



Is Yukon the Next Alberta?

Description

It was only a decade ago that the economy of Alberta surged ahead as the oil boom picked up pace and sparked a flurry of investments in Canada's oil patch. Alberta, which is now synonymous with the oil patch, became the fourth-largest economy in Canada. A similar phenomenon is now underway in remote Yukon. The territory most famous for its rugged terrain, wild weather, and desolate beauty is fast becoming the focus of what could be Canada's next gold rush.

Now what?

Higher gold prices coupled with claims of a new gold bull market and growing optimism surrounding the outlook for the yellow metal have all acted to prop up the price of gold. Gold is now up by 10% for the year to date and fast approaching the psychologically important US\$1,300-per-ounce barrier. Along with increasingly positive prospects for the yellow metal, that has sparked a noteworthy increase in activity across the gold-mining industry, especially among senior miners which are seeking to secure their future growth by expanding gold reserves and production.

Yukon is attracting substantial attention from gold miners. Not only is it a relatively low-risk jurisdiction in which to operate, but it has a long history of alluvial gold production which has seen millions of ounces produced.

When these factors are considered in conjunction with higher gold prices and the fact that the territory essentially remains unexplored, it is easy to see the attraction.

Senior miner **Goldcorp Inc.** (TSX:G)(NYSE:GG) believes it owns what could be described as the mother-load in the territory after acquiring Kaminak Gold Corp. for US\$520 million a year ago. The project is an open pit mine that has been estimated to contain just over two million ounces of gold and is forecast to produce 200,000 ounces annually over a 10-year life span.

This is an important project for Goldcorp. Over the last year, its performance has been weighed down by declining production caused by falling ore grades, notably at its flagship Peñasquito mine in Mexico.

There are concerns, however, that the project will be delayed. This is because the Yukon

Environmental and Socio-economic Assessment Board believes that Goldcorp failed to adequately consult with the First Nations affected by the mine.

The world's largest gold miner **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) has also joined the fray. It made an \$8.3 million investment in Orion project on the Rackla Gold property owned by **Atac Resources Ltd.** earlier this year. Drilling activities at this project have identified traces of ore with extraordinary grades of up to almost 20 grams of gold per tonne of ore. If Barrick decides to exercise all its rights under the agreement, the value of the deal could be worth over \$63 million.

U.S. senior gold miner **Newmont Mining Corp.** ([NYSE:NEM](#)) has also joined the budding gold rush. Earlier this year, it signed an earn agreement to the tune of almost US\$40 million with junior explorer **Goldstrike Resources Ltd.** to develop its flagship Plateau property. That property has been shown to have a gold-mineralized system of over 50 kilometres in length, highlighting the promise that it holds.

So what?

Clearly, the rush is on to snap up any project that even looks promising in the Yukon. The presence of senior gold miners bodes well for the nascent gold rush to invest to gain further momentum.

Nonetheless, it is too early to tell if the momentum will continue to become an all-out gold boom. The projects are as yet unproven and may prove to be uneconomic to mine in the end.

Undeniably, there are exciting times ahead for the territory, and this makes now the time for investors to start paying attention to the potential it holds for gold mining.

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