



Yukon Exploration and Mining Tour

by Peter Kennedy

“SWITZERLAND WITHOUT THE COWBELLS” is how one observer described the landscape around a Yukon mining property that is currently being explored by **Atac Resources Ltd.** [ATC-TSXV] and strategic partner **Barrick Gold Corp.** [ABX-TSX, NYSE]. It was a remark that neatly summed up the benefits and challenges that go hand in hand with exploring in a territory that is known for its sweeping mountain vistas, endless boreal forest, and placer gold mines.

While the scenic backdrops can be visu-

ally stunning, the mining camps often have no road access, meaning that getting in and out requires a trip in either a plane or a helicopter. “When you have to use a helicopter, money disappears very quickly,” said John McConnell, President and CEO of Victoria Gold Corp. which has a gold mine under development in the Yukon.

Lack of access to the power grid is also a key challenge for Yukon mineral explorers. Many are using diesel to keep the lights on. It explains why in spite of an unparalleled mining tradition (this is, after

all, where the Klondike Gold Rush took place), there is currently only one hard rock mine in operation in the Canadian territory. That one is **Capstone Mining Corp.’s** [CS-TSX] Minto Mine, where the primary product is copper. Hopes that this will soon change have been fueled by an ongoing exploration boom and the influx of some of the world’s leading gold miners. **Goldcorp Inc.** [G-TSX, GG-NYSE], **Barrick Gold Corp.** and even **Newmont Mining Corp.** [NEM-NYSE] have gained a toe hold in the region, either by optioning projects

LEFT: Julia Lane, Vice President, Exploration, centre, and Graham Downs, CEO of Atac Resources Ltd., right, examine diamond drill core. Photo by Peter Kennedy.

RIGHT: Alexco Resources is preparing to restart the Keno Hill District mill (lower left) near Mayo, central Yukon Territory. Photo courtesy Alexco Resources Corp.

in the White Gold area, or by taking a direct stake in a handful of the territory's best known exploration juniors.

In May 2016, for example, Goldcorp acquired the Coffee Project by snapping up Kaminak Gold Corp. in a share exchange deal worth of \$520 million.

Kinross Gold Corp. [K-TSX; KGC-NYSE] and **Agnico-Eagle Mines Ltd.** [AEM-TSX, NYSE] have each acquired a 19.9% stake in **White Gold Corp.** [WGO-TSXV], currently the largest land holder in the Yukon's White Gold District. The junior's exploration efforts are being guided by the Yukon's best known prospector, Shawn Ryan. The shares issued to Kinross and Agnico-Eagle enabled White Gold to re-acquire the White Gold properties that Kinross bought when it bought Underworld Resources for \$138 million in 2010.

Named Canada's Prospector of the Year in 2011, Ryan is renowned for his work in seeking the bedrock source of the Yukon's famous placer gold deposits. It involves the use of methodical soil sampling techniques that led to the discovery of a geophysical anomaly that he optioned to Underworld Resources in 2004. In March 2010, Underworld was swallowed by Kinross in a deal that sparked a staking rush as well as more discoveries, including Kaminak Gold's Coffee gold project (named after the colour of a nearby river) and **Comstock Metals Ltd.'s** [CSL-TSXV] QV Project.

Back in March 2017, **Goldstrike Resources Ltd.** [GSR-TSXV] revealed that it had agreed to form a strategic alliance with Newmont Mining, the US mining giant that ranks among the world's largest gold producers. Under an agreement, Newmont can invest \$53 million in Goldstrike and its Plateau Project. Plateau



has been described as a newly discovered gold system, covering 350 km², and containing high-grade mineralization. The company has a second property, the Lucky Strike, located in the heart of the White Gold District.

It has been widely reported that companies like Barrick and Newmont have been attracted by the geological similarities between parts of the Yukon, and the fabled Carlin gold trend in Nevada. It appears to be why Barrick has acquired a 19.9% stake in Atac Resources Ltd. and formed a strategic partnership with the junior on a section of its Rackla gold property known as the Orion Project. Orion is one of three separate projects located on Rackla. The other two are the Osiris and Rau. Under the arrangement, Barrick can earn a 70% interest in Orion by spending \$55 million on exploration. Atac will top up the \$5 million that Barrick is expected to spend at Orion by spending roughly \$8 million at Osiris and \$2 million at Rau.

"We have the only significant Carlin-style mineralization outside of Nevada," said Atac President and CEO, Graham Downs. Atac is hoping to announce a maiden resource for the Osiris Project by 2018, Downs said.

The need for more access roads was clearly evident when *Resource World* travelled to the project site in a helicopter. Reporters were picked up at an air strip on

this massive property after travelling by plane from Dawson City. After touring the camp site, a Dutch fund manager said the junior will need to find a lot of gold in order to justify the cost of mine development. "I think they need 10 million ounces," said Terence van der Hout, a fund manager of Commodity Discovery Fund, which is based near Amsterdam in Holland. Not surprisingly, the 10 million ounce target appears to be what Atac is aiming for.

The Government is clearly well versed on the challenges the mineral explorers face. Ranj Pillai, Yukon's Minister of Energy, Mines and Resources said conversations with the officials in Ottawa this summer will centre on road access and electrical grid infrastructure. Pillai said projects that will likely get support for road access include The Coffee Project, where Goldcorp is hoping to get regulatory approval to begin mine construction by 2020. The company is also looking to upgrade access roads that have been used by placer miners travelling from Dawson City. "We really only need to build 30 km of new road," said Goldcorp Exploration Manager, Tim Smith.

While road access remains a challenge, there are also obvious advantages to exploring in the Yukon. When Goldcorp acquired Kaminak last year, it was a widely viewed as a move to improve its geopolitical risk profile by choosing a safer jurisdiction than

Mexico, where some of its global operations are located. The territory's long history of mining means that mineral explorers can count on a supportive government. Officials from the Yukon government's economic development department recently accompanied reporters and analysts on a week-long tour of the territory's mineral exploration sector. An alliance of Yukon mining companies coughed up roughly \$150,000 to cover the cost of the trip, a sign that companies with assets in the Yukon are willing to work together in a bid to promote their projects. Representatives of companies which did not feature on the tour had a chance to meet with reporters during a conference in Dawson City.

Below is an update of some high profile companies active in the Yukon.

Banyan Gold Co.'s [BYN-TSXV] Hyland gold project southeast of Whitehorse marked the first stop on a recent media tour of the Yukon's mining sector. The project hosts a NI 43-101 compliant resource of roughly 400,000 ounces. The deposit type is sediment-hosted, structurally controlled mineralization located in the Selwyn Basin in southeast Yukon. The company also has an option to earn a 100% interest in 9,230 hectares of contiguous ground known as the Aurex-McQuestern claims from Victoria Gold and Alexco Resources. The project is located near the entrance to the road that leads into Victoria Gold's Eagle Gold Project, currently in an advanced stage of development. "With these options, Banyan will be the first company to consolidate ownership of these highly prospective intrusion-related gold properties that have been explored for precious metals since the turn of the last century," said Banyan President and CEO Tara Christie.

Blind Creek Resources Ltd. [BCK-TSXV] is focused on the development of a lead-zinc-silver resource at the Blende Project in the Mayo Mining District. The company said it planned to launch a two-phase exploration program shortly. Phase I will test for deposit extensions and obtain mineralized material for additional metal-

lurgical studies. Results of Phase I will provide the basis for a Phase II resource estimate and zinc-lead-silver recovery projections that will be outlined in a NI 43-101 compliant report to be released later this year.

Zonte Metals Inc. [ZON-TSXV] is gold-focused and aims to pick up exploration projects with large-scale potential. The company's key holdings include the McConnells Jest Project, which covers 3,371 hectares and lies adjacent to Victoria Gold's Dublin Gulch gold project. In June, 2017, the company said it had discovered a new target on the property, which was identified by gold in bedrock assays. The company said a total of 12 quartz-arsenopyrite-scorodite veins were found in samples and returned assays up to 31.3 g/t gold.

Alexco Resources Corp. [AXR-TSX, AXU-NYSE] offers silver production in the near future and exploration upside, said the company's Chief Operating Officer, Brad Thrall, when asked to outline the investment case for Alexco. After a four-year pause, Alexco is getting ready to restart production at the United Keno Hill Mine site, which ranks as Canada's second largest producer of silver, behind Cobalt, Ontario. During an illustrious history, it produced 217 million ounces. When *Resource World* toured the property, a 400 tonne-per-day processing facility was already in place and Alexco was preparing to complete the construction needed to access ore in the Birmingham and Flame and Moth zones. "If we make all the right decisions we should be ready to go by the middle of next year," said Alexco CEO Clynt Nauman. Alexco is gearing up to produce 3.5 million ounces of silver annually after re-negotiating a silver streaming agreement with one of its key financial backers, **Wheaton Precious Metals** [WPM-TSX, NYSE], formerly Silver Wheaton. The deal aims to eliminate some of the downside risk associated with the project.

Kestrel Gold Inc.'s [KGC-TSXV] principal asset is the King Solomon Dome located about a 30-minute drive south of Dawson City, close to placer discoveries

that triggered the Klondike Gold Rush. Bulk samples taken by previous operators in Klondike Schist at the King Solomon Dome property have returned assays up to 4 g/t gold in near surface areas surrounding the Dome. Back in May 2017, the company struck an option deal with prospector, Bernie Kreft, to acquire a 100% interest in the Val-Jual property 70 km southwest of Dawson. "Optioning the Val-Jual property gives the company an excellent foothold in the burgeoning White Gold district," said Kestrel President and CEO, Kevin Nephin. Kestrel intends to explore what it described as a "high priority project." To earn a 100% interest in the property, Kestrel must spend \$500,000 on exploration and drill a minimum of 2,500 metres. Previous work has outlined numerous gold and/or arsenic soil anomalies and mineralized zones.

Klondike Gold Corp. [KG-TSXV] Ever since the original Klondike discoveries triggered a massive gold rush in 1896, prospectors have been baffled by their inability to find the bedrock source of all the placer gold which has been extracted from the streams and tributaries around Dawson City in the Yukon.

Evidence of that work remains visible beside the road into Dawson because of the rock piles that make the area look a bit like a lunar landscape. It has been estimated that the Klondike gold fields may have produced as much as 20 million ounces of gold from placer mines. Yet that same area has yielded only 1,200 ounces of bedrock gold, most of it produced from the Lone Star Mine prior to the start of the First World War in 1914. Klondike Gold has been working to solve the mystery by assembling a large property position in the Klondike fields south of Dawson City. The company is backed by Vancouver financier, Frank Giustra, who holds a 14.6% stake in the company. Klondike's exploration efforts are being led by President and CEO, Peter Tallman.

Wellgreen Platinum Ltd. [WG-TSX] is currently in the midst of a re-branding exercise that is spearheaded by a new management team, led by President and CEO, Diane Garrett. While details have

yet to be announced, it will likely involve a name change that will put an emphasis on other metals in the company's arsenal. As it stands, the Wellgreen Project hosts a measured and indicated resource of 362 million tonnes, containing 2 billion pounds of nickel, 1 billion pounds of copper and 6 million ounces of platinum group metals, plus gold. That marked a 10% increase from the previous estimate. The latest estimate is based on the results of 74 drill holes that were completed since the company announced its last mineral resource estimate in July 2014. In the last 12 months, Garrett said the company has gained a better understanding of the deposit. Among the knowledge gained is the identification of future exploration drill targets at Wellgreen. The company has already shown that it can produce bulk concentrates. Among ideas being discussed is the production of separate nickel and copper concentrates, a move that could improve the economics of the project, the company has said. Meanwhile, Graeme Jennings, the company's Vice-President, Corporate Development, said the company is planning a 6,000-metre drill program to improve confidence levels in the current resource estimates.

Triumph Gold Corp. [TIG-TSXV] is an explorer which is focused on its wholly-owned Freegold Mountain Project located in the Dawson Range gold-copper belt. The area also hosts Western Copper and Gold's Casino Project as well as Goldcorp's Coffee deposit. Goldcorp recently gained exposure to the road-accessible Freegold Project by taking a 19.9% stake in Triumph for \$6.3 million. In June, 2017 the company said it was launching a 13,000-metre diamond drilling program to test several targets that were identified during 2016, when the aim was to identify geological controls on mineralization at the Revenue and Nucleus porphyry deposits. Triumph has said it plans to spend \$4 million this year at Freegold Mountain. It is also undertaking reconnaissance mapping and sampling work on a second Yukon project known as Tad/Toro.

White Gold Corp. [WGO-TSXV] is

currently the largest land holder in the Yukon's White Gold District, a region in that has attracted the interest of Kinross, Agnico-Eagle Mines Ltd. each of which own a 19.9% stake in the company. Its portfolio includes 30 properties covering 390,000 hectares. Headed by Shawn Ryan, the company's technical advisor, White Gold is using exploration techniques developed by Ryan's company GroundTruth Exploration to speed up the process of finding gold-bearing anomalies. Ryan is quick to stress the high risk nature of early stage exploration.

"We know that 95% of the things that we look at are not going to make the cut," he said. So, to save time and money, GroundTruth uses a number of tools, including air-borne drone imagery, GT Rotary Air Blast Drills (RAB) and portable X-ray fluorescence (XRF). A RAB drill is a remotely controlled platform that is mounted on a track and can travel almost anywhere on a mineral property. Used in combination with drones and XRF technology, it provides a more cost effective, environmentally friendly way to conduct exploration, allowing prospectors to extend their budgets while checking mineralized systems.

"What used to take us two field seasons at a cost of \$500,000, I can now do in a month for about \$100,000," Ryan said. However, he went on to explain that while RAB drills can be used to assess a project's mineral potential, companies still need to rely on diamond core drilling and reverse circulation techniques.

Victoria Gold Corp. [VIT-TSXV] is developing what is expected to be the largest hard rock gold mine in the Yukon's history. The Eagle gold project, located 85 km north of Mayo, is expected to produce 200,000 ounces of gold annually using heap leach processing methods, starting in early 2019.

Victoria Gold President and CEO, John McConnell, said the mine is being built at a cost of US \$300 million and construction crews are preparing to start the "site capture phase," one that will focus on the high risk areas of the build. Those include heap

leach earth works, crusher foundations, and the improvement of various roads at the mine site. However, McConnell said the company is facing a US \$40 million construction funding gap that will need to be filled within the next six to eight months. Production is expected to come from the Eagle and Olive deposits, which contain 2.7 million ounces of proven and probable gold reserves. Meanwhile, the company is currently probing other targets on the 555 km² property with the aim of "demonstrating additional, definable resource gold deposits across the highly prospective Dublin Gulch property," McConnell said. Back in April 2017, the company launched a \$6.2 million exploration program that will focus on the Olive-Shamrock deposit, a high-grade satellite of the Eagle gold project. The company also plans to probe targets along the 13-km Potato Hills trend.

Western Copper and Gold Corp. [WRN-TSX, NYSE MKT] When news of the tailings pond breach at Imperial Metals Corp.'s Mount Polley copper and gold mine in British Columbia began to spread in August 2014, Western Copper officials were conducting a tour of the Casino Project. News of the disaster proved inopportune for Western Copper, which will likely face a higher level of scrutiny as it moves to secure permits for its own tailings facility. When reporters toured the Casino site recently, President and CEO, Paul West-Sells, said the permitting process will likely take another three years. The geology at Casino is typical of many porphyry copper deposits. The property hosts 965 million tonnes of proven and probable reserves, containing 4.5 billion pounds of copper and almost 9 million ounces of gold. That should sustain an open pit operation that is expected to cost \$2.5 billion to develop for a minimum of 22 years. Molybdenum will account for roughly 15% of the total revenue, West-Sells said.

The consensus is that this project may remain on the shelf for a while until copper prices improve. Another key challenge is the need to upgrade 130 km of access road. Meanwhile, the company may move to upgrade the mine feasibility

study released in January 2013. It is worth noting that **Osisko Gold Royalties Ltd.** [OR-TSX, NYSE] controls a 2.75% NSR royalty on future gold and copper production from Casino.

Golden Predator Mining Corp. [GPY-TSXV] is a well-funded gold exploration company with a focus on the Three Aces Project located northeast of Watson Lake. The company is currently benefitting from construction of infrastructure – including a bridge over the Little Hyland River, which allowed it to expand exploration on a number of high-grade gold zones via a fully-funded 40,000-metre drill program that will continue throughout 2017. There is no doubting that Golden Predator Executive Chairman, Bill Sheriff, has a gift for attracting attention to his projects. When asked recently why he wouldn't be attending a recent mining conference in Dawson City, Sheriff said, "It's because I am finding so much gold here." However, analysts are watching to see if he can find enough of the yellow metal to attract the interest of one of the major gold producers that are currently active in the Yukon. Golden Predator recently sold four White God District properties to **Taku Gold Corp.** [TAK-CSE].

Eureka Resources Inc.'s [EUK-TSXV] Yukon assets include the Luxor Project, which lies within the Dawson Range Gold Belt in west-central Yukon, and includes the Sheba, Ophir and Hav properties. Styles of mineralization there include porphyry deposits, mineralized breccias and lode and stock work veins. The Tak property is located 9 km northeast of the Coffee Creek airstrip, which is used for access to Goldcorp's Coffee Project. The property covers 1,722 hectares and extends northeast of Ballarat Creek, 4.7 km north of the Yukon River. Both Luxor and Tak are early stage exploration projects.

Pacific Ridge Exploration Ltd. [PEX-TSXV] has a long track record in the Yukon, where it is currently focused on early stage gold and base metal projects. Its property portfolio includes the Fyre Lake Project, which hosts copper-cobalt-gold volcanogenic massive sulphide mineralization. The

property was recently optioned to **BMC Minerals Ltd.**, owner of the nearby Kudz Ze Kayah copper-gold-cobalt project, also located in southeast Yukon. The company has about \$750,000 in the treasury and considers itself to be a low risk vehicle for Yukon exposure as the shares were trading at 6 cents on July 17, 2017.

Rockhaven Resources Ltd.'s [RK-TSXV] key asset is the wholly-owned Klaza Project, which is estimated to host an inferred resource of 1.36 million ounces of gold and 26 million ounces of silver. A Preliminary Economic Assessment has indicated that Klaza could produce approximately 630,000 ounces of gold and 11.4 million ounces of silver over a lifespan of 14 years. The PEA said the project could also yield 51.2 million pounds of lead and 52.4 million pounds of zinc during that period. The project is road accessible and benefits from its proximity to an electrical power grid. As \$30 million has already been spent so far, Rockhaven said work this year is focused on infill drilling, metallurgy and exploration drilling to identify new gold zones.

Independence Gold Corp. [IGO-TSXV] holds a portfolio of early stage gold projects in the White Gold District. The company is currently being run by Kendra Johnston, formerly manager of corporate development, after CEO Randy Turner was forced to take a leave of absence due to a family illness. He is best known for guiding Winspear Diamonds from the discovery of the Snap Lake diamond find in the Northwest Territories to its eventual sale to De Beers Mining for \$305 million. The company has said its 2017 Yukon exploration program will focus this year on the wholly-owned Boulevard Project, which lies adjacent to Goldcorp's Coffee Project.

The main aim is to define additional gold mineralization within the Sunrise-Sunset Zone, where earlier drill highlights include 4.36 g/t gold over 6.1 metres. The company is also planning to complete regional exploration activities to discover new targets at Boulevard and its other White Gold District projects. ■