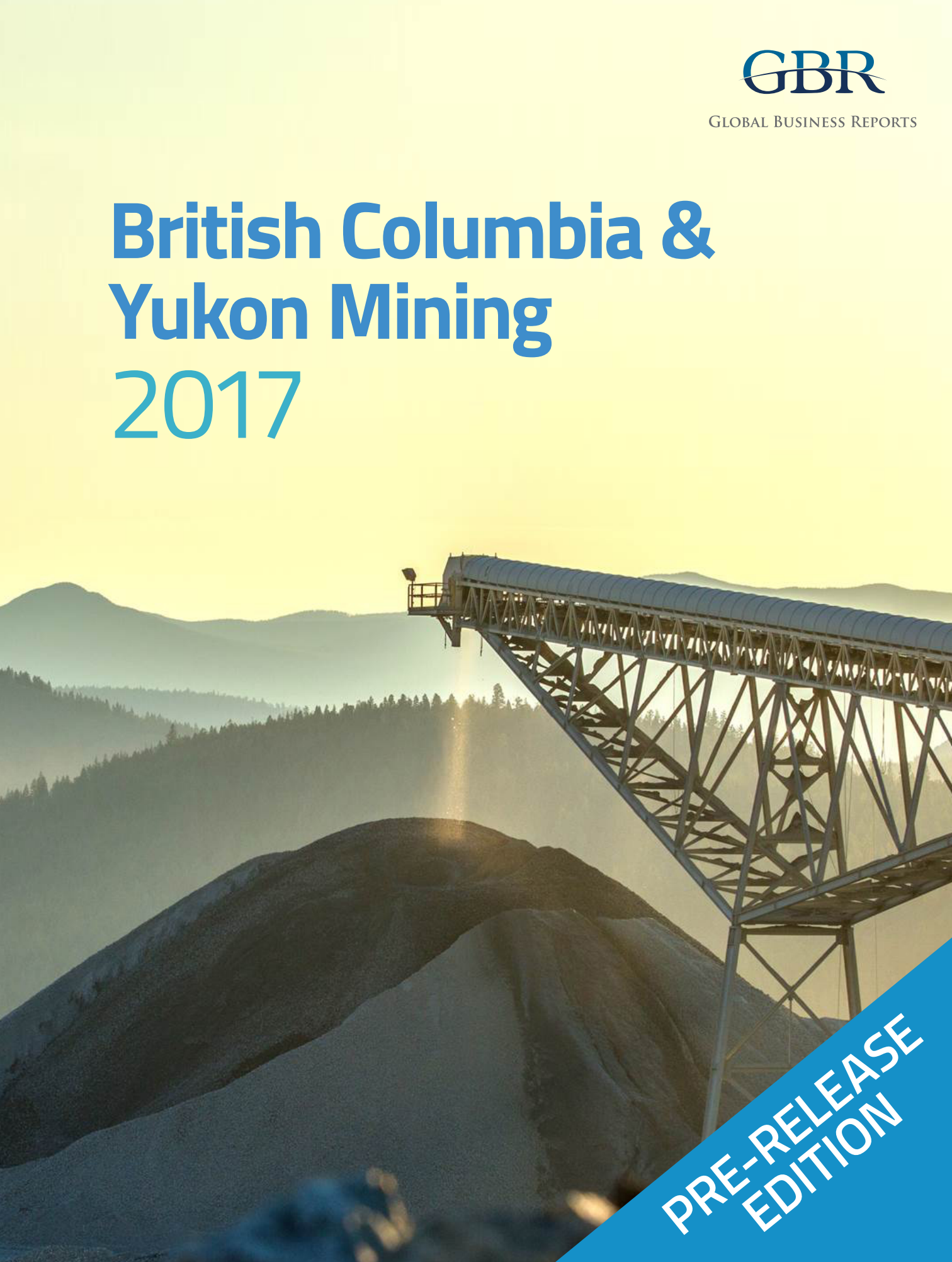


# British Columbia & Yukon Mining 2017



## Table of Contents

- 3. Production and Development
- 7. Innovation and Services
- 9. Insights on Financing
- 10. Cautious Capital Comeback
- 12. Exploration in British Columbia
- 17. First Nations
- 19. Yukon



GLOBAL BUSINESS REPORTS

## British Columbia Mining 2017

**Project Director:** Laura Brangwin  
**Journalists:** Eduardo Arcos, Kevin Norchi  
**Editor:** Mungo Smith  
**Graphic Designer:** Inanc Duman

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## Dear Readers,

We have now held over one hundred interviews with mining sector executives across British Columbia, Yukon as well as in Calgary and Toronto. This Pre-release is our second chance to reflect on the insights our interviewees have shared with us to bring to you a comprehensive outlook on British Columbia and Yukon's mining sectors during what has been a momentous month for both regions in many respects.

The finance community's confidence in mining is returning as significant players start to sweep in and smaller firms are drawn to companies now able to bring value-added propositions with new exploration results. From our interviews with investment funds in Toronto, USA and Vancouver, we learned that they see the people behind their investments as just as important as the asset itself. This can be interpreted beyond the company to include all stakeholders, including government and First Nations, as all increasingly play a role in a project from day one. As you will see within, one key focus for us has been to gather the insights of stakeholders from across the sector to provide decision makers with information tools as the pace of investments ramp up across the regions.

Our research into Yukon has occurred at an exciting moment dubbed the 'coming of the 3rd Klondike'. Finally long-term Yukon geologists are being rewarded for sticking to their guns. Since February, three further majors have moved in to form strategic partnerships to advance exploration projects across the spectrum, joining Goldcorp who has also increased its presence in the region. Whilst copper-producing Minto may currently be the only operating mine, with a significant number of gold and silver companies reaching the production and development stage, it will not be alone for long.

As British Columbia enters election season, an impressive number of juniors, especially in the Golden Triangle, are drill ready, cash in hand and now waiting impatiently for the drill season to begin - a huge turnaround from this time last year. Innovative technologies and strong management teams have made many of B.C.'s mines more efficient and, as commodity prices stabilize, producers are starting to reap the rewards of more cost-effective operations.

Long-term leading personalities of the sector will therefore soon be able to leave their positions with much to be proud about. After working with Minister Bill Bennett, Gavin Dirom and Karina Briño for our reports over the years to build the B.C. mining brand globally, Global Business Reports would like to wish you all the best in your next adventures here and abroad!

The people make a difference to any project and we would like to extend our thanks to everyone involved in our reports across Canada by inviting you to Global Business Reports' event taking place in Montreal on May 1st during the CIM 2017 Convention. Look out for your invitation in the post and see you there! Meanwhile, we hope you enjoy our latest publication and that you can benefit from its insights.

**Laura Brangwin**  
 Project Director



# Production and Development

## Value of production rebounds strongly

Production figures for British Columbia have experienced an important uptick over the last year. The British Columbia Ministry of Energy and Mines estimates the total value of mine production for 2016 at CAD\$7.1 billion, representing a 21% increase year-on-year and the province's highest annual figure since 2012. This uptick in the value of mineral production contributes to the positive turnaround in business sentiment as majors are beginning to reap the benefits of higher commodities prices. British Columbia's main commodities, coal and copper, comprised 46% and 31% respectively of the province's total mining output. Meanwhile, gold has gained ground and now represents 10% of B.C.'s mining output by value, up from 7% two years prior.

Likewise, exports of metallic mineral products from British Columbia increased by 9% during 2016, reaching CAD\$4.8 billion and representing over 12% of the province's total exports. Additionally, coal exports posted strong growth of 33%, reaching CAD\$4.2 billion and representing almost 11% of B.C.'s total exports, mainly driven by strong demand from Asia. In fact, roughly 60% of British Columbia's metallic minerals and coal exports were shipped to destinations across the Pacific in 2016.

### Teck's turnaround in fortunes

Overall, eight metal mines and seven coal mines are currently in production in British Columbia. Of these, one metal mine and five coal mines are operated by the Vancouver-based giant Teck Resources. Teck's Highland Valley Copper mine, the largest open-pit copper mine in Canada, has produced in excess of 120,000 mt/y of copper since 2014. The company announced in late 2016 that its wholly owned subsidiary, Teck Highland Valley Copper Partnership, had entered an exploration and material purchase agreement with junior company Nicola Mining at the latter's nearby Thule Copper property. In the coal-rich southeastern British Columbia Teck operates the Coal Mountain, Elkview, Fording River, Greenhills and Lines Creek coal mines.

According to David Austin, president and CEO at Colonial Coal: "Governments are beginning to grasp the importance of the coal industry, as demand from China, India and other countries will result in major changes over the next two years. Other major coal producers such as Australia and Indonesia will be unable to satisfy demand and Canada will play an important role in achieving this."

Teck was the best performing stock in the Toronto Stock Exchange in 2016 and the company announced that the annual profit attributable to shareholders for 2016 had reached US\$1.1 billion, up from US\$188 million in 2015.

*"We are facing an election in B.C. and this brings an important opportunity to have a serious and meaningful conversation about mining. We can raise the discussion to a level where we can accept our responsibility as an industry to work with governments and the citizens of B.C."*

**- Karina Briño,**  
 president and CEO,  
 Mining Association of  
 British Columbia



### Bright prospect as major projects loom

Additional operating metal mines in British Columbia include Copper Mountain's namesake mine, Centerra Gold's Mount Milligan, Taseko's Gibraltar mine, New Gold's New Acton and Imperial Metals' Red Chris, Huckleberry and Mount Polley mines. Aside from Teck,

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## Hon. Bill Bennett

Minister of Energy and Mines  
British Columbia



### What is your perspective on exploration activity in British Columbia?

Currently, we do not have as many projects spending from \$10 to \$100 million on drilling as most have now moved on to the construction phase, which is a good thing. These types of projects have made up a huge proportion of the province's investments on exploration in past years. Therefore, we have made a distinction between grassroots exploration and those projects that will eventually become a mine. Fortunately, investments in grassroots exploration have increased substantially. Moreover, we currently have 23 projects in the environmental assessment and major mines permitting pipeline, meaning that drilling activity will soon follow. To us, grassroots exploration is essential to feed the mining cycle, so these are encouraging developments.

### How has the government contributed to boosting the mining sector?

We made a commitment in 2011 to reduce our turnaround times for exploration permits, and we have done so by reducing them from 120 to 60 days. In fact, this year we reduced them to less than 50 days on average. This is a very important factor from an investor point of view. In this regard, Pretivm's Brucejack project is one of the most positive stories for mining in B.C. in decades. To find over \$2 billion and take a project from the exploration stage to mine construction in roughly six years, and to employ 1100 people really showcases what is possible to do in British Columbia.

### What efforts have been undertaken to attract capital and ultimately advance projects?

We need to help juniors tell a positive story about the jurisdiction and make them understand that many of the perceptions of Canada and B.C. are actually misguided. 15 years ago, for example, one would have rightfully said the relationship between First Nations and the mining industry was an impediment to develop new mines, but this is not the case now. I am not suggesting problems do not arise, but problematic situations are

the exception now, not the norm. On the environmental side, we made a commitment to achieve a 180-day turnaround time from the environmental assessment office.

### What steps did the government take to restore confidence following the Mount Polley disaster?

I ordered an independent investigation within two weeks of the accident by three geotechnical experts and then set about reestablishing confidence on the ground. We established a process with the First Nations whose jurisdictional territory Mount Polley is in, and we staged quarterly meetings with ministers, chiefs and advisors on the progress. When the accident happened in 2014, First Nations lost confidence in the strength and integrity of our environmental processes, but I think we have earned it back. We engaged with the First Nations Energy and Mining Council, assisted them to hire their own experts and sat at the table with them. We made a change in our mining code, specifically related to tailings storage facilities and health and safety improvements that needed to be made. First Nations were also involved in this process and were invited to participate.

### Looking back on the last 16 years as Minister, what would you describe as your main legacy, and why do you think B.C. remains a top mining jurisdiction?

My main contribution is the extent to which B.C. is now a very attractive place to invest in mining compared to 16 years ago. We can now be proud that permitting processes are performed in a very responsible and safe manner. In areas of the province that are heavily reliant on mining, people need to be reassured that the government believes in mining. We are leading Canada in fiscal management, having introduced our fifth consecutive balanced budget in February, led the country with job creation and economic growth and are the only province left with an AAA credit rating. I believe that our record on fiscal management is a sure sign to potential investors that we understand business and the markets. •

Conuma Coal and Hillsborough Resources also operate coal mines in the province.

Furthermore, major projects in different stages of development have contributed to the buzz in the sector. The first is Pretivm's Brucejack, a high-grade (16 g/mt gold) underground mine, with proven and probable mineral reserves at its Valley of Kings deposit of 8.1 million oz. gold and an estimated mine life of over 18 years. Pretivm's success in developing the Brucejack mine has encouraged companies looking to advance B.C.'s next breakthrough project and the mine is expected to commence production this year.

Another widely followed success story comes from Seabridge Gold, whose KSM project is the world's largest undeveloped gold project, based on mineral reserves. The latest inferred resource estimates at its Deep Kerr deposit total 19 million oz. gold and 1.92 billion mt copper grading 0.4%. Capital costs for KSM are expected at US\$5.5 billion

and the project has an expected mine life of 51 years. KSM has received approval from provincial and federal authorities and is only the second metal mine to do so in the past five years in B.C.

Like Pretivm and Seabridge, IDM Mining is currently developing its flagship Red Mountain project in the Golden Triangle. The company has capitalized on existing infrastructure and work performed in the property, and is eyeing a 1,000 mt/d operation with production of 80,000 oz/y gold. Red Mountain's proximity to the town of Stewart makes transportation and operational costs more competitive, adding to the already economic viability of the project. Additionally, the company has enjoyed constructive relations with the local Nisga'a First Nation, thereby facilitating the development process. IDM is expected to announce a construction decision in the last quarter of 2017 at the earliest. Reflecting on the company's developments in 2016, Robert McLeod, president and CEO at IDM, declared:

"2016 was a transformative year for the company. We raised US\$20 million... Raising money for this project has not been easy because of the conditions of the markets but there is significant interest from our shareholders, particularly as these projects in Canada are rare. There is tremendous exploration potential as well, which we will continue to perform."

Over the coming year, more mines are projected to come out of care and maintenance as commodity prices increase and their gains appear more sustainable. Government initiatives have helped avoid projects stopping production as Karina Briño, president and CEO at the Mining Association of British Columbia, noted: "In response to the rapid decline in commodity prices, which resulted in a number of mines being placed in care and maintenance affecting approximately 20% of the workforce in the province, the industry got together with government to avoid further impact on communities. These conversations identified

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electricity payments as one of the highest costs. A five-year deferral program was established, whereby mining companies can opt to defer electricity payments for up to two years depending on commodity prices. This program enabled many operations to remain open, kept people employed and minimized the impact on communities.”

Nicola Mining is a company well placed to profit from further mines going into production as it possesses a newly built mill among its assets, as well as mine and milling permits. Together, these have the potential of serving as a consolidator for small gold and silver mine projects elsewhere in the province since an amendment to the mill permit allows the company to receive material from any point in B.C. Peter Espig, CEO at Nicola Mining declared: “We are the only milling facility in British Columbia that owns its land freehold. Aside from owning the approximate 900 acres of industrial zoned land, permitting was expedited because the entire site is brownfield. These factors were instrumental in expediting the amendment to our M-68 mine permit. Environmental impact studies can cost millions of dollars and they often

dissuade investors because there is no guarantee of getting a permit. Indeed, since then we have been able to secure multiple milling and mining partnerships with high-grade properties.”

A similar approach has been adopted by Avino Silver and Gold Mines, a company with over four decades of experience in British Columbia. Avino holds the Bralorne property in southwestern B.C., where it has raised and fortified the existing tailings dam and installed a microfiltration water treatment plant as part of the environmental assessment process. The company has further properties in the region with the aim to consolidate assets. “We have other properties in that area as there were all kinds of little mines. We think there is still opportunity to find mill feed that would be processed at the centralized mill in Bralorne...Of course, there are risks but we are mitigating them by spreading out costs, which is an approach we took in Mexico and worked successfully,” declared David Wolfen, president and CEO at Avino.

EPCMs have also had to implement effective strategies to accommodate to ever-evolving

*“We draw on our global pool and network to bring cost-effective solutions to the B.C. mining industry by increasing the efficiency of operations and reducing the environmental footprint.”*

**-Andrew Haynes, vice president, Mining North America, Golder Associates**



client demands. Andrew Haynes, vice president of mining North America at Golder Associates, noted: “At the start of 2016, we reorganized our business such that we now have a mining unit as a global operating component of the company in order to serve our mining clients better. Our clients operate globally so it is natural for us to do the same. This has improved the way we share resources, expertise and knowledge to bring the right people regardless of the geography for any project.”

Production results in 2016, coupled with the industry’s newly found optimism for development and construction, should bode well for a return of capital influx to British Columbia, as Simon Cmrlec, president of North America at Ausenco, stated: “Ausenco has seen an increase of activity in the mining sector recently, particularly involving early-stage gold and base metals projects. We have seen a steady stream of work from our main clients and we are seeing many opportunities to work with them to optimise project economics. There is funding available for the right projects that show strong return on investment in the current price environment.”

Key projects in the construction and development phases promise to add a further boost to mineral production in British Columbia, which already rebounded strongly during 2016 posting double-digit growth. Following four years of steep decline, production growth is likely to be sustained. •

# Innovation and services

## Responsible and smarter mining

The Canadian mining industry has for decades been at the forefront of innovation and technological developments. This has proved a major advantage during the recent period of low commodity prices, with Canadian operators cutting down costs through increases in productivity and the adoption of new technologies that make their operations more efficient. Commodity prices aside, innovation will be key for companies that want to remain competitive in the long run. Fortunately, leading companies operating in both British Columbia and Yukon are taking the necessary measures to help their clients optimize processes and profit from new technologies.

Situated inside the University of British Columbia’s main campus in Vancouver, Motion Metrics has, for over 15 years, delivered innovative solutions to the mining industry. The company is currently focused on artificial intelligence (AI) with a Deep Learning team dedicated to that effort. It currently operates AI via tooth detection systems on loaders and excavators and the company plans to replicate this technology for autonomous cars in mining operations. Moreover, Motion Metrics is developing AI solutions to make the rock fragmentation process (comminution) more efficient: “We are using stereo imaging, which gives us a 3D measurement of the rock and, therefore, a more accurate reading. From there, all the data is uploaded into a cloud server, which makes it easier to examine the rocks and then scale blasting efforts up or down,” explained Shahram Tafazoli, president and CEO at Motion Metrics.

Although Motion Metrics has typically served larger companies in the industry, Tafazoli declared that diversification of their client portfolio is a priority: “We eventually want all mines to access our technology, therefore, we have developed


a handheld fragmentation analysis device that has nearly doubled our customer base because it is a much simpler, more affordable product. We have also begun selling our system as a service on a subscription basis.”

Besides innovations on modularity and commonality of parts to improve technical service and support, equipment provider RMS-Ross has focused on providing tailored-made recovery systems. “It is important to ensure that our customer’s expectations are in line with ours, so the equipment that we provide is used in the best manner and that the recovery system is designed around properly conceived mineralogical test work. The main goal is to help customers advance their projects in the most efficient and effective manner possible for their success,” stated Scott Plummer, president at RMS-Ross.


On the exploration front, survey and geophysics companies have noted behavioral changes from their clients as they become more risk-averse amid volatile market conditions. “Before, our clients from the mining sector used to purchase our services before they started mine planning and the feasibility study phase, but now they are asking for our services before they put a foot on the ground,” stated James Hume, president at Eagle Mapping, a survey company specialized in Lidar technology.


At a time when capital raising remains a difficult task, companies want to limit their risk before embarking on a drilling program. SkyTEM, a survey company, aims to help clients reduce this risk: “Realistically, our confidence level for targeted drilling from data modeling averages about 60 to 70% of being able to select drillable targets. Having two separate dipole moments allows for very high resolution mapping from surface to

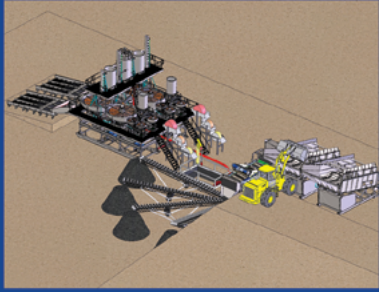
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depth. Additionally, the preliminary data inversions we collect are returned to our clients within 48 hours of flying. This is particularly important in remote locations as it allows companies to make quick decisions about whether or not to expand the survey over areas of interest before the aircraft and field crew leave the survey area.” explained Gary Tipper, regional sales manager at SkyTEM.

Similarly, Quantec Geoscience, a company specialized in developing DC resistivity IP chargeability (DCIP), and magnetotelluric (MT) systems, noted that companies want to extract as much data and information as possible before taking their projects forward: “Clients ranging from major mining companies to small junior miners have embraced the innovative survey systems for DCIP and MT acquisition. As a result, the systems have been deployed for exploration programs all over the world and the demand for these types of surveys has continued to grow,” declared Robert Hearst, chief geophysicist at Quantec.

With outstanding natural beauty and a long tradition of environmental activism, both British Columbia and Yukon have placed special emphasis on environmental regulations, particularly after the 2014 Mount Polley tailings dam disaster. “The Mount Polley breach certainly put a spotlight on dams and the potential impacts of dam failures... In British Columbia, in

particular, the government has made risk analyses of dams a top priority and expects the engineering and operations aspects of tailings facilities to be well understood... The government wants to understand the risks associated with dams in earlier stages of a project than they did ten years ago,” explained Marc Wen, senior partner at Environmental Resources Management (ERM).

Despite unstable economic conditions, the mining industry keeps placing a special emphasis on safety at workplaces, an aspect often overlooked in other mining jurisdictions: “There is a collaborative approach across the mining industry in North America, sharing both safety challenges and solutions among peers to improve performance as an industry. The innovation has been multi-faceted from technology-based solutions at the mine to huge investments in people to recognize and proactively manage the everyday hazards inherent in mining,” added Wen.

To mitigate risks, experienced engineering and consulting firms are positioned to support companies along every stage of the mining process.

Important innovation and services clusters for the mining industry have been developed in greater Vancouver, from environmental services to artificial intelligence applications, the city will stand as a major mining innovation hub for the foreseeable future. •

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# Insights on Financing

*"At the onset of the downturn, there was quite a bit of leverage added to balance sheets through acquisitions for cash and companies built up more debt as a result. Thus far in 2017, companies are focusing less on balance sheets and more on income statements and growing their businesses."*



- Jason Neal,  
global co-head of the  
metals and mining group,  
BMO Capital Markets

*"The segment of the value curve we consider is taking pre-production assets into production. Therefore, we are specifically looking for teams of individuals who have experience building or turning around mines on time and on budget."*



- Caroline Donally,  
director,  
mining deal team,  
Denham Capital

*"Getting our risk-reward equation right is how we make the most money for our shareholders and we do that by finding unearthed value the rest of the market has not yet seen."*



- Nolan Watson,  
president and CEO,  
Sandstorm Gold

*"Junior mining companies are more willing to raise capital to put together larger, stronger exploration programs that will elicit better results than in the past few years. Money is available for these companies, and this should result in more discoveries."*



- Mike White,  
president and CEO,  
IBK Capital

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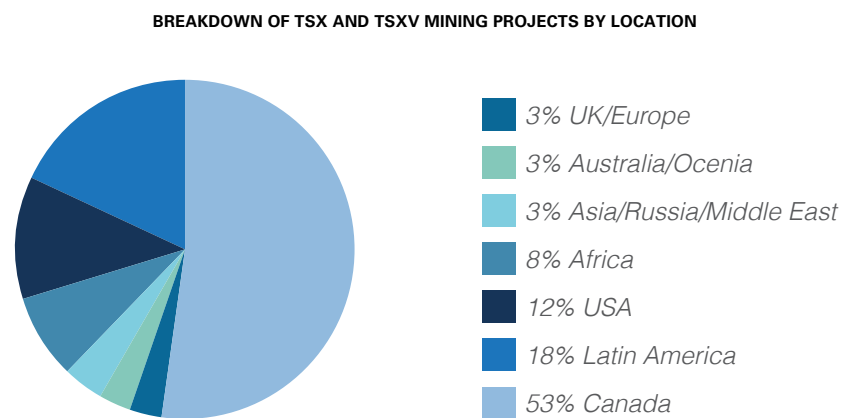
# Cautious Capital Comeback

*Looking for funds in all the right places*

The mining sector's newfound optimism is tempered but palpable. While investors and mining executives have reason to remain cautious due to the market's continuing volatility, the undeniable optimistic sentiment can be attributed to the increased availability of investment capital resulting from recovering commodity prices. The junior mining space has surprisingly garnered particular attention from the market. "Our Vancouver office alone has seen 350 non-brokered private placements in the past six months, the majority of which were junior financings," explained Mark Redcliffe, executive vice president of Mackie Research Capital.

The trendiest commodities in the market include gold, due to its relative stability over the past two years, as well as zinc and lithium, due to their much sought after battery applications. Additionally, the Canadian mining community agrees the flow-through share tax credit is a major driver of exploration activity and helps set Canadian mining jurisdictions apart from the rest of the world. Because the flow-through credit is only extended for a year at a time, there is a lingering fear that it is only a temporary measure. Fortunately, due to the success of the tax credit, the government is incentivized to keep renewing it. "Commodities do not produce tax revenue undiscovered and undeveloped in the ground," stated Mike White, president and CEO of IBK Capital.

From a consolidation perspective, low commodity prices over the past five years



SOURCE: Toronto Stock Exchange

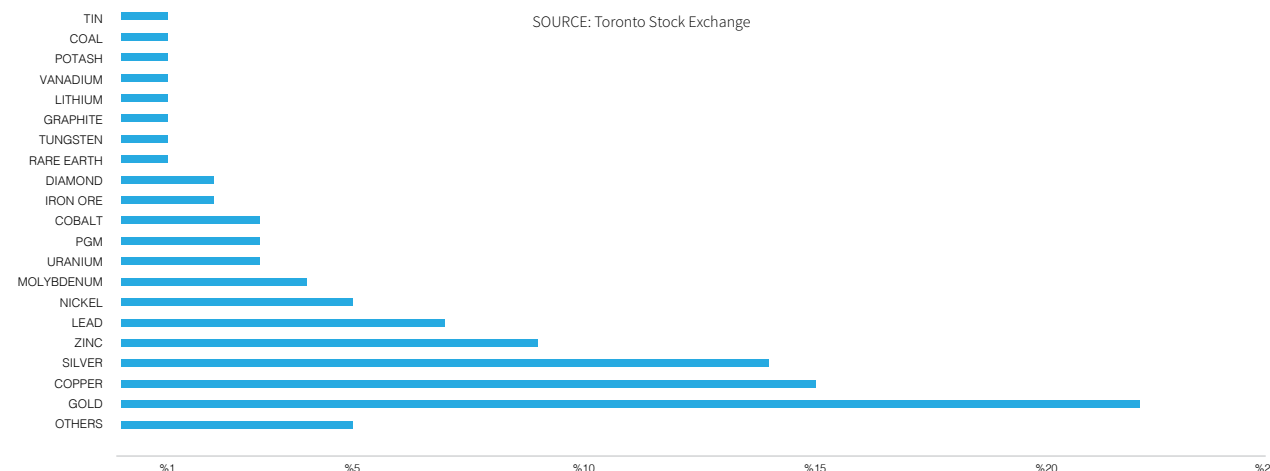
elicited two distinct approaches. While some companies took advantage of the state of the market, others were relegated to cost-cutting and strict budgeting. "We have several clients who found the downturn to be a good opportunity to invest in assets that were more affordable than they would have been in years prior," said Bryndon Kydd, national natural resources leader at BDO Canada. "We also saw a lot of companies kicking the can and waiting for a market recovery before moving their projects forward."

Both approaches appear to be natural reactions to a market downturn, but for many, frugality may not have been a choice. As Nolan Watson, president and CEO of Sandstorm Gold, explained: "Many companies were forced into a financial austerity approach because of the decisions they made before the downturn. The trick is to be prepared for a downturn so that you can invest during it."

The silver lining of the downturn is that it exposed companies' varying levels of financial stability and the resulting surge of consolidation assisted in trimming the fat in an otherwise crowded sector. While indicating the downturn's silver lining may seem blasphemous to some, others would support the sentiment wholeheartedly. For example, the state of the market lent itself to the success of the royalty and prospect generator business models. "In a depressed and volatile environment, investors are more comfortable with the risk profile of royalty and streaming companies and supported this equity issuance," said Jason Neal, global co-head of the metals and mining group at BMO Capital Markets.

Royalty companies Sandstorm Gold and AuRico Metals and prospect generator companies Commander Resources and Strategic Metals spent the downturn identifying high-quality, low-cost assets.

## BREAKDOWN OF TSX AND TSXV MINING ISSUERS BY PRIMARY METALS



SOURCE: Toronto Stock Exchange

As Strategic Metals' president and CEO, Douglas Eaton, explained: "There are many properties on which companies have done very good work and had strong results, but due to the length and severity of the downturn, those companies lost interest and moved on to pursue other opportunities."

The most atypical private placement in recent years has been Denham Capital's \$65 million private equity financing of JDS Silver for the development of their Silvertip mine. Private equity firms tend to shy away from the mining sector due to the inherent risk of commodity prices. In the case of the Silvertip mine, however, both parties found the partnership mutually beneficial. As Caroline Donally, a director of Denham Capital's mining deal team, stated: "I am always surprised when later-stage companies fund their asset piece by piece and return to the market every so often in hopes of raising money that is not guaranteed."

Donally believes long-term production plans should theoretically be matched by long-term funding plans, even though such funding has been difficult to come by in recent years. "This is why many projects did not progress during the downturn," she added.

In addition to a rise in private placements, public markets have also shown signs of recovery. According to the most recent MiG report from the Toronto Stock Exchange (TSX), from February 2016 to February 2017, 10 mining companies were newly listed on the TSX, which is the most new TSX listings the mining sector has seen since 2012. While it is easier to raise capital publicly, the decline in public listings can be attributed to the fact that being a public company is costly and companies would rather spend money on groundwork than on TSX compliance measures. Additionally, public equity capital has been increasingly difficult to come by

compared to past years. From February 2016 to February 2017, the mining sector only raised \$1.1 billion on the TSX, as opposed to \$1.9 billion in 2015, \$1.5 billion in 2014, and \$3.4 billion in 2013. While public equity financings are not representative of the overarching market sentiment, the market should catch up as a myriad of drilling results are anticipated this summer. •

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# Exploration in British Columbia

## The start of a busy season

As we gradually leave behind what has been a harsh winter in British Columbia, the industry is preparing for what promises to be the busiest drilling season of the past four years. It is no news that exploration activity has seen brighter days, but improving financing conditions have helped juniors and producers push their exploration programs forward. Encouraging news from commodities and metals markets is also playing a role. Copper prices are trading 20 to 30% higher, on average, than their low points at the start of 2016. Meanwhile, the price of gold has gained roughly 10% so far this year, with analysts forecasting prices hovering around \$1,300 /oz throughout 2017. Following four years of steep declines, coking coal prices have rebounded since 2016, reaching levels last seen in 2012 amid supply concerns from Australia and policy changes from the Chinese government. Even more encouraging is the performance of zinc. Following a gain of

60% in 2016, this commodity has continued its honeymoon with the markets, buoyed by limited supply and higher demand from China. These developments have raised the economic feasibility of projects in B.C. From copper porphyry environments to high-grade gold deposits, exploration activity is heating up in this jurisdiction, raising expectations for the new discoveries that the industry desperately needs.

The annual PDAC Convention, often regarded as a barometer for the global mining industry, widely confirmed a turnaround in investors' sentiment this year. Leaders from the financial and mining communities have confirmed increased dynamism in their respective sectors, buoyed by stabilizing economic conditions in Europe, stable performances from the Chinese and American economies, and signs of recovery from developing markets. The resulting

appetite for investments is slowly translating into desperately needed capital flowing into the industry, which has already resulted in a number of exploration programs coming to fruition. However, while companies are starting to witness and reap the benefits of increased cash flows, investors are still not fully convinced that commodity prices are in for a bull market cycle. Therefore, the recovery in exploration activity will likely be gradual and responsive to market performance. Fortunately, British Columbia boasts some of the most promising projects of any jurisdiction in the developed world; a major advantage as mining companies and investors are increasingly looking for projects in safe and stable jurisdictions in an effort to mitigate the risks associated with volatile markets.

The so-called Golden Triangle will host the most extensive drilling programs in the province. Over the past decade, this northwestern region of B.C. has attracted the bulk of exploration investments and has seen major projects move forward, such as IDM's Red Mountain, Pretivm's Brucejack or Seabridge's KSM. Exploration activity remains buoyant in this corner of the province, with companies embarking on ambitious drilling programs at different stages in their projects.

Ascot Resources' plans for this season include 140,000 meters of surface drilling and 27,000 meters of underground drilling at its Premier/Dilworth property. Ascot's program will be one of the most extensive in the province this year, with the company eyeing a 10 to 20 million oz. gold resource. The property's privileged location, together with significant resource potential and the company's advantageous assets, led to a \$20 million investment from Eric Sprott last year. This investment altered Ascot's plans at Premier/Dilworth and showcases the region's attractiveness for investors in the mining sector. "Before the Sprott investment, our only realistic way forward was to define a reserve on a small

*"There are a lot of great projects in British Columbia that have had great drilling results but not enough funding, so hopefully they will be able to move forward soon."*



**-Jamie Lyons, owner, Atlas Drilling**

portion of the property, go into production on that and use the resulting revenue to explore the rest of the property. Now, we have the luxury of being able to keep exploring first, which is less dilutive and our preferred route... We think that with the underground drill program we can come up with a near-term high-grade underground operation. This will be our focus for 2017," declared Robert Evans, CFO and director at Ascot Resources.

Positive results from last year's drilling season are boosting exploration activity this year. With reserves reaching almost 39 million oz. of gold and just over 10 billion tonnes (mt) of copper, Seabridge is now looking to expand its Iron Cap zone at the KSM property, already the world's largest undeveloped gold project. Results at Iron Cap from 2016 yielded a gold grade 60% higher than the existing gold reserve grade and a copper grade 20% higher than the current copper reserve grade. Higher-grade material provides a further boost to KSM's economics, while an updated NI 43-101 now includes an alternative mine plan comprising an expanded underground operation responsible for 70% of the mined material, while also reducing production costs and waste. New discoveries this season will add value to Seabridge's shareholders, an important focus for the company throughout the development of KSM. "Our strategy is designed to provide maximum leverage to the gold price. We do that through the concept of increasing our gold resource ounces on a per share basis. If we raise funds for drilling or acquisitions, we expect to offset the equity dilution with accretion to ounces. We have

been successful on this objective for almost 18 consecutive years. Our shareholders know that we will only issue shares if we can add value by growing our gold ounces on a per share basis. As a result, we have a very loyal and long-standing group of shareholders," stated Rudi Fronk, chairman and CEO at Seabridge.

Earlier stage projects will also enjoy a busy season. OK2 is expected to complete its RC drilling program and perform preliminary diamond drilling on the West Zone of its Pyramid property, located north of the Golden Triangle region. The company has already spent roughly \$4 million in exploration work, using the most successful techniques for porphyry exploration in the Quesnellia Terrane, where the province's largest copper-gold porphyries are located. OK2 will also conduct a detailed evaluation of its Kinskuch property, consolidated in October last year. On taking the project forward, James Currie, president and COO commented: "Small work programs were done at Pyramid every year starting from 2013, but because of adverse mining conditions, most of the funding came from the officers and directors of the company as well as friends and family. Every work program has resulted in the discovery of new mineralization and we now realize that Pyramid is a large copper-gold porphyry system. At the time, we were also looking for opportunities abroad but we ultimately decided to forego them and focus on Pyramid."

Likewise, Aben Resources expects to start drilling at its Forrest Kerr property in June. Previous exploration work at the property has focused on finding a VMS style of deposit but the region has opened up to structurally controlled hydrothermal high-grade quartz systems following Pretivm's success at Brucejack. Over 100 holes have been drilled in the three properties that now make up Forrest Kerr. Aben has already assembled this information into a single data compilation study and this year's drilling program intends to concentrate on three areas to confirm results from previous work, which include a historic hole that intercepted 33.4 g/t gold over 11 meters in the northern part of the property. Jim Pettit, president and CEO at



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Aben, highlighted the importance of previous work performed in properties across British Columbia, as well as the advantages of operating in the province: “[B.C.] offers stability, which is a key point, together with the geography. Another advantage is the quality of the people that you find. If you are going to perform exploration work, you definitely want to find projects that have a history and lots of data, which you can remodel and use for future work. It is important to have projects with background as pure grassroots projects are tough to sell unless there is a very strong market sentiment.”

Similarly, Metallis Resources has assessed geological and geochemical data for its Kirkham property, where the company will perform a summer drilling program to identify porphyry and shear-vein targets. Fiore Aliperti, president and CEO at Metallis, is positive about the company’s prospects for this year and has highlighted the potential at Kirkham, situated just 20 kilometers from the famous Eskay Creek mine: “Our team has identified some highly prospective targets. These targets are consistent geologically with two of the most productive deposit types in the Golden Triangle region... We are very excited at the prospect of having multiple chances to find an economic deposit on our property capable of bringing substantial returns to our investors.”

Although the Golden Triangle area is still dominated by juniors, majors are starting to become more active in the region, either by new partnerships or existing royalties. Barrick Gold has worked with Skeena Resources since the latter acquired the Snip project in March 2016. In this regard, Walter Coles, president and CEO at Skeena commented: “Barrick Gold inherited the asset when they acquired Homestake

## Paddy Nicol & Charles Funk

PN: president and CEO  
CF: vice president of exploration,  
Evrim Resources



### What are the advantages of your joint venture with Antofagasta for Ball Creek?

PN: The terms of the joint venture deal with Antofagasta are mutually beneficial. They are receiving 500 square kilometers of prospective ground in the Golden Triangle. It is a 13-year deal, and if Antofagasta goes to the end of that term, there is an average of \$3 million in expenditures each year. They will earn up to 70% over that time, and Evrim will be the operator of the project for the first five years. The deal really shows that major joint venture partners can be brought into the region, as they are the first major company to enter in the past decade.

CF: Geologically, the high grades in Northern British Columbia are fantastic, and the Ball Creek property is unique because it is home to four discrete porphyry systems, three of which have seen very little exploration. The high-power transmission line and new infrastructure have really added to the interest in the region, which has historically only been hampered by its remoteness.

### What are your plans for continued investment in British Columbia?

PN: In December 2016, Evrim picked up the Axe project in southern British Columbia. This project was taken over from a company under distress during the downturn. We decided to invest in high-quality projects that have had good work done in the past but perhaps were not followed up on as a result of the downturn, and the Axe project fits this profile.

### How has the First Nations negotiations process been for Evrim?

PN: We believe that a successful outcome can be achieved between First Nations and industry as long as there is a respectful dialogue between both parties. That said, Evrim has a very early-stage presence in the area, and we have not yet begun drilling or carrying out operations of any significance. We engaged early with the Tahltan nation, and we hired a consulting firm to help us facilitate a discussion and negotiation process that we expect will happen soon.. •

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Mining Company in 2001... [Barrick] is not interested in a mine that might only produce 100,000 to 150,000 oz/y, but they will get royalty payments if we go into production. Also, if we make a new discovery, Barrick Gold has the ability to buy back 51% of the company at three times our cumulative expense. The deal was structured as a win-win for both companies.”

Moreover, Skeena Resources announced plans for a total of 15,000 meters of surface and underground drilling, which should lead to an initial NI 43-101 at Snip in late 2017.

Another major development in this regard is Antofagasta’s entry to the region. The London-based major has signed a joint venture with Evrim Resources to develop the Ball Creek property, located just 60 km. southwest of Imperial Metals’ Red Chris mine.

Fortunately, exploration activity is not confined to the Golden Triangle, as companies look at projects that could benefit from existing infrastructure, operating sites, and asset consolidation throughout the province. Such is the case of Margaux Resources, whose polymetallic property portfolio includes gold, lead-zinc, tungsten, silver, bismuth and molybdenum. Margaux’s four properties stand in close proximity to each other, in the Kootenay Arc region of southeastern B.C., thereby making it possible to consolidate assets and share infrastructure. This model has proved promising for the company. “We are looking to acquire more properties and our aim is to stay within the region of our existing portfolio and continue to consolidate our core area of interest... Once we bring all of our resources under a 43-101, we will then

*“We think with the underground drill program we can come up with a near-term high-grade underground operation. This will be our focus for 2017. In the bigger picture, we think there is potential for a 10 to 20 million oz. gold resource on the property.”*



- Robert Evans, CFO and director, Ascot Resources

commence a pre-economic assessment followed by a pre-feasibility. We do not have a lot of overhead expenditures and our fundraising goes toward groundwork. In 2017, we plan to spend \$1 million on drilling at the Jackpot, Bayonne, and Sheep Creek properties,” stated Ryan Bignucolo, vice president of business development at Margaux.

Stories of impressive turnarounds are starting to become more common as the industry leaves behind the downturn. In this regard, EnGold Mines serves as a noticeable example. The company’s Lac La Hache property, in the Cariboo region of B.C., has yielded impressive results which have garnered attention from the markets. As a result, EnGold now has a dual exploration focus in the property with encouraging gold, copper, silver and magnetite potential. David Brett, president and CEO at EnGold, expressed notable optimism on the project’s prospects: “We see our new copper/gold/silver discovery area

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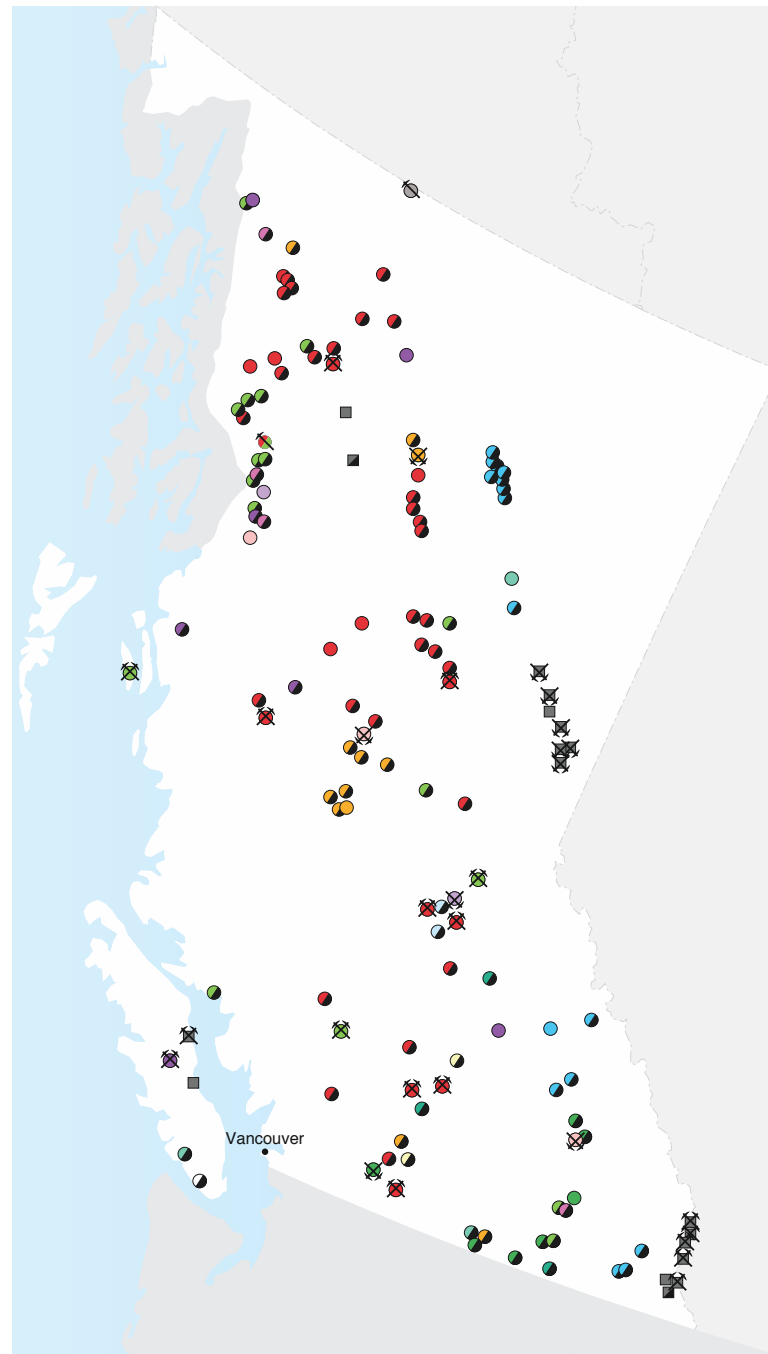
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and the Aurizon Gold zone as having high grade, low cost underground potential. The lower footprint and capex of underground operations relative to open pit mining has garnered them growing respect in the markets.”

These examples are particularly encouraging for prospect generators active in B.C. as investors, majors and juniors look to expand opportunities in their respective areas. A case in point is Commander Resources which holds a strong royalty and properties portfolio along with a significant number of shareholdings. “[Commander] has four property assets in British Columbia. We recently acquired the Rebel zinc property; we have a legacy property called Ominica; and our two flagship properties are the Mount Polley copper porphyry and the October Dome gold skarn properties, the latter of which is the most advanced. We are in the process of finding a partner to help take it to the next stage,” declared Robert Cameron, president and CEO at Commander.

Optimism amid increased activity from mining companies and juniors has already reached service providers. Atlas Drilling, a company that has performed work in most of the major mines in B.C. such as Red Chris, Gibraltar and Afton. Jamie Lyons, owner of Atlas drilling, stated: “The market is certainly more optimistic this year compared to the last few years and there appears to be more money circulating around the sector. There may be a bit of a lag this year but, by 2018, drillers should be back to making money. There are a lot of great projects in British Columbia that have had great drilling results but not enough funding, so hopefully they are able to move forward soon.”



SELECTED EXPLORATION PROJECTS AND OPERATING MINES IN BRITISH COLUMBIA

PROPERTY STATUS

- Operating
- Care and Maintenance
- Development
- Proposed
- Exploration Project

PRIMARY COMMODITY

- Porphyry**
  - Cu±Mo±Au
  - Mo
  - Au
  - Cu-Ag-Au (As-Sb)
  - Au, Cu±Ag
  - Ag-Pb-Zn-Au
- Sediment-hosted**
  - Zn-Pb±Ag
  - Epithermal**
    - Au
    - Au-Ag
  - Skarn**
    - Cu, Fe
    - W
- Massive sulphide**
  - Cu-Pb-Zn
  - Manto**
    - Ag-Pb-Zn
  - Ultramafic/Mafic**
    - Ni-Cu
- Carbonatites**
  - Nb
  - Unknown**
    - Au±Ag
    - Ni, Co
    - Coal

Source: British Columbia Ministry of Energy & Mines

# First Nations

## A future of cooperation

Together, British Columbia and Yukon are home to 212 First Nations, jointly concentrating the greatest diversity of aboriginal cultures in Canada and representing roughly one-third of all First Nations in the country. This great diversity and heritage are source of regional pride and showcase the cultural richness of these jurisdictions.

Given the region’s long history of mining, relations between First Nations and the industry date a long way back with highs and lows over time. In British Columbia, tensions between the mining sector and First Nations have been particularly scrutinized, often disregarding the progress in negotiations over time and the changing approach of companies toward First Nations groups. Efforts to ameliorate relationships have involved provincial and federal governments, namely the B.C. Treaty Process, with roughly 70% of First Nations engaged.

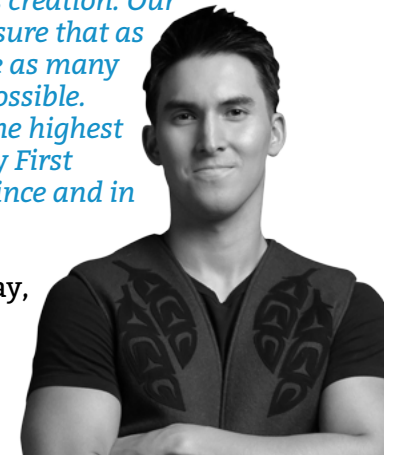
The governments of Canada and Yukon have settled 11 agreements, three of which are outstanding, with First Nations. Land claims in this territory provide First Nations with access, rights and obligations to land and resources, providing more certainty regarding land management and resource development. Although sources of tension with the mining industry have arisen in the past, disputes are rare, thereby facilitating the entry of companies to this territory.

Mining companies recognize the importance of engaging with First Nations and local communities, and understand that cooperation is beneficial for everyone involved. In certain areas of British Columbia and Yukon, labor shortages can cause delays in taking projects forward, and therefore fostering trained and skilled labor becomes of utmost importance. Speaking about this, David Wolfen, president and CEO at Avino Silver and Gold Mines, said: “To address the labor shortage, over the last two years, we have focused our attention on education and training. In conjunction with North Island College, Sandvik, and with funding coming from the provincial and federal government, we have successfully held two underground mining training cohorts for members of the local First Nations Communities. Thus far we have had 22 graduates complete the program, and we have begun hiring them at the mine.”

Avino is looking to restart operations at its Bralorne mine and is currently working with Thompson Rivers University, North Island College, the Center for Training Excellence in Mining and other mining companies to develop a B.C.-wide accepted curriculum on underground mining.

*“Last year we created our own employment and training department called TahltanWorks, through which we are setting up a lot of our own training and employment initiatives. The fact that we have started our own department is going to be a huge benefit to the Tahltan people and I give credit to our Tahltan Central Government for its creation. Our goals are to make sure that as a nation, we utilize as many opportunities as possible. We want to have the highest employment of any First Nation in the province and in the country.”*

**- Chad Norman Day, president, Tahltan Central Government**



Contractors and service companies have also placed special emphasis on hiring locals wherever they operate. An example of this is Atlas Drilling, a Kamloops-based company that has worked in major projects throughout British Columbia. “Particularly in remote areas, Atlas tries to hire locally and hold local onsite training sessions. When we began working at the Red Chris mine, we held training sessions with Imperial Metals for the local First Nation... At the time, we had half of our crew from First Nations employees from this program working for us,” declared Jamie Lyons, owner at Atlas Drilling.

With mining companies becoming increasingly aware of the importance of engagement with First Nations from the early stages of a project, EPCMs and consulting companies rank First Nations relations as one of their main competitive advantages. “Triton has worked cooperatively for over 25 years with First Nations throughout B.C. and the Yukon territory. This has led to formalized business partnerships with a number of First Nations communities, and these relationships are mutually beneficial... Mining companies are becoming more sensitive toward First Nations land claims and traditional territories, and it benefits them to engage members of the local communities in both the assessment and permitting phases as well as the construction and operational phases,” declared





John Rithaler, senior environmental scientist at Triton Environmental Consultants.

In recent years, there have been encouraging developments showcasing the fruition of negotiations between governments at every level, the industry, and First Nations, serving as a reminder that involvement of every stakeholder and party is of paramount importance when taking a project forward: "I support comprehensive agreements that involve the provincial and federal governments as well as First Nations governments. These parties need to get together to agree on all aspects of each different case. Examples that these negotiations can be successful include the Squamish Woodfibre LNG proposal," stated Dave Porter, CEO of the First Nations Energy and Mining Council of British Columbia.

In fact, companies are so mindful of First Nations relations that majors increasingly consider previous engagement with them as a determining factor before acquiring a stake or full ownership of a given project. A noteworthy example of this is Goldcorp and its Coffee Gold project: "The reserves and prospectivity [of the Coffee Gold project] were very attractive, but more importantly, the management of Kaminak had done a great job in terms of reaching out to the communities and the authorities, building relationships and addressing any concerns about the project from the beginning... Goldcorp already has 22 agreements with First Nations around the country, which has helped build the long-term partnerships to operate our projects," declared Brent Bergeron, executive vice president of corporate affairs and sustainability at Goldcorp.

Although the synergy between the industry, government and First Nations shows increased dynamism, negotiation processes can still be improved. Robin Junger, national co-chair, Aboriginal and Environmental Law Groups at Mc Millan LLP explains: "We at times see a considerable degree of inconsistency in how the government implements its legal duties to First Nations. Since the ability to negotiate successful deals with First Nations is directly correlated to the government's position on permitting, we believe it is essential for the government to have a solid decision making process and to stay out of the private negotiation altogether."

Governments have successfully completed major infrastructure projects in the busy Golden Triangle area, largely through cooperation with First Nations. These projects will ultimately bring about the economic opportunities that local communities need. In Yukon, similar infrastructure developments will be required to take projects forward. For these, First Nations cooperation will be imperative, but encouraging precedents indicate these will materialize in the coming years.

Security of investments, legal certainty and stability are B.C.'s and Yukon's main competitive advantages. The fact that First Nations are increasingly receptive of mining projects fosters encouraging prospects for the industry and their communities, thereby pointing to a prosperous future for both parties. •

# Yukon

## A stampede of gold hunters

For decades, Yukon has failed to live up to its mining potential. This territory, roughly as large as Spain, currently hosts only one major operating mine - Capstone's Minto copper mine. Despite its widely acknowledged mineral wealth, companies have been reluctant to invest heavily in Yukon as they focused on overseas acquisitions during the boom years and cited high operational costs in this territory during the downturn.

However, recent developments suggest that a paradigm change is in the works. Vancouver-based giant Goldcorp acquired Kaminak Gold in July 2016 through a \$500 million transaction. Its Coffee Gold

project is a high-grade, heap leach project and Goldcorp is currently in the process of reviewing and optimizing Kaminak's feasibility study along with developing infrastructure. Another major with an established presence in Yukon is Kinross Gold, which acquired the White Gold property in 2010 with an inferred resource of 400,000 oz at its Golden Saddle zone. Last December, Agnico Eagle announced the acquisition of 19.3% of White Gold Corp, the largest landholder in the prolific White Gold district. More recently, Newmont became the latest major to enter this territory, announcing an agreement to spend \$53 million to explore and develop Goldstrike Resources' Plateau

property. This stampede of investments has raised prospects for the mining industry in Yukon, which may ultimately deliver the economic opportunities and development that the territory needs.

As majors start to get their hold on new projects, exploration activity has picked up and prospects for the upcoming years look promising. Goldcorp's drilling activities at the Supremiata target during the last quarter of 2016 yielded positive results with intercepts of 4.79 g/mt gold over 9.14 m from 114 m and 4.52 g/mt gold over 15.24 m from 30.5 m. Probable reserves at Coffee stand at 46 million mt grading 1.45 g/mt for 2.2 million oz gold



PHOTO: Courtesy of Goldstrike Resources

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with an expected mine life of 10 years. However, Goldcorp's plans in Yukon are more ambitious. In this regard, Brent Bergeron, executive vice president of corporate affairs and sustainability at Goldcorp, declared: "The feasibility study done by Kaminak established a 10 year mine life for Coffee; that just took into account a very small portion of the overall land package they had. We believe there is a lot more potential. We have also been very clear that we are not going to the Yukon just for the Coffee project. We are going to the Yukon to build a camp, which includes other properties in the area and this way we should extend our presence in this jurisdiction for more than 10 years... Once our operation is completed, the capacity that it is going to build should be used by other operations in the Yukon."

The White Gold District, located south of the historic mining town of Dawson, has experienced notable interest from prospectors and majors alike. Therefore, it was no surprise when Agnico Eagle

decided to take a 19.3% stake in White Gold Corp., a newly created company with a talented exploration team led by the renowned prospector Shawn Ryan, credited for the discovery of Golden Saddle. White Gold Corp. holds the largest land package in the district and has ambitious plans for the future: "The company has 21 projects and our budget allows us to identify targets in all of them. We have a budget of \$15 million to drill 200 holes a year over the next three years. We plan to re-evaluate the entire district and not to focus on one specific property. If we find something substantial we will return with a new program on that property. The business plan of systematically evaluating every project is what attracted Agnico Eagle. There should be at least one deposit but there is a high probability of two or three deposits, based on our research," stated Shawn Ryan, chief technical advisor at White Gold Corp.

David Schmidt, CFO at White Gold Corp. is also bullish on the district's and the Yukon's

*"The company has 21 projects and our budget allows us to identify targets in all of them. We plan to re-evaluate the entire district and not to focus on one specific property. The business plan of systematically evaluating every project is what attracted Agnico Eagle."*

**-Shawn Ryan, chief technical advisor, White Gold Corp.**

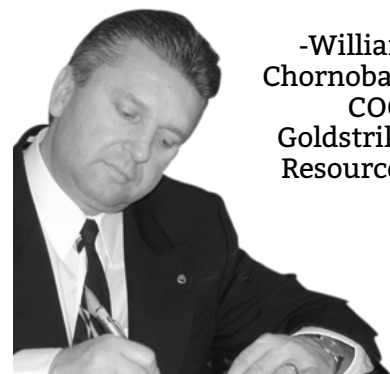


prospects, citing immense potential: "I am a huge believer in the White Gold district and the Yukon as a whole. I think there will be more discoveries and that will attract more companies and interest to the area. Very little exploration has been done in the Yukon to date, I believe this is the opportunity."

Denver-based Newmont became the latest entry of a major to Yukon with the announcement of a \$53 million dollar deal with Goldstrike Resources. Goldstrike has developed the Plateau project since 2010 with encouraging results after every drilling program over the years. This resulted in the Cordilleran Round Up and PDAC inviting Goldstrike to display its drilling highlights in their core shack in 2016, including an intersection of 13.25 g/mt gold over 17.5 m and 35.28 g/mt over 5.7 m true width. Interest soon followed and the deal with Newmont was finalized in March, thereby altering Goldstrike's plans for the property: "We plan to go into the field this summer with the largest exploration campaign in our history, comprising systematic exploration and drilling, and significantly ramping up the Plateau project... This

*"The Yukon is a great place to do business and its untapped mineral potential is becoming very apparent. Large companies are looking for a place where there is still near surface high-grade gold to be found in a politically stable environment."*

**-William Chornobay, COO, Goldstrike Resources**



agreement further demonstrates their [Newmont's] level of commitment to the Yukon and shows that Newmont recognized the unique opportunity to control an entire new district-scale gold system under one umbrella. They have an excellent global reputation, district scale ability, experience and, of course, the funding required to explore and develop something of this scale and magnitude. Newmont has all the attributes needed for proving up economic reserves right through to development and production," declared William Chornobay, chief operating officer at Goldstrike Resources.

However, majors will not be the only drivers of exploration activity. Golden Predator will continue to carry out a major drilling program at its 3 Aces property this year. The company has achieved an impressive turnaround over the last year, reaching a market capitalization of over \$120 million and increasing its land position from 250 to 375 square km. In order to achieve this, Golden Predator performed a bulk sample at the Ace of Spades zone of 750 mt last year. Using gravity feed the company was able to produce an 88 oz gold bar, using 10% of

the sample. This subsequently attracted investors, namely Eric Sprott, McEwen Mining and Power One. Golden Predator has also enjoyed great cooperation from the Yukon government and the Kaska Nation to take the project forward, thereby facilitating the development of necessary infrastructure to carry out exploration work.

Meanwhile, Victoria Gold will devote further exploration funds at Olive-Shamrock, while simultaneously preparing for construction at its Eagle Gold project. "We acquired the Dublin Gulch property in 2009 and since then, have devoted most of our efforts on developing Eagle. Only in the last couple of years we have looked at the wider regional potential. We have now identified through geochemistry and geophysics about 15 km of mineralized trend with numerous targets. Two years ago we focused on an area called Olive-Shamrock, which now has a reserve of which some is included in the feasibility study. This year we will spend a further \$6 million on exploration: \$3 million at Olive-Shamrock and an additional \$3 million doing preliminary exploration work at additional targets we have identified," declared John McConnell, president and CEO at Victoria Gold.

Victoria has attracted interest from renowned investors the likes of Tom Kaplan's Electrum Group and Sun Valley Gold, which together invested \$24 million in what will be Yukon's next operating mine in 2018.

Project generators are certain about Yukon's golden future and have consolidated strong property portfolios during the downturn, foreseeing the arrival of majors and juniors over the coming years. Such is the case of Strategic Metals, a project generator company with one of the most diversified asset portfolios in this territory. "Strategic Metals has acquired over 100 projects in the Yukon as well as a few in British Columbia and the Northwest Territories. Our properties are



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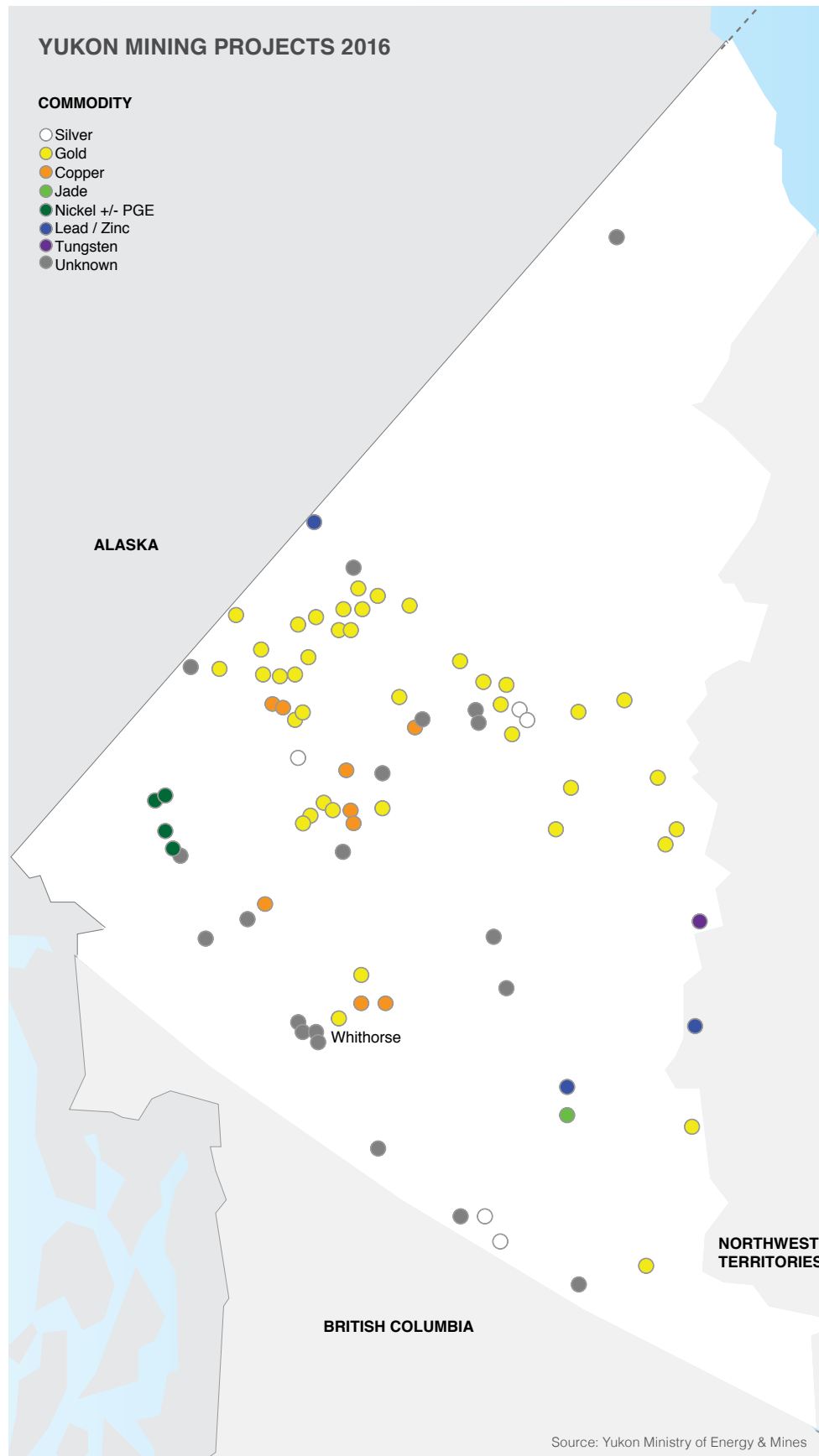
*" I foresee a significant movement of companies from other Canadian mining jurisdictions to Yukon in the near future. When we first went to Yukon in 2009, there were about 20 companies exploring. I anticipate that in 2017, that number will be around 50 or 60."*

**-John Mc Connell,  
president and  
CEO, Victoria  
Gold**



particularly attractive because we own 100% of them and have no underlying NSRs. While we ultimately aim to sell our projects before the drilling phase, we do have the permitting in place to drill up to 3,000 holes or 500,000 m if we see the value in taking our projects further than initially intended. The longer we stayed in the Yukon during the downturn, the more we saw favorable projects opening up. We have begun to feel an uptick in 2017 and we have had a lot of interest in our properties, but we are waiting for the upswing to mature to get more value. Once we make a sale, there will be a domino effect. Success breeds success," declared Douglas Eaton, president and CEO at Strategic Metals.

With attention shifting north, B.C.-based juniors are starting to re-assess opportunities and re-start projects in Yukon. A case in point is Aben Resources, a Vancouver-based junior eager to kick-start exploration at its Justin property. "I was not planning to perform a lot of work



Source: Yukon Ministry of Energy & Mines

on Justin but this has changed since there is renewed interest in Yukon and Justin is a great property. We drilled 12 holes and hit in 10 of them. We plan on doing geochemical and geophysics work and put it all together," declared Jim Pettit, president and CEO at Aben.

Yukon possesses noteworthy competitive advantages. Landholding costs amount to only \$100 per claim annually, making the territory attractive for project generators and prospectors. First Nations disputes, a frequent source of

concern for investors in neighboring British Columbia, are rare in Yukon. On the infrastructure front, both the federal and Yukon government have made emphasis on the construction of highways and roads across the territory, devoting roughly 27% of all infrastructure investments to these types of projects and enhancing Yukon's connectivity. These strengths, together with high-grade gold deposits scattered over tens of thousands of square kilometers, will continue to play to Yukon's advantage opening a new chapter in the territory's history that should be closely followed.

*"People in the industry are very focused on innovation. Equipment companies are looking at the next stage of equipment in terms of batteries, rock cutting, different methods of material handling, digitization and automation. It is an exciting time and a lot of us feel that we are on the brink of some really good changes in mining."*

**- Roy Slack,  
president,  
Cementation Canada**



*"The market began to take off for Mackie Research in the fall of 2015, when we saw a consolidation of Canadian brokerages and publicly listed junior mining companies. That volume has picked up dramatically... Our Vancouver office has processed more than 350 non-brokered private placements over the past 23 months."*

**- Mark Redcliffe,  
executive vice president,  
Mackie Research Capital**



*"Before, our clients from the mining sector used to purchase our services before they started mine planning and the feasibility study phase, but now they are asking for our services before they put a foot on the ground. Geologists are increasingly looking at the attributes of the terrain from very early stages."*

**-James Hume,  
president,  
Eagle Mapping**



*"The First Nations negotiation principles are generally similar in Yukon and British Columbia. The industry needs clarity, rigor and fairness in the permitting and aboriginal consultation processes. Decisions need to be made in a timely manner, even if these are more difficult or sensitive."*

**- Robin Junger,  
national co-chair, aboriginal and environmental law groups,  
McMillan LLP**





# Brent Bergeron

executive vice president,  
corporate affairs and  
sustainability,  
Goldcorp



## Could you provide some background information about Goldcorp?

Goldcorp is a Canadian company with operations through the Americas, from Canada all the way down to Chile and Argentina. In between that we have the Marlin operation in Guatemala, which will be closing soon; we are the biggest gold and silver producer in Mexico, with Peñasquito; we have a joint venture with Barrick at Pueblo Viejo in the Dominican Republic; and in Canada we have a significant footprint in two provinces, Québec and Ontario, and one territory, the Yukon, where we recently purchased the Kaminak Coffee deposit.

Over the next years we will be producing between 3 million and 4 million ounces of gold per year. We have embarked on a very aggressive campaign over the next five years called 20-20-20, with goals to increase production and reserves by 20% and to lower our costs by 20% as well.

## What was the rationale behind the Coffee acquisition?

Canada is a great place for us to continue investing our money, because there are rich resources and we work very closely with the government through the Mining Association. We already have 22 agreements with First Nations around the country, which has helped build the long-term partnerships to operate our projects. The Yukon government had made significant efforts to be in touch with us. The Kaminak Coffee project was a very interesting project: it is a conventional heap leach operation, which is not technically complicated. The reserves and prospectivity were very attractive, but more importantly, the management of Kaminak had done a great job in terms of reaching out to the communities and the authorities, building relationships and addressing any concerns about the project from the beginning.

## How did the local population receive Goldcorp's arrival to the Yukon?

The project is being extremely well received, because people had been waiting for one of the major companies to come back to the Yukon. One of the big concerns people have is how quickly all of

these projects are going to move forward. This overall economic boom is not going to happen in a very short period of time. It's a process. Part of our plan working with them is to help with their economic development plan, to see if we can be a catalyst and ensure the social and economic benefits of our operation reach the next generation as well.

## How important is it to promote economic development beyond Coffee's estimated 10-year mine life?

The feasibility study done by Kaminak established a 10-year mine life for Coffee; that just took into account a very small portion of the overall land package they had. We believe there is a lot more potential. We have also been very clear that we are not going to the Yukon just for the Coffee project. We are going to the Yukon to build a camp, which includes other properties in the area, and this way we should extend our presence in that jurisdiction for more than ten years. Also, we do not want to be the only company that operates in the area. Once our operation is completed, the capacity that it is going to be built should be used by other operations in the Yukon.

## How can you apply your experience working with First Nations elsewhere in Canada to the Yukon?

Every community is different. If you are dealing with the Cree in Québec, they are different than the First Nations in the Yukon, however a few things fundamentally stay the same – you are trying to build a relationship, and that relationship is going to last well beyond the permitting process, throughout construction, production and the closure and monitoring afterwards. You want to do that in a collaborative and very transparent manner to build trust and have them support your project throughout the entire life cycle.

## Could you highlight one particular step Goldcorp is taking to improve sustainability standards?

We have an initiative called Towards Zero Water or H2zero, that we call our 'moonshot'. We are looking at ways to drastically reduce the amount of water that is contained in the entire process at a mine site, lower our overall footprint and move towards having a self-contained operation that only puts water into it once and then continually reuses and recycles it. This is a plan for the next ten years, across all of our operations. We plan to get rid of wet tailings, through either dry stacking/filtered tailings or a new technology called Eco-Tails. We already have two mines where we use filtered tailings: Éléonore in Québec and Marlin in Guatemala. Now we're challenging our vendors to do this reliably in higher volume applications. We know that there is a higher capital cost upfront to this, but there is a lot lower cost at closure. We need to change the industry's mindset, so that we are not leaving legacy issues for generations to come. •