



Canada's Yukon strives again to be a mining magnet

Fri, Apr 23 2010

* Touts streamlined permitting process

* New projects expected to come online shortly

By Euan Rocha

TORONTO, April 23 (Reuters) - The Klondike Gold Rush in Canada's Yukon Territory captured the world's imagination in the late 1800s, and today the Yukon is again pushing hard to attract mining development.

"We have all-weather road access and we have access to two deep-water ice-free ports; Skagway, Alaska, and Stewart, British Columbia," said Harvey Brooks, deputy minister of economic development for the Far North territory.

"We have got control over our natural resources, while the other two territories are still managed by the Government of Canada," said Brooks, who recently addressed a gathering in Toronto hosted by the Yukon Gold Mining Alliance.

The Klondike Gold Rush drew miners from as far as South Africa, the United Kingdom, and Australia. It spawned numerous books, songs and poems and was the setting of Charlie Chaplin's 1925 classic "The Gold Rush".

The glory days were short, however, and by the 1920s the Yukon's population had fallen to less than 5,000 after peaking at about 40,000. Today, with a population of about 35,000, the Yukon is aiming to be a winner in the latest global scramble for natural resources.

It was recently rated No. 11 globally in an industry survey that ranks the world's top mining jurisdictions.

But the results of the annual Fraser Institute survey indicate the territory still has room to improve as a magnet for mining as it lags a number of Canadian provinces that have better infrastructure facilities. Nevertheless, the Yukon's ranking has improved consistently over the last three years.

Most mining and energy projects across Canada need to pass muster at both the provincial and federal levels, but the Yukon has a simpler process managed solely by the Yukon Environmental and Socio-economic Assessment Board.

"YESAB looks at every significant development that takes place ... Once you have gone through the YESAB process, that's it, you are good to go," said Brooks, adding that the majority of aboriginal groups in the territory have settled land claims, making it easier for projects to move forward.

The territory has also revised its royalty regime and it provides partial funding for early stage exploration projects.

TINTINA GOLD BELT

The Yukon is at the heart of the Tintina Gold Belt, a 200-kilometer (125-mile) wide, 1,200-kilometer long, arc extending from northern British Columbia to southwest Alaska.

Tintina includes large gold deposits such as Sumitomo's <8503.T> Pogo mine and NovaGold's <NG.TO> Donlin Creek project.

Recent moves by Kinross Gold <K.TO>, which owns the Fort Knox mine in Alaska, indicate that the big Canadian gold miner also is keen to increase its presence in the region.

Last month, Kinross agreed to acquire exploration company Underworld Resources <UW.V> in a deal worth roughly \$140 million. Underworld's flagship asset is the White Gold project in the Yukon.

Kinross also owns a sizable stake in Canadian junior Victoria Gold Corp <VIT.V>, which owns the Dublin Gulch property in the territory.

Kinross's moves have attracted the attention of other miners, and a number of large players are now taking a closer look at juniors with projects in the Yukon.

"Knowing who is phoning us and knowing who is phoning some of the other companies out there, it's great. There's a whole bunch of larger companies back in the Yukon and that's great for everybody," said Sue Craig, chief executive of Northern Freegold <NFR.V>, a junior exploration company active in the territory.

Northern Freegold has already signed confidentiality agreements (CAs) with 10 companies that are interested in its Freegold Mountain gold asset. The CAs are preliminary in nature and there are no active discussions at this time around a sale of the company or the asset. [ID:nN20124928]

MORE THAN GOLD

Roughly half the mining investment in the territory is focused on gold exploration, with much of the remainder concentrated on silver, copper and zinc.

"The only new base metal mine that will open up in North America this year, will be in Yukon," said Brooks, in reference to the Wolverine zinc deposit owned by Chinese group Northwest Nonferrous International Investment Co.

Canadian junior Alexco Resource <AXR.TO> is expected to begin production at its Bellekeno silver-lead-zinc deposit in the third quarter of 2010. Western Copper <WRN.TO> is ramping-up exploration work at its Casino gold-copper-molybdenum project in the territory.

With the exception of a dip due to the economic crisis in 2008, exploration and development spending in the Yukon has continued grow since 2004 and is expected to rise again this year with new projects in the pipeline.

"This year in the Yukon is going to be real exciting," Craig said. "There's lots going on." (Reporting by Euan Rocha; editing by Peter Galloway)

© Thomson Reuters 2010. All rights reserved. Users may download and print extracts of content from this website for their own personal and non-commercial use only. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is expressly prohibited without the prior written consent of Thomson Reuters. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.

Thomson Reuters journalists are subject to an Editorial Handbook which requires fair presentation and disclosure of relevant interests.