

THE ORE SHOOT

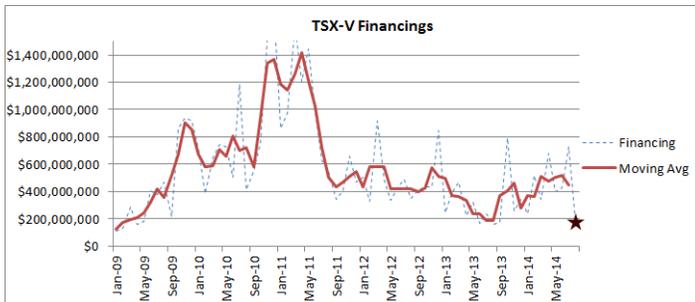
Yukon Prospectors Association Newsletter - September 2014

MARKET NOTES...

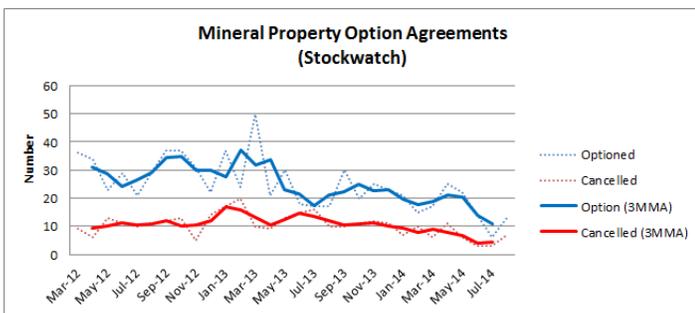
TSX-V doldrums continue but the long term indicators suggest that a turnaround may be in sight:



This is the longest quiescent period we've seen in junior mining since 1997-1999. No turnaround in TSX-V financings yet either:

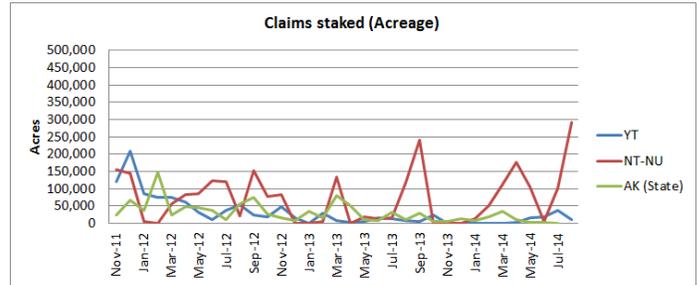


With only \$190M raised in August, fall may be quiet this year. Option activity is grinding to a halt with Stockwatch recording 13 announced deals and 7 cancellations in August - virtually nothing happening.



Staking is also pretty much dead. In this graph, Alaska's statistics are always a couple of months behind so disregard May+. The Yukon and Nunavut are at a dead stop while staking in the NWT has picked up post

devolution, driven entirely by diamond speculation.



The PGE miners strike in South Africa got settled just in time for Russia to invade Ukraine. As a result, Pd prices have hit a 5 year high. On the other hand, iron prices have collapsed and will likely stay low for a while until a bunch of high-cost Chinese operations are wound down. Dr. Copper is neutral with prices pretty much flat on the year in the \$3.15-\$3.20 range. Zinc is finally taking its much predicted run - but is only up about 10 cents a pound since winter. Still - enough to get a few people talking about "peak zinc". The other true believers - uranium explorers - saw prices crash to \$28 / lb but are now ecstatic that prices are up 10% ! (ie. back to where they were in March).

Diamonds are back in fashion but only in a small way and there isn't any big money being raised for the handful of new companies who have been staking again in the NWT. Still - hope springs eternal.

LOCAL COMPANY NEWS...

KAMINAK got a cash infusion courtesy of Ross Beaty and has launched a \$30M feasibility study to see if Coffee Creek will make it. **VICTORIA GOLD** stepped out from Eagle and hit some interesting higher grade mineralization at Olive. **ROCKHAVEN** continues to deliver nice high grade gold intercepts over mineable widths at Klaza. **ATAC** has started to announce results from their summer drilling with solid intersections at Conrad but nothing splashy from the other known zones. **WELLGREEN PLATINUM** dropped another veil by releasing their metallurgical study results. **COPPER NORTH** is exploring again at Carmacks Copper. Over the border at Haines, **CONSTANTINE** is back with a big program at Palmer and hit nicely on a stepout in June.

THE NEW NORMAL

There is an old saying in investment circles that a bull market begins only when the last ounce of hope is wrung from the dying bear market. Surely we are (almost) there. Mineral exploration and exploration financing is nearly at a dead stop. No one is really excited about metal prices and there is no outside money coming into junior mining circles. Hedge funds are fed up with metals and metal miners, much less exploration companies. Retail investors are gone. The gold price is looking especially jittery this fall with Goldman Sachs calling for \$1000 an ounce before Christmas.

Meanwhile on the discovery front, nothing seems to be able to light a fire under this market. Instead of buying, the majors are announcing garage sales and looking for suckers to take their underperforming assets off the books for them. Grizzled Howe Street veterans are peddling pot. We had one glimmer of hope but it hasn't panned out yet: Patterson Lake South looks like it might be the most significant high grade uranium discovery since Cigar Lake and we are still waiting for some major to creep out from under a rock and take a run at it.

A likely cause of all of this is an unprecedented experiment in financial alchemy. The Federal Reserve has been buying up to \$75B of toxic-waste mortgage-backed securities per month since 2012 and turning them into money in a forlorn attempt to get the real economy back to work. The newly minted cash has been deposited in the select dealer - broker banks and then recycled to blue chip companies to boost their share prices by unprecedented stock buy-backs. The S&P 500 has been a no-lose proposition for a couple of years while bonds are paying peanuts and bank savers are being robbed by effective negative interest rates (net of inflation). In this environment, the last place you want (or need) to put your money to make money is into high risk stuff like mining exploration. There is no prospect of a turnaround until something big (and possibly unpleasant) happens.

What's left for a prospector trying to scrape a semblance of a living? There are a few dozen Capital Pool Companies out there approaching extinction who might be motivated to make a deal on a mining property but it had better be good, have \$100K of recent work, and be papered with a NI 43-101 report. And don't expect a great deal from a shell with \$200K in the bank. About 80% of the listed juniors are on death watch,

doing small private placements in the hope that they can last longer than the bear market. What pittance they raise will not be spent on exploration. It is almost better to take an idea to these guys than a property; a property requires payment, stock and hassles - at least with an idea, everything is negotiable.

If all this weren't enough, Yukon prospectors have been kicked in the chops by our "mining friendly" territorial government. The screws are tightening on a new "if it moves - permit it" land use regime which is shutting down exploration on claims and driving die-hard prospectors onto vacant Crown Land where they have no tenure. By next year, the bureaucracy will have the machine working nicely and you won't be able to file any assessment work on claims that doesn't have a permit attached to it. On the land access front, about 1/3 of the Territory is now essentially off limits for staking (unless you are a lawyer) and this fall, the Peel soap opera will head to the Supreme Court, one way or the other. We're out of the picture and no one seems to miss prospectors.

What will be left when this finally lets up is a much smaller, older and poorer prospecting fraternity with only a very few stars able to make a living at it and a lot of others with assessment commitments and faint hopes. It was every so and a glance at history shows similar Yukon slumps over the past 100 years (albeit they didn't require government "assistance" back then). By all measures, this downturn should be ending but we don't see it yet. The only thing we can be sure of is that those who persevere when things look bleakest stand the best chance of reaping a just reward when the "new normal" ends.

ASSOCIATION NEWS

Matters of note:

- YPA will have display space for prospectors at the Yukon Geoscience Forum and will have a session of 10 minute property talks during the poster session.

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