Gowest takes the road less travelled in Timmins

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Bradshaw, in the Timmins gold district, Ontario

Pick through the checklist of an attractive gold project, and proximity to existing or historic deposits sits right near the top. By that metric, Gowest Gold (CN:GWA) rates a close look. While it's essentially a greenfield project, the company's 110-square-kilometre land position is adjacent to some of the richest mines in the Timmins, Ontario, gold camp.

But Gowest is trying something new in Timmins, developing a refractory orebody in a town known for free milling gold deposits, and in a market wary of the costs associated with refractory ore.

"A lot of junior exploration guys won't talk about it, because they feel their stock's going to get pummelled," Greg Romain, CEO of the Toronto-based company, told *Mining Journal*. "I'm the opposite. I think it was a great opportunity, and I went head first into it."

Setting the metallurgy aside, Gowest certainly seems to have a mine on its hands with Bradshaw, which is just east of the Kidd Creek copper and zinc mine currently owned by Glencore (UK:GLEN).

Gowest has been working on the deposit in earnest since 2000, and was able to continue to develop through the recent downturn, allowing it to build up a probable reserve of 277,000oz at a rich grade of 4.82g/t, along with an indicated resource of 422,000oz at 6.19g/t and an inferred resource of 755,000oz at 6.47g/t. This is along a 1.3km trend and to a depth of 1km. A pre-feasibility study from 2015 envisions an 8.5-year mine life with average production of

40,500ozpa at an all-in sustaining cost of US$821/oz. Initial capital is $21.5 million with a pretax payback of 3.5 years, and the internal rate of return is estimated at 27%. Underground development recently reached the 790m level, and commercial production is expected by 2019. The company is financed through a $17.6 million forward gold sale to Pandion Mine Finance.

Gowest is also working three mineralization zones it believes have the potential to be deposits, including two within 1km of Bradshaw, and the company recently raised C$4.7 million in a private placement to fund exploration.

While the AISC figure is by no means high, the refractory element is surely no help in drawing investors to Gowest, due to the associated cost uncertainty. It requires more intense processing and typically adds in excess of $100 per ounce; more if long-distance shipping to a smelter or autoclave is required.

Romain is unbothered by the challenge, as he sees the trickier ore as the price of finding new deposits in the mature Timmins camp, where the "low hanging fruit" of conventional high-grade orebodies has been picked over.
"Most of the deposits in the Timmins camp have refractory sulphide deposits, but most of them don't have enough to justify building autoclaves, and because of the low hanging fruit, they ignored it," he said. "But my theory is that, given that there's less and less of the low-hanging fruit, the next step is the refractory gold at Timmins."

Embedded in the PFS are cost estimates for shipping the Bradshaw concentrate to a facility for additional processing. That buffer should come down at some point, as Gowest plans to eventually build a central autoclave that would allow it to save costs by processing in-house. The company purchased a pressure vessel from Miramar Northern Mining's Con mine in 2012 and plans to seek funding to have it up and running by the time production begins to flow from the satellite deposits.

"It's a challenge, but it's just one extra step," Romain said.

Additionally, Gowest this year bought a 50% stake the Northern Sun Mining's 1,500tpd Redstone Mill, which sits just south of Bradshaw. With the facility in place, Gowest will mill its own feed, and also generate extra cash through tolling services to other companies.

At the mine, Gowest is now extracting a 30,000t bulk sample that will essentially represent first production. The company plans to run crushed material through an X-ray sorter that will raise the grade before milling and produce more gold from less feed. The first shipment is expected to go to the mill this quarter and the bulk sample should be done early next year.

"We've done some drilling to depth, and hit mineralization at 1,200m, so it's open in all directions, and we're not drilling from surface anymore, we're drilling from underground," said Romain.

Key to Gowest's optimism about the property is its location adjacent to the Pipestone fault, which has seen far less exploration than the Porcupine-Destor fault that hosts many of the Timmins gold deposits.

"What we're learning is it's a whole new trend. Those that are involved with Gowest day to day that are geologists say that we're just scratching the tip of the iceberg," said Romain. "There's still a lot of people that don't understand refractory and I think that once we get some ore out of the ground and process it and demonstrate to people that it works, that'll set things off as well."