

The Yukon gold rush matures



PHOTO BY IAN BICKIS

Kaminak Gold's vice-president of exploration Tim Smith at the Coffee gold project in the Yukon's White Gold district.

BY IAN BICKIS

VANCOUVER — The Yukon gold exploration season is ramping up for another year, looking a little more restrained for 2012 but still full of potential.

The territory's second gold rush is clearly maturing; new entrants and newly staked claims are dwindling, sample programs are transitioning to drill programs, companies are bowing out, and the first major resource estimates from the boom are on the horizon.

Excitement for 2012, however, has been tempered by the Yukon explorers' depressed stock prices, hit especially hard in last September's market drop because of stock speculation. Any stock price recovery has been hampered because the slump came near the end of the

Yukon exploration season when news flow traditionally tapers off.

Prominent explorers were hit as hard as anyone in September, with **Atac Resources** (ATC-V) plunging from \$8 to \$4 and now trading at \$2.50; **Kaminak Gold** (KAM-V) dropping from \$4.40 to \$2.80 and trading at \$2.10; **Ryan Gold** (RYG-T) going from \$1.80 to \$1 in the month and trading at 58¢; and **Golden Predator** (GPD-T) going from \$1.20 to 78¢ and trading at 56¢.

Ethos Gold (ECC-V), which recently changed its name from Ethos Capital, is not so noteworthy for plunging from around \$1.25 in August to a 33¢ low in early October. But it does stand out for recovering to around a dollar, and recently closing at 98¢.

But with significant cash reserves or enough market faith to raise money, the more well-known Yukon companies have set out sizeable exploration programs for the year.

Kaminak spent about \$22 million on exploration at its Coffee gold project last year, including 48,000 metres of drilling and significant camp infrastructure investments. For 2012 it has set out a \$17-million exploration budget targeting 50,000 metres of drilling with four rigs. The company can afford the program in part because of a \$15-million raise in November at \$2.80 and \$3.35 per share, leaving it with \$21.4 million at the end of 2011. The 2012 drill program, which Kaminak started March 19, is designed primarily to shore up information on its

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PHOTO BY IAN BICKIS

A drill rig at Ryan Gold's Ida Oro gold project in the Yukon.

high-grade oxidized Supremo, Latte and Double-Double targets in anticipation of a initial inferred resource expected later this year, while the company will also drill new targets like Sugar.

Atac held \$20.4 million at the end of 2011 after having raised \$25 million early that year.

The company has planned 30,000 metres of drilling using six rigs at its Carlin-type Rackla gold project starting in June.

The company has not specified a cost estimate for the program, but last year it spent \$29.5 million at Rackla completing 26,600 metres of drilling and, like Kaminak, also invested in infrastructure such as airstrips and lodgings.

The company will again be targeting its Conrad, Osiris, Isis East and other Nadaleen Trend targets as it hopes to rekindle excitement for the “only

proven and significant Carlin-type gold district outside of Nevada,” but has made no commitments on when it could put out a resource number.

Golden Predator started its 2012 exploration program at its fully owned Brewery Creek gold project in February, thanks to easy road access and tame topography.

The company plans to drill a minimum of 30,000 metres this year — compared with 55,000 metres last year — as it works towards a resource estimate in the second quarter and potential production in 2013 at the past-producing mine.

As of late March the company had \$19 million working capital owing in part to a \$12-million financing in March, though it originally set out to raise as much as \$17 million.

Ethos Gold, still with \$14 million from last year, has planned a \$7.3-million, 16,000-metre exploration pro-

gram at its Betty gold project. The company will concentrate drilling on the Mascot Creek target, where last year it identified a 17-sq.-km, gold-in-soil anomaly and found grab samples as high as 24.8 grams gold per tonne and pit trenches returning up to 50 metres of 7.3 grams gold.

Ryan Gold, which had a delayed start in 2011 and ended up spending only \$15 million on exploration, plans to spend \$25.7 million this year on numerous properties. Ida Oro will again see the most money with \$6.1 million budgeted and the rest spread over Mahtin, Flume, the Kluane projects and Nug-PDM, plus a few other projects, quartz-claim payments and overhead.

In January **Northern Freegold Resources** (NFR-V) released a first resource on its Revenue zone of 101 million inferred tonnes grading 0.34 gram gold,

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3.14 grams silver, 0.13% copper and 0.04% molybdenum. It plans to drill 25,000 metres on the Freegold Mountain project starting in May, focusing on expanding the resource at Revenue as well as the Nucleus and Tinta deposits, and exploring the Stoddart zone.

Kinross Gold (K-T, KGC-N), is staying tight-lipped about any potential growth at its White Gold project. The company drilled a little over 13,000 metres in 2011 but has not made any specific public commitments for 2012, and the White Gold project has long been absent from its highlighted list of development projects.

It could be a modest year for less advanced companies struggling to raise funds with depressed stock prices. **Argus Metals** (AML-V), trading at 7¢ after dropping from 18¢ last August, managed to raise \$650,000 this year to get out of debt and stay afloat, but the money isn't enough for it to explore its Hyland gold project in southeastern Yukon. **Taku Gold** (TAK-V), now trading at 6¢ compared to almost 30¢ last August, has set out a \$600,000 exploration budget for 2012 after spending over \$3 million last year on its extensive White Gold property holdings. **White**

Pine Resources (WPR-V), which optioned into the Money and Tender properties in early 2011 and spent \$1 million exploring them, recently let its option agreement lapse as it tries to defer option payments on the properties.

Some have a little more flexibility, such as **Colorado Resources** (CXO-V), which, despite going from \$1 in last August to 30¢ by October, has proposed spending up to \$5 million on a work program at its Oro project starting in June, owing to cash reserves. **Northern Tiger Resources** (NTR-V), which dropped from over 60¢ in August to 16¢ in October, has planned a 3,000-metre drill program at its 3Ace project and will add more if markets allow. **Pacific Ridge Exploration** (PEX-V), which plunged from 50¢ to 12¢ last September and trades around the same price, raised \$1.5 million at the end of 2011 and brought its total cash reserves to \$3.5 million, but has yet to announce an exploration program.

A challenging end to 2011 has also seen a bit of consolidation and potential focus away from Yukon. **Smash Minerals** (SSH-V), which went from \$1.26 in August to a low of 30¢ in October after hitting little in a rush drill

program on its Whiskey target, is busy merging with **Prosperity Goldfields** (PPG-V) on holdings in Nunavut, and has yet to make any 2012 Yukon commitments. **Independence Gold** (IGO-V), which now holds what were Silver Quest's substantial Yukon claims following its buyout by **New Gold** (NGD-T, NGD-X), has already optioned off two of its largest Yukon projects as it concentrates on B.C.

For a bellwether of Yukon's exploration health in a single company though, one could do worse than **Strategic Metals** (SMD-V). The prospect generator and incubator, managed by Archer Cathro, has the biggest portfolio of projects in the territory as well as significant shareholdings in a host of other Yukon explorers. Its shareholdings, including almost 10% of Atac, translated to \$52 million in marketable securities as of late February. The company traded at under 25¢ in early 2009, peaked at \$4.24 in July during the height of the 2011 season, and then quickly fell to just over a dollar by early October. It is trading at \$1.25, but another jump could bode well for the Yukon as a whole.