



NEWS NUGGETS

Compiled by Shane Lasley

Higher grades eyed at Kensington

Coeur Mining Inc. Feb. 18 reported that at the end of 2014 its Kensington Mine had 3.4 million tons of proven and probable reserves averaging 0.185 ounces per short ton (629,000 ozs) gold. Additionally, the Southeast Alaska mine had 1.57 million tons of measured and indicated resources averaging 0.185 oz/ton (382,000 ounces) gold; and 1.62 million tons of inferred resources averaging 0.351 oz/t (570,000 ozs) gold. The highest grades are found at Jualin where the company reports 289,000 tons of inferred resource averaging 0.619 oz/t (179,000 ozs) gold. Coeur President and CEO Mitchell Krebs said the company plans to release a new mine plan for Kensington that reflects higher grade and higher margin production over an extended life at the Southeast Alaska mine. Across all of its properties, Coeur Mining's year-end proven and probable mineral reserves totaled roughly 390.7 million silver-equivalent ounces, an increase of 6.2 million silver-equivalent ounces or 2 percent compared to year-end 2013.

Graphite Creek continuity endures

Graphite One Resources Inc. Feb. 17 reported that the final 10 holes of its 2014 drill program continue to encounter significant widths of near surface graphite mineralization along 700 meters of strike at its Graphite Creek property near Nome, Alaska. Highlights include: 42.81 meters of 6.27 percent graphitic carbon from a depth of 18.91 meters in hole 14GCH012; 24.56 meters of 6.76 percent graphitic carbon from a depth of 3.95 meters in hole 14GC020; and 38.8 meters of 7.8 percent graphitic carbon from a depth of 63.67 meters in hole 14GCH016. The 20-hole drill program completed last year were targeted to upgrade a portion of the Graphite Creek resource from the inferred to indicated category. The company said the geology and assays confirm good vertical and lateral continuity of the mineralization at Graphite Creek. An updated resource estimate is expected before the end of March. Additionally, Graphite One said its quality control process discovered minor variances in assay results of the first 10 holes reported in December due to equipment calibration issues. Following re-assay of all of the samples and checking with a third party laboratory, the aver-

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INVESTMENT

Betting on Alaska

Billionaires up the ante on a handful of Last Frontier gold explorers

By SHANE LASLEY
Mining News

American billionaires John Paulson, Seth Klarman and Thomas Kaplan have taken a keen interest in Alaska's next generation of gold and copper mines.

While it is natural for hedge fund managers such as Paulson and Klarman, and resource investors such as Kaplan, to hold mining stocks in their portfolios, this trio holds major positions in three of the top Alaska-focused mineral exploration and development companies.

In fact, the companies founded and managed by these billionaires are the largest shareholders of International Tower Hill Mines Ltd., which owns the 20-million-ounce Livengood gold project in Alaska's Interior; Novagold Resources Inc., which holds 50 percent of the 40-million-ounce Donlin Gold project in western Alaska; and NovaCopper Inc., which is exploring copper-rich deposits in Northwest Alaska.

In addition to a vested interest in companies advancing gold and copper projects in Alaska, the billionaires have one other commonality – they see gold as a longstanding and stable form of currency.

"Gold is not a commodity, it is a currency with the longest known provenance we have – actually, gold and silver," Kaplan said.

While such assertions earned Kaplan the title of "Gold's Evangelist" by Bloomberg Businessweek, his views also are reflected in the words and investments of Paulson and Klarman.

Paulson takes Tower Hill

According to filings with the U.S. Securities and Exchange Commission, Paulson & Co. has sharply increased its stake in International Tower Hill Mines, an exploration and development company working to optimize the Livengood project

"Historically gold has been a very good currency alternative – an excellent currency alternative in times of inflation." —John Paulson, president and portfolio manager, Paulson & Co. Inc.

located on a paved highway about 70 miles north of Fairbanks.

As of the end of 2014, Paulson & Co. Inc., a renowned hedge fund, owned 23.06 million shares of Tower Hill, or roughly 20 percent of the Alaska-focused gold company's issued and outstanding shares. This is a 14.15 million-share increase since the end of September and catapults the hedge fund to the top of the junior's roster of shareholders.

In December, Tower Hill raised C\$8.4 million through a private placement of 18,245 million shares at C46 cents per share, providing the company with the funds needed to optimize the gold mine described in a 2013 feasibility study completed for Livengood.

The study anticipates a 100,000-ton-per-day mill at Livengood churning out 8.1 million oz of gold over an initial 14-year mine life, or an average of 577,600 ounces annually.

The all-in costs to mine an ounce of gold described in the feasibility study, however, are estimated to be US\$1,474.

Undaunted by the high estimate, Tower Hill management launched a battery of optimization studies for the large gold deposit.

The company said the optimization work completed in 2014 identified areas that look as if they will reduce both capital and operating expenses, including a more efficient production schedule that alone is anticipated to significantly improve the financial viability of mining the gold at

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Matt Budin

907-644-3966

matt.budin@dynonobel.com

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