refuses to pay its taxes for a billion dollar mine that pays large corporate salaries and shareholder dividends. Our leadership is united in our efforts to ensure our residents are treated fairly.

Included please find a fact sheet that provides further information.