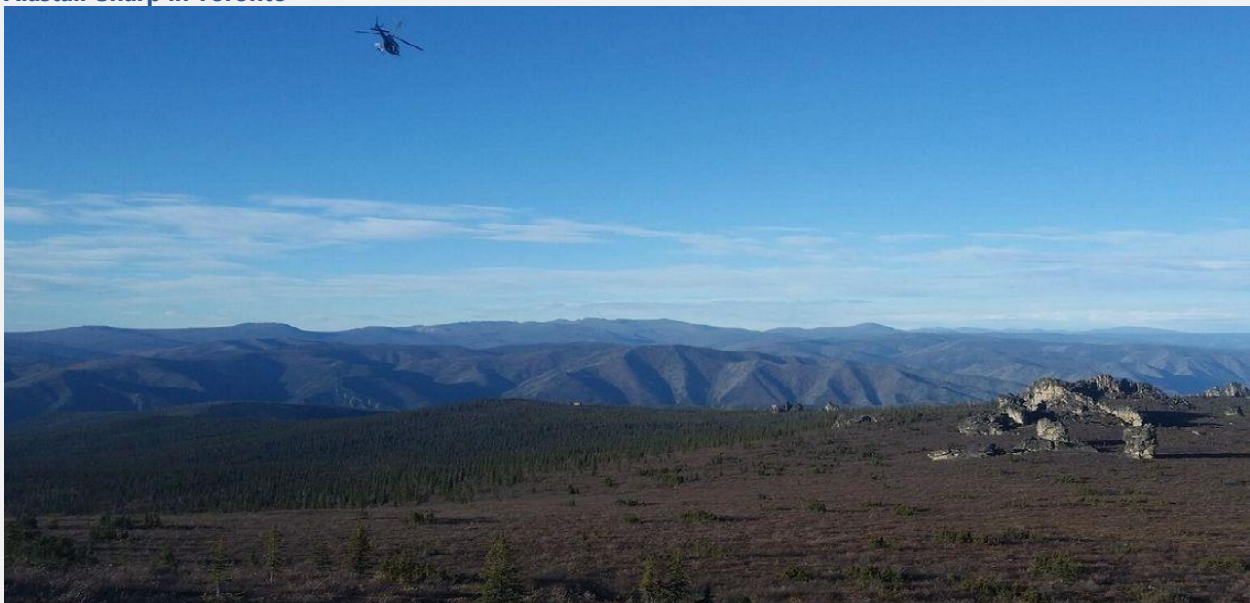


Minjng Journal

Yukon cash-flow on the rise

This year is set to be a break out period for mining in Canada's northern Yukon territory, say those whose have been digging around these parts for a decade or more. And the majors are showing growing interest, snapping up rights to proven and promising resources as transportation costs look set to fall and a stable political framework comes back into vogue.

Alastair Sharp in Toronto



Blue sky aplenty: Yukon explorer White Gold is among the most active in the territory

Victoria Gold Corp (TSXV: VIT) might be the most obvious poster child for the region, having earlier this month announced a major project financing of C\$505 million (US\$392 million) for its Eagle gold mine about 375km north of the capital, Whitehorse— bringing in Orion Mine Finance, Osisko Gold Royalties, and Caterpillar Financial Services to help develop the project, which in September 2016 was independently evaluated as containing 2.46 million ounces of proven and probable gold reserves but as recently as last summer was struggling to find funding.

Osisko CEO Sean Roosen is now calling it "Canada's next premier gold mine".

That counts as one of the biggest bets on a second Yukon gold rush, but a string of other deals are in the works or on the horizon for both precious and base metal operations in the region, which has historically been somewhat overlooked in part due to the difficulty of reaching remote deposits and operating in often-frozen environments.

With copper prices picking up off historic lows and showing signs of buoyancy, larger projects that have struggled to elicit much enthusiasm before have received more than a few admiring glances at recent industry meet-ups such as this month's Prospectors and Developers Association of Canada convention in Toronto.

"It's an exciting time," said Western Copper and Gold Corporation (TSX: WRN) CEO Paul West-Sells. "I've seen a lot more interest in the past two months than I've seen in the previous six years, so that's an encouraging sign."

Western has been developing the Casino copper-gold project in Yukon's west for 11 years, and last month closed a private placement deal raising some \$3.34 million to fund ongoing permitting and development costs at the \$2.45 billion project, which has 4.5 billion pounds of copper reserves and 8.9 million ounces of gold reserves.

West-Sells said he held early-stage talks with several potential Casino acquirers or partners during the recent meet in Toronto and BMO Capital Markets' annual mining confab in Florida. He declined to name the suitors.

The company hoped to wrap up consultations involving federal, territorial and First Nation governments and regulators by mid-2018 on the best available technology to deal with its tailings, West-Sells said. Clearing that hurdle would allow Western to begin building out a project proposal, unless a bigger player came in to take over the project before then.

"The appetite in the copper space has taken half a decade to come back, but we're fairly happy with copper prices moving up. You're starting to see the major copper producers come around and kick tyres and look at things," West-Sells said, pointing out that 65 mines the size of Casino would need to come online in the next decade to meet the projected supply deficit for copper.



Drill core from the Casino copper-gold project

Almost 7% of world copper production was offline at one point last year with overlapping strike action at Escondida in Chile, protests at Peru's Las Bambas and disruptions at Grasberg in Indonesia, where the government has forced Freeport-McMoran to cede control of the world's second-largest copper mine.

While Indonesia nationalises assets and major South American supplier-nations struggle to balance the duelling demands of miners and affected communities, Canada is seemingly able to knit the two together more harmoniously, helped by cash thrown at the problem.

Canadian prime minister Justin Trudeau and Yukon premier Sandy Silver in September announced more than \$360 million in combined spending (almost \$248 million from Ottawa) to improve road access to two mineral-rich areas in the territory: the central Dawson range and the Nahanni Range Road in the south-east.

"Transportation and logistics have always been a challenge in Yukon. That's a game changer," David D'Onofrio, the CEO of White Gold Corp (TSXV: WGO), said of the funds, part of a \$2 billion promise in Budget 2017 for infrastructure projects for rural and northern communities.

"The government is going to invest to turn gravel roads into mining-grade haul roads," he said. "So now, you can discover a 500,000oz pit on its own that likely would not have been economical in the previous logistical set up."

White Gold is the newest venture of renowned Yukon explorer Shawn Ryan, who has previously discovered and then sold off several sizeable holdings in Yukon's Golden Saddle zone, including the White Gold deposit sold to Kinross in 2011 for \$120 million (and bought back in 2017 for \$60 million and a 19.9% stake in White Gold) and the Coffee project for which Goldcorp paid \$520 million in 2016.

White Gold — which also counts Agnico-Eagle Mines as a 19.9% investor — earlier this month announced its maiden resource estimate for its flagship and eponymous property, with 961,000oz indicated within 12.32 million tonnes grading 2.43g/t, and 282,500oz inferred in 5.16Mt at 1.7g/t.

The new venture, D'Onofrio said, allowed Ryan to implement innovative techniques he'd honed on exploration targets across 390,000 hectares, or 40% of the White Gold district made famous by the Klondike gold rush of the late 19th century. When positive results came back, sites could be parcelled off for development in partnership with larger players, he said.

For 2018, White Gold plans to maintain exploration spending at a healthy \$9 million, split between \$3 million in the Golden Saddle area, and \$6 million on regional targets. D'Onofrio said the focus was on a handful of properties producing "some very good" early results, and continuing greenfields exploration.

"That's the game plan. If with our partners we come across something on the regional side and they want us to really accelerate the exploration on that we can do that," D'Onofrio said. "We have a consistent approach that is fairly aggressive to start with [and] to maintain that is the plan at this point in time."

He said he thought there was plenty of promising land to prospect for everyone. And many seem to agree.



Drilling at ATAC Resources' Osiris gold target

Yukon exploration investment levels are estimated to have doubled in 2017 compared to a year earlier, with around \$100 million spent on exploration and another \$20 million on development, the Yukon Geological Survey said last year.

Major mining companies including Agnico, Barrick Gold and Newmont have all recently invested in assets in Yukon, with the latter promising \$53 million to help Goldstrike Resources (TSXV: GSR) develop its Plateau project in return for a 51% interest in the first phase and up to 75% overall.

Meanwhile, one of the largest drill programs planned in Yukon this year will be on ATAC Resources' (TSXV: ATC) 1,700sq.km Rackla gold property, Canada's only known Carlin-type gold play, where Barrick is committed to spending around \$55 million over the next six years including \$6 million this year to advance the 780sq.km Orion project.

ATAC CEO Graham Downs, a 20-year veteran of Yukon mining, wants to put in a further \$6-8 million to match Barrick's roughly 10,000m drill goal for this year.

"It's all about stepping out on our known zones and building those ounces, trying to add ounces to that resource," he said, saying that the company hit some "some pretty darn high grade gold" in 2017 and was deliberating over the data with the possibility of putting out a maiden resource statement in the next three months.

"The focus is really to show the world how many ounces we have on this project," he said.

He said ATAC enjoyed a solid working relationship with Barrick, which embeds its workers within ATAC's operation and allows for the free flow of information between the two teams.

"Companies have come to realise that the geology is amazing," Downs said, when asked what might be driving the recent turn towards Yukon gold, copper and other minerals. Adding to that, "there's been a major commitment by the federal and territorial government to ramp up infrastructure" and good working arrangements to secure agreement for permits with all stakeholders, he said.

One of the gravel roads in line for an upgrade runs through where Golden Predator Mining Corp (TSXV: GPY) is working its 3 Aces property in the south-east of the territory.

CEO Janet Lee Sherriff says the company is happy with the results of drilling at 3 Aces thus far but will wait to assess the full winter drilling season when it wraps in mid-April before deciding by the end of the year whether to go ahead at that stage with an independent assessment of the project.