



Yukon is a renewed favourite destination for gold mining companies, including Goldcorp. Goldcorp believes it may have hit the motherlode with its Gold Coffee project, pictured, around 130 kilometres from Dawson City. Despite the promise of the region, the area does not yet have a major mine.

THE NEXT GOLD RUSH

Mining majors, hungry to find new riches, invest millions in Yukon

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Yukon gold has been legendary since bullion was first discovered in Dawson City in 1896, but a wave of investment from major miners in the past year suggests the territory could be on the brink of a 21st century gold rush.

Goldcorp Inc., Newmont Mining Corp. and Barrick Gold Corp. among others have lined up to invest more than US\$600 million in the Yukon since 2016 — more than anywhere else in the world.

"It's a modern-day gold rush and, most surprisingly, it's happening even though the Yukon has yet to host a significant hard rock gold mine," said Gwen Preston, editor of the Resource Maven newsletter.

"Miners have pulled many millions of ounces from the Yukon's rivers and gravel beds, but the territory has yet to offer up a large gold deposit that makes it to production."

Yukon's gold is as unique as it is curious. Massive amounts of gold have been found in loose soil and gravel in riverbeds, but the original deposits have yet to be discovered, adding a mysterious mythology to the territory's riches.

But Vancouver-based Goldcorp CEO David Garofalo thinks the company may have hit the motherlode with its Gold Coffee project.

"I think we've found the nucleus, geologically, of a new district in the Yukon," Garofalo said. "What we've seen rushing after us is a number of our peer companies buying minority stakes in juniors that surround our geological position."

Goldcorp spent \$520 million to purchase Kaminak Gold Corp., drawn by its Gold Coffee project, a hydrothermal gold deposit about 130 kilometres from Dawson City. Garofalo believes the company, which has uncovered five million ounces of resources with just 12 per cent of the 60,000 hectares drilled, can double the project's production profile.

The new wave of investment among big gold miners comes as they focus on new sources of development to add to their depleted production pipelines after selling off non-core assets to weather the past few years.

Before gold's downturn in 2012, there had been a short-lived wave of interest in the territory. Retail investors hungrily eyed the territory after junior miner Underworld Resources discovered the White Gold area in a hot bullion market. Those properties were quickly snatched up by Kinross in 2010.

"But most of the money was lost because people raced up there before the projects were ready," Preston said. "They were punching holes into golden soil and it was too much, too soon, so retail investors got really burned."

During the following bear market, investors steered clear of the Yukon.

But majors in search of new investments in stable jurisdictions have been piling into the Yukon over the past year. They have the benefit of learning from the failures of the last investment round as well as the technical expertise and big picture assessments neces-

RECENT INVESTMENTS

May 2016: Goldcorp buys Kaminak Gold for \$520 million

June 2016: Goldcorp invests \$2 million for 19.9% of Independence Gold

December 2016: Agnico Eagle pays \$14.5 million for 19% of White Gold

March 2017: Newmont signs property earn-in with Goldstrike worth as much as \$53 million

March 2017: Goldcorp pays \$6.3 million for 19.9% of Triumph Gold

March 2017: Coeur puts \$2.7 million into Rockhaven

April 2017: Barrick signs property earn-in and strategic investment deal with ATAC worth as much as \$63 million

Source: Resource Maven

"We thought given our long history in Canada that it's a place that we should keep an eye on," Boyd said of the company's decision to invest in the area.

Canada as a whole has become a renewed favourite destination for gold mining companies. Many are returning after several decided to leave the country years ago, he added.

"I think some of that is reflected in the renewed interest in the Yukon," he said.

"These companies have to make choices amongst several alternatives on where to spend exploration dollars and a lot more are choosing to spend it in Yukon."

The territory's mining-friendly government and exploration and permitting supportive system only adds to its appeal, he added.

Still, whether the new Yukon rush will result in a new gold mining district remains a question mark.

While some of the exploration dollars make a lot of sense, others seem to just be following the trend into the area, Preston said.

For all the promise the region holds, the area does not boast a major mine, apart from a dearth of infrastructure.

"If this round of investment is successful then the Yukon is going to really become a gold mining sector, if it isn't in the next few years then interest might not return for a really long time," Preston said. "The majors often move in as a group and move out as a group, they'll find the next shiny place and go there."

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sary to turn projects into producing mines, Preston said.

In December, Toronto-based Agnico Eagle paid \$14.5 million for a 19 per cent stake in properties in the White Gold district, 95 kilometres south of Dawson City.

CEO Sean Boyd said the company has been eyeing exploration results in the Yukon for nearly a decade and the properties fit the company's preference to buy early stage projects.

Agnico Eagle, whose largest gold-producing mine is Nunavut's Meadowbank, is familiar with the specific challenges of operating in Canada's North, including a lack of roads and power lines.