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BRIEFINGS

MINING

Hudson's Bay cuts staff

Hudson's Bay is laying off 265 people. Company spokeswoman Tiffany Bourre says the cuts will affect a variety of jobs but will mainly be from its corporate offices in Toronto and New York. Bourre says the majority of the layoffs are in the New York offices.

Ralph Lauren names new CEO

Ralph Lauren is stepping down as CEO of the fashion and home decor empire that he founded nearly 50 years ago. The New York-based company announced Tuesday that Stefan Larsson, who has been the global president of Gap's low-price Old Navy chain for three years, will succeed him. The change will be effective in November, and Larsson will report to Lauren who will continue to drive the company's vision as executive chairman and chief creative officer.

Facebook showcases Cavs

Facebook will simulcast a live sporting event for the first time Thursday, showing Cleveland Cavaliers training camp. NBA Real Training Camp will run from 11 a.m. to 1 p.m. EDT, hosted by NBA TV's Vince Cellini and Mike Fratello — a former Cavaliers coach — and include interviews with players, coaches and front office personnel.

Big firms add to rights push

A group of major global companies, including Google Inc., AT&T and Coca-Cola, are joining a coalition to push for gay rights in the workplace beyond the U.S. and Western Europe.

Barbara Yaffe: In my opinion

Heather Patterson has found a solution to the Lower Mainland's affordable housing crisis — move the house.



» C3



JAMES KWANTES/VANCOUVER SUN

Victoria Gold president and CEO John McConnell points toward base camp from the company's Eagle gold project in Yukon.

Vancouver firms banking on Yukon's new gold rush

Companies following treasure hunters of late 19th century

JAMES KWANTES
VANCOUVER SUN

DAWSON CITY — It is possible to travel by boat for hours down Yukon River to Dawson City without spotting another human, although you will likely see moose and black bears — and if you're lucky, a grizzly.

It is quite a contrast from the Klondike Gold Rush of 1896 to 1899, when treasure hunters turned the river into a super-highway of steamboats, barges, canoes and rafts.

One of the stops for prospectors was Coffee Creek, a farm and trading post.

Today, the way station is a barge stop and base camp for Kaminak Gold, one of several Vancouver-based companies taking part in a modern-day Yukon gold rush.

Kaminak's four-million-ounce Coffee gold deposit lies in nearby mountains.



JAMES KWANTES/VANCOUVER SUN

Parts of Dawson City — such as the historic Downtown Hotel — have not changed much over the past 120 years.

"Thousands of prospectors would have stopped there over the years," Kaminak founder and chairman John Robins said with a smile. His appreciation

for the irony is heightened by a personal connection — his great-grandfather was a prospector who was part of the original gold rush.

"The Yukon has been one of the greatest teases for an exploration geologist," Robins explained in an interview. "It's one of the greatest places in the world for placer mining, but there's never been a (major) gold mine."

Piles of gravel beside the highway on the outskirts of Dawson City attest to the history of placer mining — the mining of streams and riverbeds for alluvial gold. The practice began with rock hammers and gold pans and graduated to dredges that would chew up entire stream beds, process the rock for gold and leave the gravel behind.

There are still about 150 placer mining operations in Yukon, most of them small-scale family operations. Some even work the same creek that kicked off the Klondike Gold Rush. The largest placer mines employ dozens and use heavy equipment including bulldozers and dump trucks.

CONTINUED ON C2

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MINES & RESOURCES

FROM PAGE C1

Yukon's new gold rush

Kaminak's project is relatively young — the "discovery hole" was drilled in 2010 — but the company is in the vanguard of junior mining firms hoping to build Yukon's next mine.

On Monday, Kaminak announced another \$22.5-million financing.

The Fraser Institute's latest mining survey ranked Yukon as the world's No. 1 jurisdiction for mineral potential, and No. 9 for "investment attractiveness."

The Yukon government works closely with industry through Yukon Mining Alliance, and 11 of 14 Yukon First Nations have settled land claims — a sharp contrast to the B.C. situation.

Yet Yukon is home to just one operating mine, Capstone Mining's Minto copper mine.

During most of the 2000s, while metals prices skyrocketed during a China-fuelled commodity supercycle, there were no hard-rock mines operating in Yukon (Minto opened in late 2007).

Mine closures have blown a hole in the economy of the territory, a trend the government is working hard to reverse.

It's a task made difficult by the punishing bear market that has gripped the mining sector. Commodity prices are on a four-year slide and risk-averse miners have lost the appetite for M&A and mine financing.

That has frozen even shovel-ready projects like Victoria Gold's Eagle Gold deposit, which is permitted for construction and has a First Nations impacts and benefits agreement in place. Mine construction would cost \$400 million and Victoria's plain-spoken CEO, John McConnell, said he won't do a costly financing with "pirates" looking to leverage the unfavourable conditions. A joint venture partner is his preferred option.

The situation is particularly perilous for exploration companies listed on the TSX Venture Exchange. Many have hunkered down and are barely keeping the lights on. Others are selling royalties or auctioning off future metals streams to raise money.

Canoes and cash

For Kaminak and its CEO, Eira Thomas, financing help arrived in a canoe.

Early last year, Thomas heard that Vancouver mining tycoons Ross Beaty, Lukas Lundin and Don Lindsay were planning a summer canoe trip down Yukon River to Dawson City (Thomas is on the board of Lundin's Lucara Diamond).

She invited them to stop in at the Coffee camp, and they did.

The prospect of hot showers and a good sleep appealed to the travellers, who stayed overnight.

A site tour followed, one thing led to another, and in July 2014 Kaminak announced a \$13.5-million financing that saw Lundin (through a family trust) and Beaty each purchase 10 per cent stakes in the company.

"As Ross will tell you, it was a very expensive canoe trip," Thomas said with a smile atop a peak overlooking the Coffee project.

The cash will help fund a feasibility study — expected early next year — assessing the economics of building a mine on the gently rolling hills that host gold deposits named Double Double, Latte and Supremo.



MICHAEL MCCRAE/MINING.COM

Coffee Creek was a one-time gold rush stop that is now part of Kaminak Gold's base camp.

First Nations a force

Kaminak signed an exploration and co-operation agreement with the Dawson City-based Tr'ondek Hwech'in First Nation in May 2013.

The Tr'ondek Hwech'in is one of 14 First Nations in Yukon. Eleven of those have settled land claims and self-government. Some have become economic powerhouses with real estate holdings and stakes in some of the territory's most prominent businesses, including Air North and Dawson City's Downtown Hotel.

And it's not only Yukon's largest First Nations that are branching out into business in a big way.

The Klane First Nation number fewer than 100 in their traditional territories and just 280 throughout North America. But Klane Corporation runs businesses ranging from glass and siding to freight hauling as well as Yukon Inn Hotel in Whitehorse. The First Nation has signed an exploration agreement with Wellgreen Platinum, a junior miner advancing a platinum-nickel deposit just off the Alaska Highway.

In addition, the Klane partnered with Yukon Geological Society to do aerial mapping on their traditional lands. That could lay the groundwork for a Klane mineral exploration company, according to Klane Corp. executive director Geordan Clark.

"We wanted to fill gaps in geological mapping on our traditional territory," he said.

Building a new school is high on the list of goals identified by Klane leaders.

"We don't just want a catering contract here and there," explained Tosh Southwick, a director of Klane Corp. and director of First Nations issues at Yukon College. "We want to run the drills, we want to partner with (mining companies)."

"We want a real investment in our community, things that are going to help our children and grandchildren."



JAMES KWANTES/VANCOUVER SUN

Dawson City's 'sourtoe cocktail' has become a popular tourist attraction, with more than 62,000 people 'kissing the toe.'

Big deposit, big challenges

A much larger copper-gold development project near Kaminak's Coffee deposit offers the chance for a jobs bonanza that could provide a major boost to Yukon economy.

But Western Copper and Gold's Casino mine plan faces permitting and logistical hurdles — including the construction of a 130-kilometre road.

Western is working with Yukon Environmental Socio-economic Assessment Board (YESAB) on permitting after filing a 22-year mine plan in January 2014.

The assessment board will issue a recommendation to government.

Casino is one of the largest undeveloped copper-gold deposits in Canada, with a reserve and resources of about 17.9 million ounces of gold and 9.9 billion pounds of copper (including inferred).

"This operation will contribute more than \$9.7 billion in GDP to the Canadian economy over the life of the mine," said Western president and chief operating officer Paul West-Sells.

Construction would require about 1,000 workers, and about 600 full-time workers would run

the mine, according to West-Sells — big numbers in a territory with a population of just 37,000.

The mine's price tag is substantial too, almost \$2.5 billion, and Western's search for a financing partner has taken West-Sells on several marketing trips to Asia.

Concentrate would be trucked to Skagway, Alaska, where miners arrived by boat 115 years ago to hunt for treasure.

While aspects of the Casino plan echo the past, its power source is a nod to the future.

A Casino mine would be powered by an LNG power plant fed with LNG trucked to the site from Fort Nelson.

"Natural gas is cheap, clean and easy to generate in the North," West-Sells noted.

The power plant would not be the first in the territory — Whitehorse recently opened an LNG power plant that replaces diesel generators, providing backup power during peak times and outages.

The failure of Imperial Metals' Mount Polley tailings dam a year ago thrust environmental concerns to the forefront at Western's Casino, where the mine plan calls for a large tailings facility.

In response to the "elevated concern" from Yukon First Nations and regulators after Mount Polley, Western voluntarily brought in an independent geotechnical review team to evaluate the tailings dam's engineering and design, West-Sells said.

The environment, past and present

Environmental concerns also figure prominently at Alexco Resource Corp's Bellekeno silver mine, which operated from 2011 until 2013 when it shut down due to low silver prices.

While operational, Bellekeno used a dry-stack tailings system. Tailings were filtered and either used as backfill for the mine or stored in piles on land that was later reclaimed. Alexco owns the entire historic Keno Hill Silver District, which produced more than 217 million silver ounces at very high grades from 1913 until operations shut down in 1989.

The property includes several mine sites and the ghost town of Elsa.

Along with the purchase came the requirement to clean up decades worth of pollution and tailings, some of which were deposited straight into nearby waterways.

In a unique business model, Alexco started an environmental remediation division that is profitable and has cleanup contracts on other sites.

The company is focused on both historic and newly discovered deposits, and CEO Clynton Nauman said the company will re-start operations if the silver price rises high enough.

Recent exploration results have boosted those odds, as well as Alexco's share price. On Sept. 17 Alexco announced some exceptionally high-grade drill intercepts.

The Vancouver Sun's tour of Yukon mine sites was paid for by Invest Yukon, the territory's economic development arm.

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