Adding ounces in the heart of the new Yukon Gold Rush

written by InvestorNews | July 21, 2022

If you follow the gold exploration space, then no doubt you've seen situations in which a small, low market cap company announced a "bonanza-grade" drill hole. That is, the drill team pulls out a long stretch of highly mineralized core from a target zone, and the story takes off.

Out goes the press release. The CEO's telephone begins to ring. Chat boards light up. There's headline coverage in the trade press. And of course, the share price moves.

A company with small or modest recognition and market cap quickly becomes a well-known name, if not the talk of the town. It's all good, right?

Well, today I have a company that is definitely *not* doing that. In fact, this company doing kind of the opposite of the "bonanza" story. But in its own way, this exploration play is registering massive new gold ounces, and it's definitely on the way to becoming the talk of the town.

The name is **Banyan Gold Corp. (TSXV: BYN | OTCQB: BYAGF)**, run by CEO Tara Christie, a seriously good explorationist and gold finder, and one of the very few women to run an exploration play in all of the junior space.

Banyan controls a sizeable land package in the Yukon. And in a storied mining jurisdiction like that, location-location-location matters. And yes, Banyan has… location.

Banyan's acreage is in the same geological stretch as a long list of other solid mining names, to include Victoria Gold Corp.

(TSX: VGCX) and its brand-new Eagle gold mine, as well as Alexco Resource Corp. (NYSE American: AXU | TSX: AXU), with its well-endowed silver-lead-zinc play in the century-old mining district at Keno Hill.

The company works right in the heart of the new, 2020s-era Yukon Gold Rush. And in this case, the company's claims are well-endowed with gold. It's on the low-grade side, which is worth saying upfront. In general, the gold numbers are about a gram or two per tonne, if not fractions of a gram. But don't sniff at it and turn the page, because there's mathematical magic to grades like that.

When you have a lot of tonnes, those small, gram-sized numbers begin to add up; so far to over 4 million ounces of resource, grading .6 grams per tonne, and more yet to come.

While many other gold prospects have complex geology, full of faults, folds, intrusions and more, Banyan is different. It controls geology that is fairly consistent, and mostly undeformed by structural issues from uplift, mountain building and the like.

Source: Company presentation

Overall, Banyan's rocks beautifully lend themselves to proving up a large volume of resource with very recoverable grades of gold.

Meanwhile, Banyan's project is mining-friendly, and I mean in a way that many big miners love to see. In essence, the geology consists of long stretches of "meta-seds," best described as a large expanse of ancient seafloor sediments that were infused by gold-bearing fluids over a long period of time. I'll spare you the chemistry, but the gold is there; I've been there and seen

it.

With these kinds of meta-sed rocks, there’s not much in the way of faulting or folding. Not much in terms of intrusions. What you see is what you get, which is kilometer-scale, continuous masses of gold bearing rock with very predictable lithology.

Right now, the exploration trick is to drill the heck out of it. Be systematic. Drill, then step-out; drill again and step-out again. With each hole, drill down and confirm the presence of gold in predictable, recoverable amounts. And then process the data towards the next resource upgrade. It’s much like assembly-line exploration and resource definition.

During a recent visit, Banyan had six rigs under contract, with an analysis team assigned to each one. The teams process core and samples all day, 24/7. Grind it out. And this becomes the data with which to revise upwards that 4-million-ounce number, to what has every indication – in my view – to be 6 million, 8 million, or even more ounces.

The idea, per management, is to grow the deposit and resource into what’s called a “Tier 1” asset, the kind that big names like Newmont and Barrick like to buy. Tier 1 is what adds large new resources to a company’s books, and which moves the needle.

For access to the Banyan project, there’s an existing, all-season road straight to the site. The cost is zero for that. And it makes moving people, fuel, supplies, equipment, etc. a low-cost logistical issue.

In terms of power, the locale is directly adjacent to an existing electric line; indeed, one of the company’s deposits has been helpfully labeled “Powerline.”

And just to add to the convenience of getting there, Banyan even

has a gold deposit named “Airstrip.” I’m sure I don’t have to explain that one, right?

When it comes to eventual mining, it’s a workmanlike hole in the ground, supported by the road, power line and airstrip.

The mining model is to remove and haul consistent levels of ore to the crusher and then leach pits, where well-understood chemistry and engineering can recover gold at a cost which, per comparable projects, tallies in the range of $800 to $1,000 per ounce.

As for life of mine, just do the math. With over 4 million ounces currently advertised, it’s a 20-year play at, say, 200,000 ounces per year. Higher resource numbers, and increased throughput will, of course, play out differently in terms of overall scale and economics.

The point is, Banyan has already established itself as a serious deposit and growing play. Right now, the resource is more than worthwhile. It’s well mapped, and looking ahead the current, aggressive drill program leaves little doubt that we’ll see a remarkable – and remarkably fast – growth in numbers as 2022 unfolds and we move to 2023.

At current market cap of US$80 million, Banyan offers very mineable gold in the ground at about $20 per ounce.

Great company, great geology, great gold resource and strong upside.