

Aussies warm to chilly Alaska

ALASKA is grizzly bear country, giant moose country; elephant country. It's genuinely underexplored for the most part yet has already revealed astonishing mineral wealth. But even its giant gold, zinc and copper finds seem largely unknown in places like Australia, which has a high level of participation in Alaska's current exploration surge.

Currently in the field in the Tintina gold province in the state's south-west, Riversgold managing director Allan Kelly says: "Within 150km of me here in [Riversgold's] camp, there is a 45 million-ounce [gold] deposit and a 100Moz deposit. There are not many places in the world where you can say that in a first-world country."

Kelly-run Riversgold is a small-cap ASX junior backed by Australia's second biggest gold producer, Evolution Mining.

Australia's Evolution, South32, and Sandfire Resources, and North America's Agnico Eagle and Teck, are some of the corporate heavyweights pouring money into exploration in Alaska, via deals with juniors, fuelling a more-than doubling of state-wide annual mineral exploration spending over the past three years.

Yet apart from South32-backed Trilogy Metals, which has enjoyed a strong share-price run since the start of last year and has advanced projects in Arctic and Bornite in the Ambler district, junior-company equities with sizeable tracts of some of the best exploration territory in the world have been pretty much left out in the cold by investors this northern summer.

Weakened metal prices and softer sector sentiment generally explain some, if not most, of the market lethargy.

Kelly, PolarX managing director Frazer Tabcart, and White Rock Minerals boss Matt Gill, all experienced industry leaders and company promoters, point to other factors. But they're also very quick to highlight reasons for Alaska's enduring appeal as an exploration and investment destination.

They're certainly not making the exhaustive treks to-and-from their Australian bases to Alaska and isolated locales in its interior for a boys-own wilderness adventure - though it's hard not to be left dumbstruck by some of the wondrous images from around the state.

"The truth is you can literally trip over outcropping mineralisation here," said Kelly, a geologist for nearly 30 years.

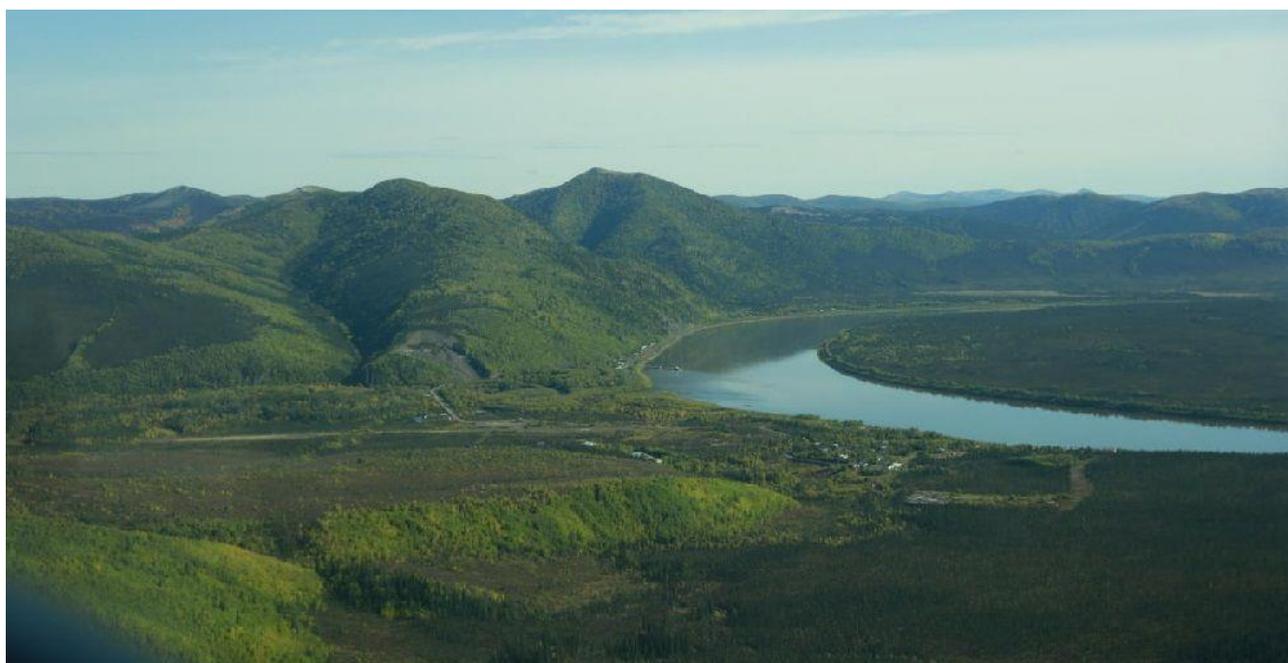
Tabert, a geologist who's also been kicking rocks around the world for more than 30 years said: "Alaska is about as good as it gets in terms of prospectively for giant deposits and is relatively under-explored compared to many world class jurisdictions."

Mineral exploration has had its peaks and troughs like all places. This year's projected plus-US\$100 million spend is not huge by global standards. Oil-dependent Alaska has not exactly flooded the market with high-level regional mineral datasets, or historic open-file information from state-wide company work. On the ground pegging can be hit-or-miss given a general dearth of data for desktop assessment and the extreme remoteness of targets and time it can take to get to them.

Yet exploration in Alaska has revealed the world's highest-grade zinc deposit at Red Dog, Donlin's now permitted 40Moz gold reserve (and 80Moz resource), Pogo (12 million tonnes of 12.5g/t gold), Kennecott (4.6Mt at 13% copper), the amazing but still opposition-plagued Pebble (37Mt of copper and 107Moz of gold identified so far), and other large and rich finds.

Gill, known for his role as mine manager at the Beaconsfield gold mine in Tasmania, during its infamous/celebrated 2006 underground mine collapse, said there were similarities between the scenic and mineral-rich Australian state and the northern US outlying territory now consuming most of his time and focus.

"When you look at the quality of mines already in Alaska and the projects like Donlin, Trilogy and Pebble, and that White Rock is on a belt of rocks - the Yukon-Tanana Terrane - that arch their way into the Yukon, where there are also significant VMS deposits, and given its large and relatively under-explored nature, I see Alaska a bit like Tassie.



Donlin gold camp

"It has huge prospectivity, it is underexplored, and it has a disproportionate number of world class deposits."

Unlike Tasmania, its Mount Read volcanic rocks, and old world-class mines such as Renison, Rosebery, Mt Lyell and Hellyer, Gill said Australian investors knew little about Alaska.

"Many do not know much if anything about Alaska," he said.

"Often it is only what they have seen on Discovery Channel."

A lack of infrastructure, native title access, environmental permitting, and the long and harsh winters tended to be negative investor perceptions, or connections, that could be "easily explained" in terms of the realities and their impact on effective work on the ground.

"I have worked in the highlands of Papua New Guinea, the Altiplano of Bolivia, north-east India, Myanmar, and Ghana, so I'm very happy and inspired to be in Alaska," Gill said.

White Rock, which recently took on Australian copper-gold miner Sandfire Resources as a key shareholder, and exploration partner, is diamond drilling to expand significant zinc-lead resources at the Red Mountain VMS deposit in central Alaska.

"Our experiences doing business in Alaska have been like a breath of fresh air," said Gill.

"I have been able to meet with the key people within the Department of Natural Resources, the Department of Economic Development, and indeed with the governor of Alaska himself, all achieved this year in one two-day visit on my way to site and without much fanfare.

"They appear well structured, organised and very supportive.

"Alaska has relied on their vast oil and gas reserves for royalties, and recognise the need to diversify.

"We [applied] for a permit to mine in Alaska [APMA] for a period of four years and received approval, including a Miscellaneous Land Use Permit (MLUP) from Fisheries [department] and the US Army, whose land in part we traversed to mobilise our drill, camp and equipment over, all received over the winter months and in time for the commencement of our summer campaign.

"No issues, no delays, no bureaucratic procrastination, no land use or access issues whatsoever.

"The Alaskan Department of Geological and Geophysical Survey, part of DNR, also made pre-competitive data available to White Rock without which it is probably fair to say we would not have acquired the Red Mountain project. This included soil geochem and airborne geophysics conducted by the government in the mid-2000s."



Australian copper miner Sandfire Resources is backing White Rock Minerals' exploration in Alaska

Gill said the application of modern exploration techniques, including detailed geochemistry and advanced geophysics, was now a "huge advantage available to us" that wasn't there for previous explorers in Alaska.

He also highlighted the role of Alaska's state infrastructure authority, AIDEA, in project infrastructure development for Red Dog and the Ambler mining district. "I have met with them and again [found] a welcoming and positive focus," he said.

Tabart echoed CEOs focused on other US states when he said there had been a "very noticeable improvement in permitting assistance through the various state and federal agencies since [president] Trump took over, and there is a positive attitude at the highest levels which is very refreshing".

Like Kelly, he indicated Alaska's infrastructure and services could be - as Kelly put it - a "mixed bag" for companies working in the state.

"It's certainly harder to get good contractors as they get snapped up very early in the season these days, so early planning and entering into contracts as early as possible each year is becoming increasingly important," Tabart said.

According to Kelly, Alaska's huge mineral endowment, good security of tenure "once you have it", and low ground-holding costs, were among the state's surface attractions.

"The experience I have had with permitting for exploration has been good, fast and straightforward," he said.

"I haven't had any experience with permitting for any more advanced work yet, though.

"The land status is clear - federal, state or native freehold - which makes area selection more straightforward. Most native corporations are good to deal with as they have a direct benefit from any development, and the other native corporations also share in the economic benefits."

Kelly said Alaska was about half the size of Western Australia, where he previously ran Doray Minerals and where Riversgold is also currently reporting robust gold intercepts south of Kalgoorlie, with a much smaller population and "no road network".



Riversgold project area

"Infrastructure is lean and air freight services can be unreliable," he said.

Drill rigs had become increasingly scarce. "There are not a lot of rigs around anyway, and there is not even a mining and geological supplier based in Alaska. I had to get my sample bags, etc, shipped up from Reno, Nevada."

Riversgold has reported promising results from early field work at Luna-Quicksilver and Gemuk in Alaska and is close to announcing drill results from its maiden drilling programme.

"We are especially excited about the first ever drilling campaign at Luna/Quicksilver, where high-grade gold mineralisation is present at several places along the 40km long North Fork Fault," Kelly said last month. "I have personally been involved with these projects since 1997, when I was part of the team that discovered outcropping high-grade gold mineralisation at Quicksilver. In that time, Donlin Creek has grown from a potential 2Moz prospect to a 45Moz world-class gold project, highlighting the significant potential of this region."

Kelly said: "No-one has heard of Donlin Creek despite it being one of the largest, highest-grade gold development projects in the world. People are sceptical when I say our target is 4-5Moz - only about half of Pogo - but that is a realistic target for this part of the world."

Despite this tantalising prospect, and the calibre of projects around it, Riversgold's share price has been fairly flat this year. PolarX has gone backwards since the start of the year even though it's been filing encouraging drill results from the Zackly copper-gold area in its Alaska Range project. And White Rock's stock has been similarly lacklustre.

Kelly said investors did tend to be aware of the long-running Pebble copper-gold project saga, with owner Northern Dynasty Minerals facing opposition over many years from local community groups and US government bodies. Larger companies have walked away from the project. Its fabulous endowment might be a very long way from being mined.

Kelly said Pebble was a special case. "There is more to Alaska than Pebble. [Projects] do get permitted and built."

Tabart agreed. "We can always point to Pogo, and as of [the past week] Donlin, as recently permitted world class deposits. We find Alaska very pro-development and mining friendly as long as you do the right thing by your stakeholders. Investors are sometimes concerned about costs and seasonality, but in general the current massively negative equity sentiment seems to be overriding common sense and fundamentals across the board."

Gill said an "unfair perception" of the project approval process in Alaska created by the originally proposed, massive Pebble development was countered by the state's favourable ranking as an investment-friendly resources jurisdiction, and an outwardly supportive government.

"It is a tough market currently," he said.

"Precious metals are a bit flat, but base metals have been doing well recently. Trade wars and the US dollar factor in there somewhere, too. And the retail investor and small fund does have the choice to go chase the exotics like battery metals, nuggets in the Pilbara, cannabis or crypto currencies.

"I think the Aussie mining companies get it, though.

"Evolution, Sandfire, South32, and the international ones also in Alaska ... have given a vote of confidence in the state and its prospectivity. [That backing] provides plenty of opportunities for the juniors to work ahead of them, alongside them or in their shadow."

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