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Goldcorp's executive vice-president of corporate affairs and sustainability, Brent Bergeron, at Goldcorp's newly acquired Coffee gold project in the Yukon. Photo by Matthew Keevil.

POSTED BY: MATTHEW KEEVIL JULY 21, 2016

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Eight Active Juniors on Canada's East Coast

DAWSON CITY, YUKON — It's an exciting time in Canada's Yukon Territory. On July 20, **Goldcorp** (TSX: G; NYSE: GG) completed its acquisition of explorer Kaminak Gold and its multimillion-ounce Coffee gold project, 130 km south of Dawson City along the western bank of the Yukon River. The entrance of a senior gold producer anywhere in Canada is always big news in mining circles, but it's even bigger in a territory that's yet to host a major hard-rock gold mining camp.

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Odin Mining to team up with Ecuador Gold and Copper

In July as part of a media tour, *The Northern Miner* flew by helicopter into the historic Coffee camp, which was abuzz following a vote from Kaminak shareholders that saw 99% support for the acquisition. Even the geological staff, busy with a drill program at the site, seemed happy at the news. The acquisition is a \$520-million, all-share transaction and represents a 3% dilution for Goldcorp shareholders.



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Flying into Goldcorp's newly acquired Coffee gold camp 130 km due south of Dawson City. Photo by Matthew Keevil.

**mining's
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Helicopters hovered overhead as the media tour pulled into camp to meet Goldcorp's executive vice-president of corporate affairs and sustainability, Brent Bergeron.



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"One of the main benefits for Goldcorp was the way this project was developed by the Kaminak team, which really spiked our interest," Bergeron said during a presentation, commenting that it was not only with respect to technical aspects of the project, but also on the consultative and social side.

"We have an opportunity to invest all over the world, and I see this as a great jurisdiction, with a lot of support from government and local communities," he said. "I like investing dollars where there is consistency and transparency."



**The
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days of
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Coffee's potential as a heap-leach gold mine for oxide reserves has been established. The structurally hosted hydrothermal gold deposit has good grades, with probable reserves totalling 46 million tonnes grading 1.45 grams gold per tonne for 2.2 million contained oz. gold. Previous heap-leach metallurgical studies indicate 86% life-of-mine gold recoveries.

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**TSX
Venture
rises,
July 25-
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Many buildings at the Coffee camp are relics of the Yukon's storied gold mining and exploration history. Photo by Matthew Keevil.

US equities end lower, July 25-29

In early 2016, Kaminak tabled a feasibility study for

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Gold majors deliver Q2 results

Coffee that would require \$317 million in preproduction capital to develop an operation that would crank out 193,000 oz. annually over a 10-year mine life at all-in sustaining costs of US\$550 per oz. gold.

Assuming a US\$1,150 per oz. gold price and a US78¢ Canadian dollar, the project generates a \$455-million, after-tax net present value at a 5% discount rate and a 37% internal rate of return. Annual after-tax free cash flow is an estimated \$93 million.

“When we take a look at our operating model, we’re going through some changes in terms of our plans. We’re probably looking [company-wide] at having six to eight large-scale industrial complexes, with an aggregate production rate of between 3 to 4 million oz. gold per year,” Bergeron says.



An outcrop at the Coffee gold project. Photo by Matthew Keevil.

“We’re constantly reviewing our portfolio to divest any assets that don’t fit, and looking at assets like Coffee that are consistent with our strategy of partnering with junior mining companies to identify developing districts with exploration potential,” he says.

During a helicopter flight to the top of Coffee’s Supremo deposit, Bergeron discussed Goldcorp’s



Yukon Premier supports mines

near-term plans for the project.

Kaminak had pitched a more modest development plan to reflect the recent downturn in the gold market, but had hoped to produce first gold by 2019, which would have necessitated major permitting this year.



Maritime offers streaming royalty to investors

Kaminak’s feasibility study had only involved 44% of Coffee’s global in-situ gold ounces of 63.7 million indicated tonnes at 1.45 grams gold per tonne for 3 million contained oz. gold, with much of it open at depth. Most of the gold outside the mine plan, however, is hosted in little-explored sulphide or transitional material.



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Catching a helicopter ride with one of Kaminak Gold’s pilots. Photo by Matthew Keevil.



Editorial: Komatsu scooping up Joy Global for US\$2.9B

“Having a large company like us come in and work with the technical team really decreases the risk involved in building and developing the project,” Bergeron said as we walked along one of the many trenches that mark the extensive Coffee orebodies. “We offer the financial strength and flexibility to develop the project and unlock significant resource potential across the property. That’s part of what we want to do over the short- and long-term.”

UPCOMING EVENTS

Kaminak’s surveying generated many gold-in-soil

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anomaly targets. The regional Dawson Range avoided glaciation during the last ice age, so glacial erosion and deposition of till, or outwash sediments, did not occur. Such undisturbed surface material has led to a 90% success rate in underlying bedrock drilling.

Flying around Coffee, work camps are spotted at the 185 sq. km Boulevard gold project next door, which is held by **Independence Gold** (TSXV: IGO). Goldcorp picked up a 19.9% position in the junior in June, which again speaks to the major's view of the region as a district-scale play.



Kaminak Gold's core shack on the Coffee site. Photo by Matthew Keevil.

“There are quite a few projects that are adjacent to Coffee, and we’re always looking at possibilities that will allow us to build a camp and be here for the long-term,” Bergeron said. “We’re definitely watching junior explorers, and when it’s appropriate we will make those investments and work with them to develop opportunities. We want to make sure that we’re moving [promising projects] forward.”

While Goldcorp appears committed to developing a mining camp at Coffee, Kaminak's development schedule is unclear. Will the project still hit production by 2019? During a conversation in the well-stocked core shack, Bergeron said the plan seems

“aggressive,” but complimented the Kaminak team for “great work” in pursuing permits.

“We’ll pursue quartz mining and water permits simultaneously ... companies have done it separately in the Yukon, which probably puts you in the position of five years for permitting,” Bergeron said of Goldcorp’s recent discussions with the Yukon government.

“The process is set up for the same time, however, and this gives you the ability to cut down your time line ... investing in a lot of the work up front will help us pursue an aggressive permitting strategy. We do not want to delay the project, but we want to make sure we’re starting off on the right foot with government and First Nations.”

Goldcorp shares have traded in a 52-week range of \$13.55 to \$26.56, and last closed at \$23.73. The company has 10 mines in the Americas and expects to produce up to 3 million oz. gold this year. It has 832.3 million shares outstanding for an \$18.7-billion market capitalization.

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