Background:
Upon prospecting, discovery of a locatable mineral, and the staking of a mineral location, annual labor must be performed on the location each year in the further development of the locatable mineral so that it can be mined. The minimum amount of labor that must be performed is dependent upon the size of the location. For each traditional or ¼-¼ section MTRSC locations, a minimum of $100 worth of work is necessary. For each ¼ section MTRSC locations, a minimum of $400 worth of work is necessary.

What is an Annual Labor Year?
Except for locations staked on State-selected land (see below), the first labor year for a claim begins on September 1st at noon, following the location posting date or initiation of the lease. Thereafter, each Annual Labor Year begins and ends at noon on September 1st. During the labor year, or within 90 days after the close of that year, the owner of the mining claim/leasehold location or other person having knowledge of the facts must record an affidavit describing the labor or improvements made within the assessment year (including any labor in excess of the requirement for that year). FAILURE TO TIMELY RECORD AN AFFIDAVIT OF ANNUAL LABOR CONSTITUTES ABANDONMENT OF ALL RIGHTS ACQUIRED UNDER THE MINING CLAIM OR LEASEHOLD LOCATION.

What are annual labor requirements for mining claims, leasehold locations, and leases on State land?
Every year, a minimum of $100 or $400 worth of labor or improvements must be performed on or for the benefit or development of each mining claim, or leasehold location on State land. Every year $100 worth of labor or improvements must be performed on or for the benefit or development of each partial or whole forty (40) acres of each mining lease.

What information must be included on the affidavit of annual labor?
Under 11 AAC 86.220 the completed affidavit must be signed, dated, notarized, and recorded. The affidavit must include the following essential facts:
1. The name and ADL number of the mining claim, leasehold location or lease.
2. Every meridian, township, range, and section in which the location(s) are situated, and the recording district the location(s) are situated in.
3. The name and current mailing address of each owner.
4. The dates of labor performance, including month, day and year
5. The character and value of the improvements made or labor performed, or the amount of cash payment made instead of annual labor.
6. The value of excess work to be applied from previous years.

AN AFFIDAVIT IS VOID IF ALL REQUIRED INFORMATION IS NOT PROVIDED, WHICH CONSTITUTES ABANDONMENT OF CLAIMS OR LEASEHOLD LOCATIONS.

What do I do with the affidavit once it is completed?
The affidavit must be completed, signed, dated, notarized and recorded. It must be recorded at the Recording District, in which the claims are located or sent via mail, including the required recording fee. Please see the following State websites for Recording information: www.dnr.alaska.gov/ssl/recoff/distlist.cfm (district list) www.dnr.alaska.gov/ssl/recoff/fees_RO.cfm (for fees).

Can an affidavit of annual labor be amended?
Yes. An affidavit may be amended within two years of the date by which the affidavit was required to be filed. If additional labor is claimed in an amended affidavit, that labor may not be used to fulfill labor requirements in a subsequent year. If an affidavit does not include the essential facts listed in 11 AAC 86.220 (above), the affidavit is void and may not be amended.
How do I determine what my labor is worth?
The value assigned to labor performed must be reasonable and appropriate to the type of work that was performed. For hand labor, the Division of Mining, Land and Water suggests the value of $200 per laborer working a 10-hour day, but we recognize that wage variations may occur. The value of equipment utilized for mining or development purposes on the location is equal to the current rental rates charged for that type of equipment.

Can I claim the value of work that I perform in excess of the amount required?
Yes. If more than the required minimum annual labor is performed in any one year, the excess value may be carried forward and applied against labor requirements in the subsequent year or years for as many as four years. In order to receive credit for this excess labor, the description and value of the labor must be included on the affidavit filed for the year in which the excess work is performed. **If excess labor is being used to fulfill an annual labor requirement for a mining claim, leasehold location, or mining lease, an affidavit must be timely recorded in order to receive credit against the labor due.**

Is the work I perform before the beginning of my first labor year acceptable as annual labor?
Although no annual labor is required between the posting of the location and the immediate September 1\textsuperscript{st}, the Division does accept annual labor affidavits for labor and the amount may be credited towards annual labor requirements for the subsequent year(s). The affidavit of annual labor must be timely recorded. **If no such affidavit is filed, this credit cannot be claimed in a later year.**

What type of work qualifies as annual labor? In determining what labor or improvements qualify as annual labor, consider the extent to which the labor and improvements developed, benefited, or facilitated the extraction of ore from each location. Examples of acceptable labor and improvements are:

- Drilling or excavating, including ore extraction.
- Mining cost directly associated with production of ore.
- Prospecting work to develop and expand an established discovery.
- Development work towards an actual mine, such as shafts, tunnels, inclines, crosscuts and drifts, settling ponds and dams; bringing water for direct mining or milling purposes; clearing of brush, timber, debris, or overburden where necessary to facilitate the extraction or processing of minerals; construction of trails, roads, or landing strips providing access to claims.
- Geochemical, geological, geophysical, or airborne surveys if conducted by qualified experts and verified by a detailed report filed in the recording district office in which the claim is located, as described under AS 38.05.240. **Note:** Airborne surveys may not be applied as labor for more than two consecutive years or for more than a total of five years on any one location, and each of those surveys must be non-repetitive.
- Construction costs of worker housing, mills, and equipment storage buildings where reasonably necessary for the development of the location. **Note:** Construction of a cabin, bunkhouse, or other structure on a mining location must be pre-approved in a plan of operation, and necessary for the development of the location and only be used during periods of mining or development.
- Reasonable value of the use of equipment for mining or development purposes on the location. Repairs of equipment used for prospecting, sampling, or production of minerals. **Note:** The equipment must have been on site at the location during the assessment year for repairs to be acceptable for annual labor, although the actual repairs may have been performed elsewhere.
- Costs of moving workers, materials, and equipment among contiguous locations. For example, the cost of moving and setting up a drill rig on the locations is acceptable as annual labor, but **not** the cost of transporting it to or from the locations.
- Watchman services of a legitimate employed watchman on the property where reasonably necessary to protect mining equipment of substantial value, but **not** merely for warding off trespassers or to prevent relocation.

**Please Note:** **Maintenance work such as brushing or marking the lines and replacing corner posts or location notices, is not considered annual labor. These are duties that State law imposes on the claimant in addition to the Annual Requirement.**

Can I claim the cost of staking my location as annual labor?
**No.** The value of work involved in the staking and filing of your location is unacceptable as annual labor. Only the labor performed after the discovery and posting of the location is acceptable.
Can I apply my annual labor work to adjacent mining claims?
Yes. Annual labor work conducted on a claim or mining lease may be applied to all adjacent claims or leases that are owned by the claim or lease holder. “Adjacent” means those claims that share a common boundary.

Does the work have to be done within the boundaries of the location?
No. The work does not necessarily have to be done within the boundaries of the location, but the work performed outside the boundaries must develop or benefit the location in order to qualify as annual labor.

Can I make a cash payment instead of performing annual labor?
Yes. The holder of a mining claim, leasehold location, or mining lease may make a cash-in-lieu payment to the State equal to the value of labor required ($100 or $400 per claim). Payment must be made in person or mailed (postmarked) by September 1<sup>st</sup>, during the Annual Labor year and may be made for up to five consecutive years before labor must be performed again. A cash-in-lieu payment will only be accepted for one labor year at a time. The cash payment must be described on the recorded affidavit of annual labor.

NOTE: If a miner fails to make a payment in lieu of labor on or before September 1 the claim cannot be cured by making a “late” payment in lieu of labor & paying a penalty.

What are the labor requirements for locations on State-selected land?
Annual labor is not due on locations made on State-selected land until the State receives conveyance of the land from the federal government. The first labor year begins at noon on the first September 1<sup>st</sup> after the federal government conveys the land.

What happens if I record my annual labor late?
Late recording results in claims being considered abandoned under Alaska Statute 38.05.265. If you would like to cure your abandonment, you must properly record the annual labor and pay a penalty equal to the annual rent for the mining claim or leasehold location that was abandoned. A “Cash-in-Lieu” payment cannot be made to cure an abandonment.

If another person has located a mining claim or leasehold location that includes all or part of your location, your location cannot be cured. A locator of an abandoned location or a successor in interest may not relocate the location until one year after abandonment. Please consult the Fact Sheet on “Abandonment of a Mining Location and Options Available Under the Law” for more information.

For answers to questions not covered in the Fact Sheet please contact a Public Information Center:

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<tr>
<th>Anchorage Public Information Center</th>
<th>Fairbanks Public Information Center</th>
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<td>Department of Natural Resources</td>
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<td>Public Information Center</td>
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<tr>
<td>550 West 7th Ave., Suite 1260</td>
<td>3700 Airport Way,</td>
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<tr>
<td>Anchorage, Alaska 99501-3557</td>
<td>Fairbanks Alaska 99709-4699</td>
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<td>(907) 269-8400 TDD: (907) 269-8411</td>
<td>(907) 451-2705 TDD (907) 451-2770</td>
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