

YUKON DAILY MINING NEWS

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Yukon Exploration Highlights
By Elaine Schiman

The Yukon enjoyed an exciting year of mineral exploration activities in 2005, with five advanced exploration projects high on the list for potential development, and another half dozen following close behind.

"Exploration expenditures have been moving in the right direction during the last few years," says Mike Burke, Staff Geologist with the Yukon Geological Survey. "Total expenditures for 2005 will be 40 to 50 million dollars, about double last year. This season we saw drilling programs carried out on 29 different properties, up from 24 the year before. It's been a very busy year."

One of the most exciting projects is Yukon Zinc's Wolverine deposit, located about 237 kilometres northwest of Watson Lake in southeast Yukon. The deposit, containing zinc, lead, copper, silver and gold, was first discovered in 1995. With demand for zinc on the upsurge, primarily in China and other Pacific region countries, Yukon Zinc is hopeful its deposit can help meet a forecasted shortfall in zinc concentrate demand. During 2005, the company spent about \$18 million both on and off the site, on exploration, drilling, test mining, permitting work and a feasibility study. A key activity last summer was the excavation of a decline, or tunnel, which allowed the company to directly access the ore body and test mine a portion of the deposit.

"All the information from last season's work is being used to put together our feasibility study, due in early 2006," says Richard Goodwin, Yukon Zinc's Vice President of Mining. "If the results are positive, we hope to make a production decision in the first quarter of the new year. Subject to financing, mine construction could start as early as the second quarter of 2006. Beyond that, our hope would be for a mine that would operate for 20 years."

During the 2005 exploration season, the Wolverine camp was a busy place, with an average of 45 staff and contractors on site any given day. Nearly half were locally hired, including members of the Kaska Nation.

The Kaska and Yukon Zinc signed a socio-economic participation agreement in July. To recognize the successful negotiation of the deal, Yukon Zinc provided the Kaska with \$400,000 to purchase two million company shares.

Yukon Zinc is one of the companies participating in the Yukon government's new integrated project management process. Each project in this process is assigned a coordinator, whose primary role is to assist the company through the permitting process. This includes facilitating reviews and quickly resolving any issues that occur.

"Our project coordinator was an incredible asset," says Goodwin. "It's hard to put a price tag on the immeasurable contribution he made to working through our permit applications. Hats off to the Yukon government for taking this proactive step toward moving mining projects forward."

Another project that reached a major milestone this year is Western Silver's Carmacks

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10. Secure Land Tenure and Established Mining Laws
9. Closeness to Ice Free Ports and Shorter Shipping Distance to Asia
8. Settled Land Claims
7. Good road infrastructure and electrical grid
6. A single environmental assessment process with timelines
5. Project Coordinators appointed for advanced projects
4. Yukon Mineral Exploration Tax Credit
3. Yukon Mining Incentives Program
2. Excellent Geoscience database
1. High Mineral Potential and Vastly Under Explored Territory

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Copper project, located 192 kilometres north of Whitehorse.

The company did significant work on permitting in the mid to late 90s, but difficulties with the process led to the project being shelved for several years. It's now been revived and this year a project agreement between the company and the Yukon government was reached. It sets out the standards required for environmental assessment and the roles and responsibilities of the government and company during the review process.

"The agreement crystallizes the process for us, and gives us a greater degree of certainty," says Jonathan Clegg, Western Silver's Vice President of Engineering. "If the environmental assessment goes well, and the project is permitted, we have a good sense that a mine will be built. It has good potential to provide employment for the area for eight to ten years, and give the company a return on investment." The company estimates the number of jobs during construction to peak at around 225, and during operation at around 150.

The first few months of 2006 may also bring good news regarding the revitalization of Sherwood Copper's Minto copper and gold property, 240 kilometres northwest of Whitehorse. Sherwood acquired the property in 2005, and carried out a drilling program to further delineate the deposit and explore new areas.

"Minto is significant because it's so close to being ready to go into production," says Burke. "The project was previously permitted and its Type A water license was extended for ten years in September. The mill is partially constructed, and a feasibility study done in the late 90s is being updated. That should be done in early 2006, and then it's just a matter of making a production decision."

Tintina Mines' Red Mountain molybdenum property has seen renewed attention as well this year with work being done on environmental baseline and engineering studies.

"This is a significant development," says Kevin Brewer, Manager of Mineral Development at the government's Department of Energy, Mines and Resources. "It's one of the top ten known molybdenum deposits in the world. In 2006, Tintina Mines is expected to proceed with a 3.2 kilometre exploration decline into the Red Mountain deposit in order to complete their project feasibility, detailed engineering studies and further deposit evaluation. By 2007, mine construction could be underway."

A fifth company that has announced its intention to move toward development is Cash Minerals. It hopes to have its Division Mountain coal property near Braeburn in production by 2007/2008, supported by a recent scoping study which indicated that the project is potentially viable. Last summer, the company also concluded a Letter of Understanding with the Champagne and Aishihik First Nations. Cash Minerals has initiated discussions with the Kwanlin Dun, Little Salmon Carmacks and Ta'an Kwach'an First Nations, with the goal of building positive working relationships.

"These five projects must undergo permitting and assessment before mines can be built," says Brewer. "Because of our new mine coordination process we were able to assign project coordinators for each one to assist them through the required processes."

In addition to this group, another set of projects are moving towards the production decision stage. All are actively working on either advanced exploration or financing arrangements, and have the potential to be key areas for future development. These include Tagish Lake Gold's Skukum Creek property near Whitehorse, Alexco Resources' proposal for reclamation and exploration at United Keno Hill near Mayo, True North Gems exploration in the Finlayson district, the Klondike Star Mineral Corporation's Lone Star property near Dawson City, StrataGold's Dublin Gulch property, Freegold Ventures' Grew Creek deposit and Pacifica Resources' Howard's Pass property.

"As soon as you get one or two mines moving into production, it spurs along other developments," says Burke. "More infrastructure is built, interest in exploration is heightened and other discoveries are found. What we're seeing right now could signal the return of a hard rock mining industry in the Yukon."