

# Northstar Gold: Gold near Kirkland Lake

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The junior mining market is in a bit of a consolidation at the moment which gives investors the opportunity to look for undervalued overlooked junior resource stories. Northstar Gold Mining (C.NSG) is a company which deserves a close look.

It is always interesting when a company which has operated privately for over a decade goes public. Northstar Gold Corp. went public on the CSE in January 2020 with a \$3 million IPO. What the public shareholders were getting is a company which has spent 11 years and over \$7 million exploring properties in the Kirkland Lake region of Ontario. A region which has produced 24.5 million ounces gold from 7 mines since 1915.

The great advantage of working on properties in a highly prospective region is that you can take advantage of that proximity and act quickly when an opportunity arises. In 2012 Northstar learned that a high grade gold property in the historic Boston Creek Mining Camp had come open for staking. Northstar's current VP Exploration and founders George Pollock and his father John Pollock immediately put company boots on the ground and staked the 1100 hectare Miller Gold Property and historic Miller Independence Mine.

“This is a gold property with history and excellent un-tested exploration potential for a sizable gold deposit”, states Brian P. Fowler, P.Geo., President, Director and CEO of Northstar. Between 1987-88 Nortek Exploration completed 37 diamond drill holes and estimated a grade and tonnage for the Miller-Independence deposit at 0.73Mt at 11.5 g/t Au (270,000 oz Au). (This is a historic estimate and is not, yet, 43-101 compliant.) It features a “Kirkland Lake-style” shallow dipping high-grade gold-telluride vein in volcanic rocks peripheral to a syenite intrusive stock – the Allied Syenite. The Miller Gold Property hosts similar age, nature and style of gold mineralization as Kirkland Lake Gold’s nearby Macassa South Mine Complex, the difference being only shallow exploration has been conducted at Miller to date.

Northstar believes Miller has potential for significant near surface and deeper bulk-tonnage and high-grade gold resources in multiple structurally controlled zones (Vein #1, Allied, Planet and D zone) amenable to open pit and high-grade underground mining, respectively.

The Company started working on the Property in 2012 with a trenching and sampling program focussed on the historic No 1 vein, the heart of the historic Miller Independence Mine and estimate area. Northstar drilled a total of 5,844 metres in 27 holes on the property in 2014 and 2015, resulting in the discovery of a number of new gold occurrences. In 2016 the company excavated and shipped a 932 tonne bulk sample from No. 1 Vein to Monarch Gold’s nearby Camflo facility that yielded 172.5 ounces of gold at a back calculated grade of 5.1 grams per tonne (the bulk sample had 70% dilution due to the vein’s flat-laying nature). The bulk sample also established that the gold metallurgy was exceptionally good with gold recoveries > 95%.

It was these exploration results that backstopped Northstar’s \$3M IPO financing for additional drilling and continued exploration at Miller. This year the Company conducted a \$2 million Phase I exploration program at Miller, drilling 5,023 metres in 28 holes, and a property-wide, \$350,000 integrated 3D IP, gravity and magnetic surveys to further refine exploration targets. Drilling resulted in some very impressive No. 1 Vein high-grade (18 g/t gold over 3.9 metres) and broad, near-surface lower grade Allied Syenite ( 1.4 g/t Au over 118.5 metres) intercepts and the discovery of 4 new mineralized zones (the underlying vertical Allied Zone and Veins 2, 3 and 4, which are collectively referred to as the new Allied Gold Zone).

Furthermore, “Northstar is very excited to have commissioned Goldspot Discoveries to assist our exploration team by processing Miller exploration results and applying their leading-edge proprietary artificial intelligence (AI) algorithms and techniques to further refine our exploration models and define drill targets” states Fowler.

Goldspot has been in the news assisting New Found Gold in its exploration efforts in Newfoundland. Using artificial intelligence and machine learning it can take large amounts of data, both current and historical, and work up exploration targets for a particular property.

“We’re planning on kicking off a 4,000 metre, Phase II drill program at Miller in late November,” said Fowler. “We have road access to the site which means we can drill pretty much year-round. There is no camp because we are close to town.”

A double-edged challenge is that drilling has turned up a lot of coarse gold at Miller.

“While this shows we have a robust gold system at Miller, consequently numerous follow-up metallic screen assays are required to deal with coarse gold and a pronounced nugget effect,” said Fowler. This adds even more assay turnaround time which is already exasperated by delays due to COVID-19. “It has been a losing game for me predicting the availability of drill assay results from Miller this year”, laughs Fowler. As we have heard from other mining CEOs, the labs are backed up because of COVID and it is taking longer than usual to get results back at the best of times. “Realistically, it takes up to 2 months to get our Miller assay results from the time the drill hole is completed,” says Fowler.

All the juniors are in the same boat this season. Fowler is optimistic that Northstar will have results through the Spring which will be soon enough.

Northstar does have the advantage of a very tight, well funded, capital structure. Before it went public in 2019, it did a 6:1 rollback of the shares in the private company. This allowed it to do a warrantless \$3 million IPO and it only has 39 million shares outstanding.

Fowler pays attention to the capital structure. “In another life”, he jokes for a short while he was a buy side analyst with investing legend Rick Rule so he is acutely aware of the need to keep the capital structure tight as the company explores. Because Northstar is working in Canada it is able to issue flow through shares to cover its exploration expenses.

All the elements of a solid junior mining story are in place with Northstar. A prospective property in a well endowed district, a data driven exploration plan, easy access and a tight capital structure. Results will begin to flow in the Spring just when many analysts believe the junior resource market will see renewed interest from investors. Right now, very few investors really understand the Northstar story. That will change and change quickly as drills turn and results are released.

How quickly? When I began writing this article Northstar was trading around \$0.25 on very little volume, as I write these words it is trading at \$0.33 on over 800,000 shares. Moves like that happen when the capital structure is tight and investors begin to understand a company’s potential.