

Victoria's Eagle clears construction hurdles



Crushers under construction with the gold recovery plant in the distance, at Victoria Gold's Eagle gold mine in the Yukon. Credit: Victoria Gold.

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At more than 60% built, construction has been unfolding mostly as planned at **Victoria Gold's** (TSXV: VIT) Eagle gold project in the Yukon, according to president and CEO John McConnell.

"Mother Nature has been the biggest nuisance," McConnell says in a telephone interview with *The Northern Miner*.

"We had an extremely wet spring, which hampered earthworks. Then we had a very warm fall and start to winter, so we actually got back on track and are probably sitting about a month ahead of schedule."

Earthworks, concrete, leach pad and liner system work are complete. “The focus now is steel erection and electrical-mechanical. I would say everything is going very well.”

McConnell has been with Victoria since it acquired Dublin Gulch (which hosts Eagle) in 2009. He’s served as CEO since 2011.

Victoria has had no problem attracting a top-notch operations team to Eagle, he says.

“There seems to be real excitement about going to work for a small company building a very large mine in Yukon,” he says. “I’ve been pleasantly surprised by the number of people we’ve been able to recruit with good operational and northern experience.”

McConnell notes that as of spring 2018, more than half of the 450 workers at Eagle were Yukoners with more than one-third hailing from First Nations. “We’re making this Yukon’s project.”

The open-pit mine is set to produce 200,000 oz. gold per year over an 11-year mine life, as outlined in a 2016 feasibility study. All-in sustaining costs are pegged at US\$638 per oz. gold.

“It shows we have a 10-plus year mine life based on the reserves, but my gut tells me this is a 15 to 20-year mine life.”

Geologically, Eagle is underlain by upper Proterozoic to lower Paleozoic clastic sedimentary rocks which have undergone regional deformation, including thrust faulting in the Cretaceous age and subsequent granitoid intrusions. Mineralization is associated with granitic intrusive bodies and is hosted primarily in granodioritic material.

In December, Victoria updated Eagle’s resource, adding 450,000 oz. gold to its estimate — which now totals 199 million tonnes grading 0.64 gram gold — for more than 4 million contained oz. gold.

The update was based on “first principles” with an independent qualified person starting from scratch. “All we gave him was the drill-hole data and said: ‘Rebuild the whole thing, rebuild the block model, and tell us your estimate.’ He had a little more drill-hole information to work with, more holes at depth, a little better geology. The results confirmed everything we’ve been saying in the past.”



Interior work underway at the Eagle plant. Credit: Victoria Gold.

With a \$370 million construction effort in full swing, exploration will be a secondary priority for Victoria in the short term.

“We all love exploration in the junior mining business. It’s what keeps the juices flowing. But, it’s certainly taken a back seat to the construction program this year and next.”

Despite some ups and downs in the market, McConnell always expected Victoria would be the one to build Eagle, especially with major investments from the Electrum Strategic Opportunities Fund and Sun Valley Gold in 2016.

“If somebody came in they would have to make a very good offer to acquire the asset,” he says. “I learned a long time ago as the CEO you don’t necessarily decide whether you’re going to build it or not. You have some influence, but shareholders decide.”

While the 2019 exploration program is not yet defined, the company will direct resources towards the Nugget and Bluto targets at Dublin Gulch.

In December 2018 Victoria released the assays from the Nugget discovery hole which returned 101.5 metres grading 0.57 gram gold per tonne, including 10.1 metres of 2.79 grams gold. “When I get out there with our team and geologists and I get very excited what they’re finding,” he says. “This is clearly not a one-project district.”

The company describes Nugget as the second-largest Cretaceous granodiorite intrusive body on the Dublin Gulch property (smaller only than the Dublin Gulch stock which hosts Eagle). The 2.2 km by 1.2 km zone consists of medium to coarse-grained granodiorite stock of the Cretaceous age Tombstone Plutonic Suite. The Nugget stock is hosted in the Earn group and the Keno Hill Quartzite. Most of the zone has seen very little exploration.

At the time of writing shares of Victoria Gold traded for 38¢ apiece, giving the company a \$292 million market cap. In the past 52 weeks the company’s shares have fluctuated between 30¢ and 47¢.

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