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Resource Sector Digest: Yukon Revival

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by: Itinerant

Summary

- Gold miners are turning their attention to the Yukon.
- Pretium is nearing the pointy end.
- Is Silver Standard a Bargain?



Major gold miners are re-discovering the Yukon. We take stock in this week's

Resource Sector Digest.

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Brought to you by Itinerant and The Investment Doctor.

In this edition we shall:

- set the scene,
- highlight actionable ideas,
- comment on news releases and
- link to relevant articles.

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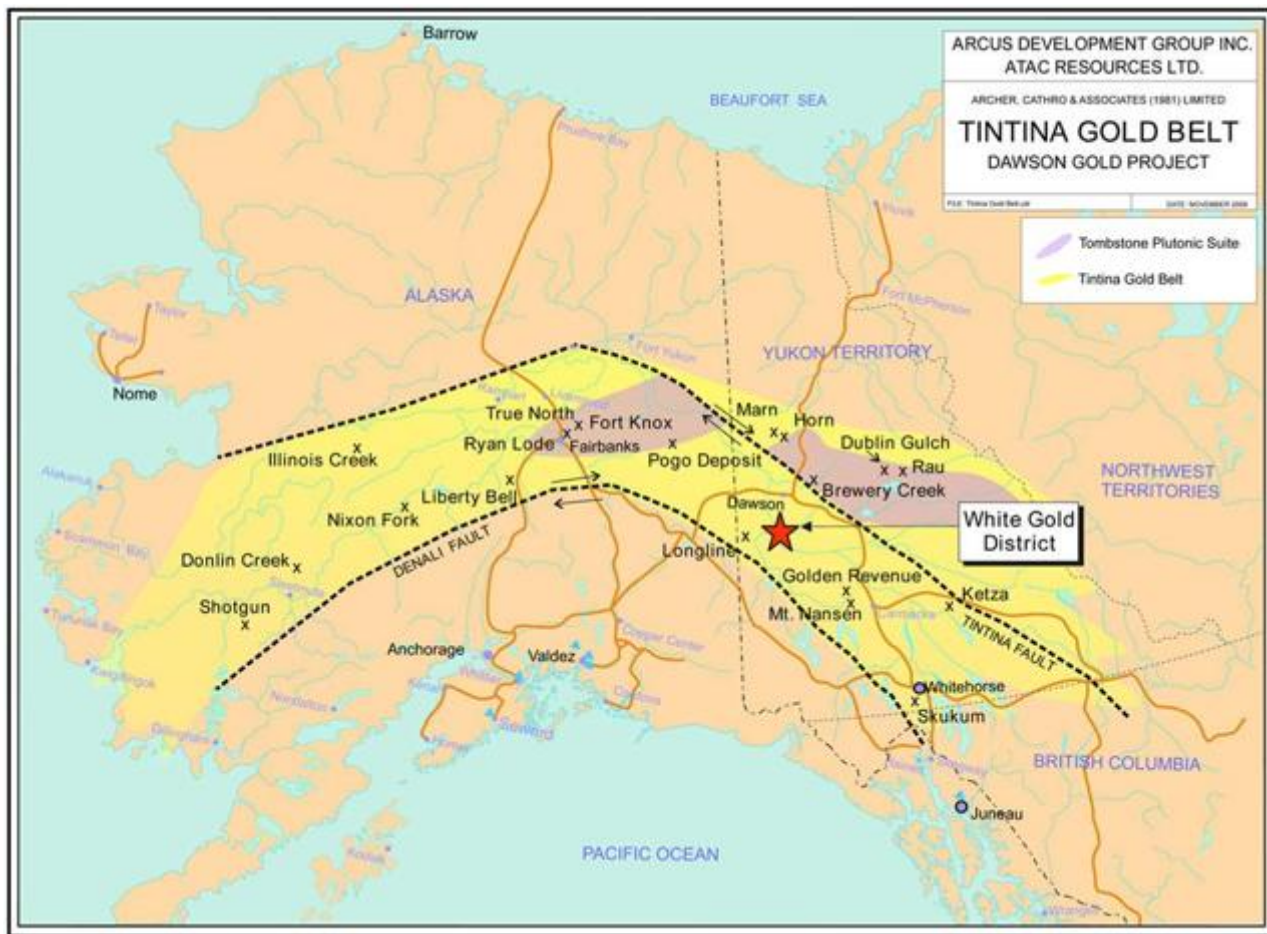
Setting The Scene

Seven quiet years after Kinross Gold (NYSE:KGC) took over Underworld Resources the Yukon appears to have slipped back onto the major gold miners' radar screens. GoldCorp (NYSE:GG) made a start last year by acquiring Kaminak Gold (OTCPK:KMKGF) and its flagship Coffee Gold project not far from the mentioned Underworld project. And only recently Newmont Mining (NYSE:NEM) and Barrick Gold (NYSE:ABX) followed suit.

Newmont has just closed a strategic partnership with Goldstrike Resources (OTC:APRAF). The major has subscribed to C\$6M worth of the junior's shares, and has secured the right to earn into Goldstrike's Plateau project. The full scope of the phased agreement is worth a minimum of C\$53M in direct payments and exploration expenses; and if consumed in full will see Newmont earn an 80% interest in a possible future mine on this property. Goldstrike on the other hand would be free-carried to production in this scenario.

Barrick Gold is putting its money into ATAC Resources (OTCPK:ATADF) and the Rackla project. A C\$8.3M placement gets the foot in the door, and a total of C\$63.3M will earn the major a 70% stake in the JV developing this property. ATAC's terms may look slightly better than Goldstrike's when comparing investment commitments and earned project shares, but this would be missing the point of there being no free-carry for ATAC in the event of a future mine build. ATAC's earn-in agreement with Barrick follows another deal with fellow junior Arcus Development Group (OTC:ARCUF) which gave Arcus full control over the Dawson project, which was promptly followed by GoldCorp taking a 19.9% stake in Arcus.

Agnico Eagle Mines (NYSE:AEM) was first to support ATAC with a significant investment in 2013. Fast forward and we note that this miner seems to have switched horses in the Yukon judging from its involvement in the newly formed White Gold (OTC:GFRGF), another play in the immediate vicinity of the Underworld project mentioned at the start of this section.



Money is clearly flowing into the Yukon again and further M&A activities are probable. Victoria Gold Corp (OTCPK:VITFF) has topped many a list of potential takeover targets for years now, with Kinross touted as the obvious front-runner due to the major's 11% stake in the company. Victoria seems to have grown tired of waiting for a suitor, however. The company secured a \$220M development debt facility in January and has switched into mine construction mode on the fully permitted Eagle gold project since then. Other perennial targets are sitting still, waiting. Western Copper & Gold (NYSEMKT:WRN) with its Casino project falls into this category. This is a high-capex low-grade bulk mining project next door to GoldCorp's Coffee project, the kind of deposit that has gone out of fashion in the course of the bear market. Some commenters would like to have us believe that this tide is turning, especially after GoldCorp's most recent deal in Chile, but we are doubtful in this regard.

With majors mostly positioned in the Yukon we expect some consolidation M&A going forward from these names; plus there is plenty of scope for mid-tiers to pick up a suitable project in this part of the world. Independence Gold (OTC:IEGCF), Triumph Gold (OTCPK:NFRGF), Klondike Gold (OTC:KDKGD), or Golden Predator (OTCQX:NTGSF) are examples of juniors with projects that might appeal to this group.

Actionable Ideas

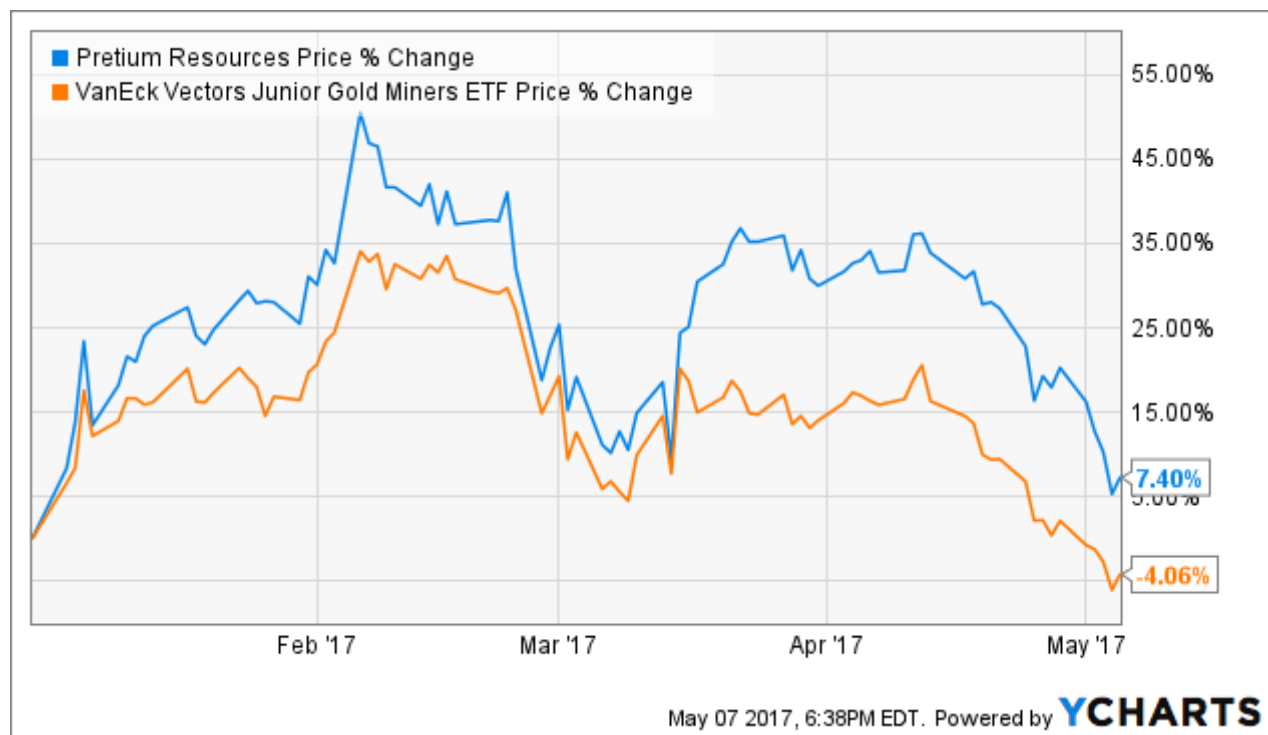
- The Investment Doctor thinks Silver Standard (NASDAQ:SSRI) is currently a bargain.



News Releases

News release of the week goes to **Pretium Resources** (NYSE:PVG) for an update on mine construction at Brucejack. The company said that wet commissioning is nearing completion, and the hand-over from the construction team to the operations crew has been completed. Commercial production is planned to be announced this year.

The market remains thoroughly un-impressed as the proof will apparently be in the pudding.



PVG data by YCharts

Which brings us to this week's drill result summary:

- **Trevali Mining** (OTCQX:TREVF) has started drilling at the newly acquired Heath Steele project in New Brunswick and reported spectacular grades and thickness from the first batch of results. The mineralization is adjacent to the company's Stratmat deposit and the results bode well for an integration with operations at Caribou in due time.
- **Savary Gold** (OTC:SVVYF) is presently drilling at the Karankasso project in Burkina Faso and has reported results for a highly promising first batch. The project is located on the Hounde belt not far from **Endeavour Mining's** (OTCQX:EDVMF) current Hounde development project and is operated in JV with **Sarama Resources** (OTC:SRMMF).
- **Barkerville Gold** (OTCPK:BGMZF) found 10.85 g/T gold over 10.75m at the company's flagship Cariboo gold project in BC.
- **Osisko Mining** (OTC:OBNNF) is another regular in this list. This week the company reported a best hit of 936 g/t over 2.5m from its flagship Windfall project.
- **Toachi Mining** (OTC:RBNDF) gets a mention here for consistently reporting high grades from its La Plata VMS project in Ecuador.
- **First Mining Finance** (OTCQX:FFMGF) found respectable grades and thicknesses at Goldlund. According to the news release this project has the potential to rise to flagship project status on the back of these results.

In financing news we noted the following items:

- **New Gold** (NYSEMKT:NGD) is refinancing its senior Notes due in 2020 by issuing a \$300M in senior notes due in 2025. Interest dropped to 6.375% for the new lot which should save the company \$1.875M in annual interest payments.
- **Marathon Gold** (OTC:MGDPF) has announced a bought deal of flow-through and common shares and promptly increased it to C\$16M. Each new common share is priced at C\$1.03, with no warrants attached.
- **Zinc One Resources** (OTCPK:ZZZOF) has raised C\$10M to pay for the acquisition of Forester Metals, and thereby adds a second zinc project to its portfolio.
- **Arizona Mining** (OTC:WLDVF) convinced **South32** (OTCPK:SOUHY) to make a C\$110M investment in the junior developing the highly controversial Taylor zinc-lead-silver project. *"On closing, we will be fully funded to complete our feasibility study and*

the state permitting activities for operations on our patented land." said CEO Mr Jim Gowans.

- **Evrin Resources** (OTC:EMRRF) has increased a previously announced placement to C\$4.2M.

Eurasian Minerals (NYSEMKT:EMXX) is the latest member of a growing group of resource companies proposing to change their names. The junior wants to be called EMX Royalty Corp going forward, following **Silver Wheaton** (NYSE:SLW) (soon to be known as Wheaton Precious Metals) and **Silver Standard** (soon to be known as SSR Mining) in short order.

This has been a comparatively quiet week, which suits us just fine. We bid our farewells, and most hopefully we shall see youse all again next week.

And Before We Go...

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