

Mining Explorers 2017: Major Yukon gold rush

Global miners pick up great gold projects across the home of the Klondike

Shane Lasley

Mining News

Following up on the discoveries made during a C\$1 billion exploration explosion in Yukon Territory between 2007 and 2013, five of the world's largest gold producers are leading a second wave of the 21st Century Yukon Gold Rush.

Kinross Gold Corp., which operates the Fort Knox Mine in neighboring Alaska, was the first of the majors to grab a foothold in Yukon when it acquired the White Gold property in 2009.

The real rush of majors to the westernmost Canada territory, however, began last year, when Goldcorp Inc. acquired the Coffee Gold project through a C\$520 million buyout of Kaminak Gold Corp.

Since the Coffee buyout, Barrick Gold Corp., Newmont Mining Corp. and Agnico Eagle Mines Ltd. have all staked claims to some of the hottest gold projects in the territory.

“Large companies are looking for a place where there is still near-surface, high-grade gold to be found in a geopolitically stable environment,” said Goldstrike Resources COO Bill Chornobay. “The entry into Yukon of Newmont, Barrick, Agnico, Kinross, and Goldcorp is a very strong testament to that and to their belief in the future of Yukon.”

Ryan's White Gold legacy

Self-taught Yukon prospector Shawn Ryan ensured his place in the annals of Yukon lore during the first wave of the 21st Century Gold Rush. His discoveries, which include the White Gold and Coffee gold projects, helped to spark renewed interest in Yukon gold and helped fuel the exploration fervor that followed.

The second wave has the potential to cement his legacy.

For starters, he is chief technical officer of White Gold Corp., a new gold exploration company that owns properties that blanket roughly 40 percent of Yukon's White Gold District and has the backing of both Kinross Gold and Agnico Eagle.

Late in 2016, Agnico Eagle grabbed a 19.9 percent interest in White Gold Corp. and in May, Kinross nabbed a 19.9 percent interest in the junior in exchange for its White Gold and other properties in the namesake district.

The Golden Saddle deposit on the White Gold property hosts 9.79 million metric tons of indicated resource averaging 2.7 grams-per-metric-ton (840,000 ounces) gold; and 2.17 million metric tons of inferred resource averaging 1.8 g/t (125,000 oz) gold, according to Kinross' reserves and resources statement for the end of 2016.

“The acquisition adds significant exploration potential to our already dominant land position in the White Gold District,” said Ryan.

With these claims, White Gold Corp. now owns nearly 1 million acres of mineral claims along a 200-kilometer-long corridor south and west of Dawson City.

Both Kinross and Agnico Eagle are leveraging their technical and operational experience to support White Gold Corp.'s pursuit of exploration and development opportunities along this gold-rich section of the Yukon.

“This investment will allow the three companies to pool their expertise together to strengthen their position in this excellent mining jurisdiction,” said Kinross President and CEO J. Paul Rollinson.

White Gold Corp. is investing some C\$9 million in exploring its properties in 2017 and is utilizing GroundTruth Exploration, an innovative exploration company run by Ryan's wife, Cathy Wood.

This work includes employing Ryan's soil-sampling techniques, GTProbe sampling, drone surveys; geophysical surveys; and geologic mapping and prospecting across most of the White Gold properties.

The 2017 program also included some 20,000 meters of rotary air blast drilling at the JP Ross, Loonie, Dime, IND, Nolan and Black Hills properties; and core drilling at the Golden Saddle deposit.

Coffee gold by 2021

Goldcorp, meanwhile, continues to make progress on advancing its Coffee Gold Project towards a major mine development. Coffee is another White Gold deposit discovered by Ryan.

Prior to being bought out by Goldcorp, Kaminak published a feasibility study that details an open-pit, heap-leach gold operation at Coffee producing 184,000 oz of gold annually over a 10-year mine life at all-in sustaining costs of US\$550/oz.

This mine plan is based on 63.7 million metric tons of indicated resources averaging 1.45 g/t (2.97 million oz) gold and 52.4 million metric tons of inferred resources averaging 1.31 g/t (2.1 million oz) gold.

“With the acquisition of Kaminak and its Coffee project, Goldcorp has inherited a very prospective land package with more than 60,000 hectares (150,000 acres) that demonstrates potential for near-mine discoveries with mineralization remaining open along strike and at depth and the potential for the discovery of a major new mineral system,” Goldcorp President and CEO David Garofalo said at the time of the acquisition.

Over the ensuing year, the major has been busy exploring that potential, including roughly US\$15 million of work last year and an initial phase of 2017 drilling that kicked off in March.

This year's drilling is focused on the Supremo T8-9 and Arabica targets.

Supremo T8-9 is located about 200 meters east of the planned Supremo open-pit mine. Highlights from 17 holes drilled during the first quarter include: 10.66 meters of 1.88 g/t gold from a depth of 51.82 meters; and 15.24 meters of 1.38 g/t gold from 59.44 meters.

The company also reported good results from Arabica, which is located about 1,500 meters east of the planned Supremo pit.

“At the Coffee camp, drill results so far have shown continuity of mineralization at both the Arabica and Supremo T8, T9 targets while initial results are positive at Decaf,” Goldcorp Senior Vice President of Exploration Paul Harbidge said in July.

While exploring the property, Goldcorp is making headway on the permitting needed to build the mine.

Officially launching the permitting process with the submission of an environmental socioeconomic assessment application for Coffee, Goldcorp is targeting commercial production at the Yukon gold property by 2021.

Coffee could be the first in a series of mines resulting from the 21st Century Yukon Gold Rush.

Goldcorp also owns a 19.9 percent stake in Independence Gold, an exploration company exploring the Boulevard gold property adjacent to Coffee; and 19.9 percent of Triumph Gold Corp, which is exploring the Freegold Mountain copper-gold property about 125 kilometers (75 miles) southeast of Coffee.

Goldstrike for Newmont

While the White Gold District continues to draw major attention, it is not the only gold-rich region of Yukon in which global miners are investing.

In April, Newmont closed a C\$53 million deal with Goldstrike resources to earn up to a 75 percent stake in Plateau, an expansive exploration property known for its prolific visible gold.

For several years, Goldstrike has been discovering and expanding zones of high-grade gold across Plateau, a more than 570-square kilometer (220 square miles) property in eastern Yukon. 2016, however, was a particularly successful year for the explorer – resulting in the discovery of six new high-grade gold zones on the property.

The first such find was Bonanza, discovered about 4,000 meters away from Goldstack, one of the three primary gold zones originally found along a 50-kilometer- (31 miles) trend at Plateau South.

Initial mapping of a small outcrop at Bonanza identified the most pervasive coarse visible gold seen in bedrock at the Plateau property.

Goldback, Goldbar, Gold Standard, Goldworks and Big Bang are other high-grade gold discoveries made last year.

These discoveries, coupled with the zones already found across a broad expanse of this property caught Newmont’s attention.

In March, the gold major cut a deal to earn up to 75 percent stake in Plateau.

The agreement included a C\$6 million private placement financing under which Newmont purchased 12.71 million Goldstrike shares at C47.4 cents each.

As a result, Newmont has the option to earn an initial 51 interest in Plateau by paying C\$8 million to Goldstrike; investing C\$17.4 million on exploration at Plateau; and completing an NI 43-101 resource estimate on the property.

If Newmont decides to up its ownership of Plateau to 75 percent, it must invest another C\$21.4 in exploration and complete a feasibility study for Plateau by the end of 2027.

After earning 75 percent interest in Plateau, Newmont has agreed to fund all costs until it delivers a program and budget for the development of the first mine on the property. At this point, Goldstrike has a financing option under which Newmont would fund all costs relating to Plateau, including all mine development costs, and Goldstrike would pay Newmont back from 80 percent of the explorer's share of cash flow from the mine.

Newmont and Goldstrike kicked off their 2017 program with a 10,000 line-kilometer airborne magnetic survey and district-scale geochemical program.

"We are delighted with the new partnership with Newmont and are very excited to receive the results from the proprietary, proven mine finding technologies and techniques that Newmont has implemented at the Plateau Property," said Goldstrike President and CEO Terrance King.

While waiting on the results, Goldstrike and Newmont began drilling Goldstack, a zone where abundant visible gold has been found on surface and in drill core, and Bonanza.

PSGS-16-01, drilled at Goldstack in 2016, cut 45.5 meters averaging 6.05 grams per metric ton gold. Previous drilling at Goldstack has traced a large tabular body of mineralization that is more than 130 meters long, 40 meters wide and 10 to 17.5 meters thick.

With Newmont shouldering the financial and technical load at Plateau, Goldstrike can focus its attention on Lucky Strike, a large property located in the heart of Yukon's White Gold District.

"Goldstrike will now have the time and resources to advance its plans to optimize value for our shareholders on the 100-percent-owned and drill-ready Lucky Strike gold project, located in the heart of the White Gold Camp" said Goldstrike's Chornobay.

Barrick nabs Carlin-style gold

Barrick Gold Corp. also has staked its claim in Yukon, cutting a deal to earn up to a 70 percent interest in a portion of Atac Resources Ltd.'s Rackla Gold, an huge property famous for its Carlin-style gold.

In total, the Rackla property encompasses a gold prospective area that stretches for some 114 miles (185 kilometers across east-central Yukon).

Atac has divided the massive land parcel into three separate projects – Rau, which encompasses 255 square miles (660 square kilometers) at the western end of Rackla; Osiris, a 117-square-mile (302 square-kilometers property at the eastern end of Rackla that hosts the Osiris, Conrad, Ibis, and Sunrise discoveries; and Orion, a 301-square-mile (780 square kilometers) section in the middle that hosts the Orion, Anubis, and eight other early stage Carlin-type gold prospects.

Barrick has cut a deal with ATAC to earn an initial 60 percent interest in Orion, the central project, by investing C\$35 million on exploration at the project over the next five years.

Upon spending this initial earn-in, the companies will form a joint venture and Barrick can earn another 10 percent interest in Orion by investing an additional C\$20 million before the end of 2026.

To further stake its claim to this gold-rich section of the Yukon, Barrick paid C\$8.34 million to buy 16.68 million Atac shares, giving the major a 19.9 percent interest in the Yukon-focused explorer.

ATAC applied this major investment towards a roughly C\$10 million exploration program at the Osiris and Rau projects in 2017.

“Atac’s generative exploration skills and Barrick’s knowledge and experience in Carlin-style systems will be a great combination to unlock the full potential of this district,” said Rob Krcmarov, executive vice president, exploration and growth, Barrick.

If 2017 is any indicator, this type of collaboration between savvy exploration juniors and major gold miners looking north will be a major driver for mineral exploration and mine development in Yukon for years to come.

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