

CANADA

Explorers queue for Abitibi windfall

Market waits for fresh exploration success in mineral-laden region

Richard Roberts

Five-hundred-thousand metres is enough drilling to light up a mineral field. It's certainly been enough to focus a lot of eyes on Canada's Abitibi region in the past year or so.

But, contrary to the theme of a recent Vancouver mining investment conference discussion, Osisko Mining's mega-drilling programme at Windfall hasn't lit a fire under the share prices of junior neighbours – yet.

Not that some investor sentiment hasn't been favourably disposed towards companies exploring and developing in the region.

The selection of companies in the table below has raised more than C\$250 million (US\$97 million) of equity finance in the past 12 months, including Osisko Mining's \$80 million and the buckets of money raised by Harte Gold and Bonterra Resources during the period.

At the recent Vancouver Resources Investment Conference, the leaders of Tarku Resources, Maple Gold Mines, Globex Mining Enterprises and Opus One Resources were asked about nearological effects of working near the biggest gold drilling programme on the planet, Osisko's phenomenal 800,000m campaign, for which the company has just budgeted a further \$100 million.

The negatives, they said pretty much unanimously, were the lack of availability of drillers and slow assay turnaround times.

The main positive was that a programme of that magnitude couldn't but fire the imagination and enthusiasm of investors, not just for potential Osisko outcomes, but also those of others exploring one of the world's great geological terranes.

The Abitibi Greenstone Belt straddling Quebec and Ontario has already yielded more than 200 million ounces of the yellow metal. It has also seen over \$7 billion of M&A in the past five years.

"It's quite active now with many small and large gold projects being evaluated and developed," said the head of a Toronto-based mining consulting firm.

"The big one of course is the Osisko Windfall project. Everyone is very keen to see the [new] resource which is due in Q2 [June quarter 2018]."

Osisko Mining, which has been a lead regional consolidator in recent years, had its shares run up to C\$5.59 in April last year but they'd drifted down to \$2.87 this week and have dipped nearly 14% since the start of 2018.

The company said earlier this month it had been conducting new exploration and defini-



Right this way ... Maple Gold Mines is one of the Abitibi gold explorers whose share price has risen this year

tion drilling at 100%-owned Windfall Lake, Urban Barry and Quevillon around Eeyou Istchee James Bay, Quebec, for 26 months. By the end of January it had completed 518,000m of the planned 800,000m, adding to the 180,000m previously drilled at Windfall.

"The company is rapidly advancing the Windfall and Lynx deposits through a balance of resource delineation drilling and exploration drilling for extensions and new mineralised zones," it said.

"Osisko has been successful in the past two years at significantly expanding the known areas of mineralisation in the Windfall system and reinterpreting the geological model of the Windfall deposit.

"Drilling over the past 18 months has been directed by the evolving intrusion-related geological model, leading to the discovery of significant extensions of the previously known mineralised zones, and to the discovery of the new Lynx deposit, Wolf and Bobcat zones."

Osisko is looking to substantially build on the June, 2015, indicated resource of 2.76 million tonnes grading 8.42 grams per tonne (748,000oz) and inferred 3.5Mt at 7.62g/t (860,000oz) at Windfall Lake.

"Mineralisation has been identified only 30m from surface in some areas and as deep as 870m in others [in the 600m-wide, 1,400m-long Main Zone], with significant potential to extend mineralisation up and down-plunge and at depth," the company said.

"Osisko's initial resource for Windfall is scheduled to be released in early May, a delay of six weeks from the previous

Q1 [March quarter] 2018 estimated completion, due to the slower than anticipated turnaround of assay data. [The company] plans to have a preliminary economic assessment completed in June 2018 for the Windfall deposit subsequent to the release of the initial resource estimate."

As indicated by the Abitibi table selection (see page 76), Osisko Mining's is not the only share price to waver over the past year, and since the start of this year. The Vancouver conference heard junior miners continued to face competition for investment in North America, particularly at the speculative end of the market, from cryptocurrencies, blockchain and other tech firms, and even marijuana stocks.

Tarku Resources president Julien Davy told *Mining Journal* after VRIC the company, which became a "significant exploration player in the northern Abitibi" via its acquisition in mid-2017 of five properties in the Matagami and Chibougamau areas along what is being interpreted as a possible continuation of the geological structures that host the big Detour Lake gold deposit.

Tarku also just signed an earn-in deal with Quebec's state-owned SOQUEM to acquire 50% of Guercheville, southwest of Chibougamau and adjacent to the Fenton gold deposit (circa 426,000t at 4.66g/t historical resource) also held by SOQUEM (and under option to Cartier Resources). Tarku is up for \$2 million over three years if it is to earn its half share, and it opted to immediately participate in a 12-hole, 2,555m drilling programme that started at the end of January.

"The aim is to follow up on the main dis- ▶

►covery showings at surface and to test some of the areas of chargeability anomalies and magnetic highs that have been identified over the past few years," Davy said.

He said the exploration to the north, in areas known for historical zinc and copper-gold mining, gave the \$2.85-million-market-capitalised company exposure to a part of the Abitibi that was under-explored for gold and which had "great potential for new discoveries".

"Location is key for us," he said.

"Generating exploration projects using an unconventional perspective on the types of mineralisation typically explored for in a target region has allowed us to acquire well positioned projects using exploration models recognised by the industry, but with different models than those generally applied to the target region.

"The Matagami and Chibougamau areas were typically explored for zinc and copper. Remember that prior to 2000, mining law in Quebec allowed a company to sit on their claims without being required to do exploration.

This created a situation where major companies as Campbell Resources and Noranda were sitting on enormous land packages and their focus was on other minerals. That's why the Matagami and Chibougamau areas sit on the same geological structure and probably the same geological context as the Detour gold mine in Ontario without having been explored for gold."

Davy, a geologist for more than 20 years who previously worked as senior exploration geologist at Osisko Mining Corporation, said the work at Windfall was generating positives for others in the region even before its new resource estimate was published. The positives went beyond sentiment.

"Geological knowledge has dramatically increased, as well as human knowledge about the sector," he said.

"By having exploration projects in that same area and at an exploration stage of about 10 years younger than the Windfall one, it allows us to understand the potential of Tarku's projects.

"Geologically speaking, the north part of the Abitibi is certainly not known as well as the Val-d'Or and Rouyn-Noranda areas.

"We have long underestimated those

areas, probably simply because we had other places to look at [southern Abitibi]. Now that it is becoming more difficult to find new discoveries in the south, we are looking at the north.

"And by understanding how mineralisation is associated within certain geological environments, it give us a good idea of what potential we can expect."

Globex Mining president and CEO Jack Stoch told *Mining Journal* fresh exploration success, and further consolidation, would be good for Abitibi juniors and a "property bank" with exposure to the region such as Globex. The company has a long list of Abitibi properties. Stoch expects to see regional consolidation – "at least on the property level" – to pick up, do you see over the next year, "which will be good for Globex".

"The junior market has turned. Once again companies can finance," he said.

"This allows Globex to undertake options of our assets – we have over 150 – and generate income and acquire more assets. Over the last five years we concentrated on acquisitions, now we focus on property options to monied partners.

"[In the Abitibi region] the great work by Osisko has shown investors that mines are not only found, but are made. There is gain to be made in the proper investments in the junior exploration sector. Admittedly, Osisko is a special case due to their history, the size of the projects, the amounts of money involved and the scale of exploration, but it is uplifting for juniors and investors to see such determination and success."

Stoch indicated new exploration success at Francoeur-Arntfield, west of Rouyn-Noranda, acquired from Richmond Mines in 2016, could see it emerge as a tradeable piece of Globex's portfolio.

"Our discovery of a new gold horizon is very significant because, although there has been recent and historical production on six areas of the property, we found, at little cost, a new gold bearing horizon with surface channel sampling returning up to 9.52g/t Au, including 15.4g/t over 4.1m," he said.

"Our business model is based upon optioning out our assets and limiting the exploration risks to Globex.

"Being a geologist, I get excited about what we are doing and find and sometimes

get carried away, doing additional exploration beyond what we determine is appropriate to demonstrate the project value and potential.

"I've hopefully learned to restrain my impulse to continue defining targets and leave that to others."

Among other significant Abitibi gold exploration and development programmes to watch in 2018, there is Harte Gold which has just announced a significant resource increase at its flagship Sugar Zone project and highlighted the potential for more extensions and regional exploration success; Gowest Gold and its underground development and exploration at North Timmins; and Maple Gold Mines' well-backed drilling campaign at Douay.

Maple (formerly Aurvista Gold Corporation), put out a resource update earlier this month that put the Douay totals at 9.38Mt grading 1.59g/t Au (480,000oz) indicated, and 84.15Mt of 1.02g/t Au (2.76Moz) inferred. It has already kicked off a new 25,000-30,000m drill programme.

Also announced this month was the start of Balmoral Resources' 5,000m winter drill programme at Martiniere – with early promise in the form of "visible gold mineralisation intersected in the first hole of the programme" targeting the down-plunge extension of the recently found, near-surface Horsefly Gold Zone.

"You can't ask for a much better start to a drill programme than seeing visible gold in the first hole, in particular when you are looking to expand a recent near-surface high grade gold discovery," Balmoral president and CEO Darin Wagner said.

"With the continued growth of the Bug gold deposits, the potential for expansion of a number of new gold discoveries within the broader system – including the Horsefly Zone – and the initial resource estimate from the Martiniere gold system all on tap over the next few months, there is a great deal to look forward to from our Detour Gold Trend project."

Balmoral has budgeted a "minimum" \$6.5 million exploration spend on the DGTP in 2018. ■

Abitibi's Golden Glow

Company	Share price February 20 (C\$)	Market cap (C\$m)	1yr change (%)	Change since start of 2018 (%)
Osisko Mining TSX: OSK	2.87	631.85	-25.26	-13.80
BonTerra Resources TSXV: BTR	0.5	96.3	44.93	-10.7
Harte Gold TSX: HRT	0.4	226.44	8.11	-21.6
Enforcer Gold Corp TSXV: VEIN	0.085	5.47	6.25	-59.5
Tarku Resources TSXV: TKU	0.05	2.85	Flat	66
Monarques Gold Corp TSXV: MQR	0.39	85.87	-15.22	21.87
Gowest Gold TSXV: GWA	0.14	49.65	-17.65	-12.5
Globex Mining Enterprises TSX: GMX	0.47	23.99	-23	12
Maple Gold Mines TSXV: MGM	0.275	50.15	-29.49	8
Moneta Porcupine Mines TSX: ME	0.16	37.05	-33	-11.1
Balmoral Resources TSX: BAR	0.42	57.48	-52.27	-20.75