

Victoria Gold Placed Into Receivership

Victoria Gold (TSX: VGCX)

The company has been placed into receivership after the Yukon government were granted an application by an Ontario court.

The government are said to have lost faith in the mine's management after the catastrophic heap leach failure on the 24th June.



Comment

I have been predicting this from the start. It was so obvious the company were not in a position to remediate this disaster and resume mining without a massive injection of capital that was never going to come given the uncertainty as to whether the First Nations and Yukon government would allow mining to resume.

I could not understand why investors continued to buy the shares, particularly when their lenders recently declared a default of \$250 million worth of loans.

The writing has been on the wall for some time and now it has come to pass just as I predicted.

I commiserate with anyone that has suffered a loss here, but there was ample opportunity to exit between the disaster and today.

The shares are halted and I predict an imminent delisting.

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A link to the press article can be found [here](#)

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Disclosure

At the time of writing the author holds no shares in Victoria Gold.

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Mining Review 11th August 2024

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A quiet week on the news front, with Calibre Mining announcing first gold ore from their new Volcan pit in Nicaragua.

The price of gold continues to oscillate, whilst most industrial metals continue to fall in price due to economic concerns.



Vincent-Luc Authier, Construction Manager at TZ with the First Gold Bar Poured at the Mine (CNW Group/G Mining Ventures Corp)

**City Investors Circle Mining
review 11th August 2024**

A quiet week on the news front, with **Calibre Mining** announcing first gold ore from their new Volcan pit in Nicaragua. They also recieved approval for the Berry pit at Valentine in Newfoundland.

Victoria Gold have come out fighting, insisting the company will not close and will continue as a mining company, a statement I personally view as very optimistic given their current troubles, and debt position.

The price of gold continues to oscilate.

Some commodity prices have fallen quote sharply in the last month, with **silver** and **copper** both falling 10%, as have electronic metals **zinc** and **tin**.

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To read the most significant news from our watchlist companies this week, please click on the links below;

[Calibre Mining Delivered First Ore from Volcan](#)

[Thesis Gold Received Amended 5-Year Exploration Permit](#)

[Colonial Coal Featured in new Streetwise Report](#)

[Calibre Mining Announced Approval For The Berry Pit at Valentine](#)

[Cornish Metals Received Funds from Asset Sale](#)

[Mining Review 4th August 2024](#)

[Click here for all company news archives](#)

Market Data

Weekly price changes

(US\$ unless stated)

Metal Prices	Price	Weekly % change
Gold price in UK £	1907	-0.16%
Gold	2432	-0.41%
Silver	27.48	-3.78%
Palladium	896	1.36%
Platinum	929	-3.73%
Rhodium	4625	-0.54%
Copper	3.92	-3.92%
Nickel	7.26	0.83%
Zinc	1.17	-1.68%
Tin	13.65	1.56%
Cobalt	11.72	-0.34%
Manganese	3.48	-3.87%
Lithium	10106	-3.13%
Uranium	81.5	-3.32%
Iron Ore	99.2	-3.41%
Coking Coal	195	-1.02%
Thermal coal	149	3.47%
Metal ETFs	Price	% change
GLD	224.56	-0.35%

GDX	35.84	-1.75%
GDXJ	42.59	-2.54%
Sil	30.3	-4.39%
SILJ	10.95	-4.45%
GOEX (PCX)	28.28	-0.81%
URA	24.72	0.82%
COPX	40.04	-2.77%
HUI	287.18	-2.08%
ASX:XGD	21.34	-3.00%
Gold / Silver ratio	88.50	3.50%
10 yr Tbond (TNX)	3.94	3.96%
2 yr T bond US2Y	4.06	4.37%
US index (DXY)	103.15	-0.07%

[Click HERE for live Spot Metal Prices](#)

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Mining Review 4th August 2024

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Karora Resources has traded on the TSX for the last time, after the completion of its merger with Westgold.

Capricorn Metals announced their KGM with a positive upgrade.



 WESTGOLD

 KARORA
RESOURCES

Westgold and Karora to merge

Creating a +400,000 oz Australian mid-tier gold producer¹

1. Refer to the 'Important Notices and Disclaimer' section for further information.

City Investors Circle Mining Review 4th August 2024

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Victoria Gold have finally found their voice and communicated with the market, and are defiantly stating they will not cease trading, a statement I personally think is very optimistic.

With production stopped and the company incurring the cost of preventing pollution of the local waterways and the lenders having already declared a default on \$250 million worth of loans, I cannot see how they will remain solvent in the longer term.

Whistleblowers have made accusations of lax policies on site, and the Yukon government are now participating in the pollution prevention work, and who will pay for that?

I am convinced Victoria Gold will not survive, the remediation work alone will have a massive cost, when it starts, and then the First Nations have to approve the resumption of mining, how long will that take?

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News from our watchlist companies last week is listed below, click on the link to be taken to the full story.

[Karora Resources and Westgold Complete Merger](#)

[Capricorn Metals Expands KGP to 1.43 M Ounces of Gold](#)

[Market Review July 2024](#)

[Yukon Government Assisting at Victoria Gold disaster Site](#)

[Gold Road Resources Quarterly Results Conference Call](#)

[Mining Review 28th July 2024](#)

[Click here for all company news archives](#)

Market Data

Weekly price changes

(US\$ unless stated)

Metal Prices	Price	% Weekly change
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Gold price in UK £	1910	2.91%
Gold	2442	2.26%
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Palladium	884	-0.34%
Platinum	965	1.66%
Rhodium	4650	0.00%
Copper	4.08	0.99%
Nickel	7.2	2.56%
Zinc	1.19	0.85%
Tin	13.44	1.90%
Cobalt	11.76	0.00%
Manganese	3.62	-9.73%
Lithium	10432	-7.17%
Uranium	84.3	2.80%
Iron Ore	102.7	3.63%
Coking Coal	197	-3.90%
Thermal coal	144	4.35%
Metal ETFs	Price	% change
GLD	225.34	2.13%
GDX	36.48	0.00%
GDXJ	43.7	-1.64%
Sil	31.69	-4.66%
SILJ	11.46	-4.90%
GOEX (PCX)	28.51	-2.70%
URA	24.52	-10.97%
COPX	41.18	-3.29%
HUI	293.27	0.20%

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Victoria Gold looks Doomed to Fail

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On the 24th June 2024 Victoria Gold announced a landslide at the heap leach pad at their Eagle Gold Mine in the Yukon territory of Canada.

What they really meant to say was that two million tons of the heap leach pad had cascaded down the mountain, and there was a concern about cyanide contamination of the local water supply.



The yellow shaded area shows where the incident occurred



Victoria Gold looks Set to Disappear as a Company

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What they really meant to say was that two million tons of the heap leach pad had cascaded down the mountain, and there was a concern about cyanide contamination of the local water supply.

As soon as the extent of the disaster became apparent, I predicted this would cause Victoria Gold to fail as a company and go bankrupt. I still believe this will happen.

As more facts have become known, the good news is they appear to have contained the cyanide and prevented it from entering

the local water supply. That is about the only good news, and there's plenty of bad.

Current position

- Mining has been suspended indefinitely, so no income, only expenses.
- Victoria Gold has \$250 million of debt, and the lenders have called a default.
- The First Nations are enraged.
- The Yukon government are very unhappy.
- Various whistleblowers have come forward publicly. (See links below).
- The damage to the leach pad is still being examined, no remediation work has been started, and it's very doubtful the mine will operate again, in my opinion.
- The First Nation does not want new mineral claims, licenses, exploration, development authorizations, or ongoing mining activities on their traditional territory following the heap leach failure.
- The Yukon government are considering taking an active role, as the company struggles to contain and treat the large amount of contaminated water.
- It has been suggested the Yukon government doubt the company has the resources nor the ability to rectify the damage.

The company has admitted it may never mine again, and they lack the resources to remediate the damage.

I predict Victoria Gold will cease trading soon and go out of business in short order.

An article from the Northern Miner newspaper from a whistleblower who was working on the leach pad at the time it collapsed, and who accuses the company of “unsafe practices” [can be found here.](#)

An article from Mining.com alleging lax security arrangements on site [can be found here.](#)

An update from the Yukon Government issued on the 26th July [can be found here.](#)

Comment

I cannot believe that people are still trading this company, and that it's being allowed to continue trading when the disaster looks so bad, and the future so grim.

I can understand anyone selling the stock for whatever they can get in a damage limitation exercise, but who on earth is buying this stock given the current position, and why?

Anyone still holding is either very foolish or very brave, with my opinion being the former.

This case highlights the dangers of investing in mining stocks perfectly, the share price has fallen from C\$8.50 to around 60 cents in very short order, and a massive amount of shareholder value tumbled down the mountain on June 24th.

Commiserations to any holders reading this.

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As an aside, one other company exploring in the Yukon, yet to go into production, **Banyan Gold**, (which is run by the partner of the Victoria Gold CEO), may have difficulties in moving forwards now as these two properties are relatively close to each other, and Victoria was seen as a potential buyout partner at some point.

After this disaster, getting First Nation approval for another mine in the Yukon will be challenging for some time in my opinion. Time heals of course, and assurances can be given, but It's hard to see them approving any new mines for quite some after this.

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Victoria Gold Heap Leach Failure – Can it Survive?

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On the 24th June Victoria Gold reported a Heap leach pad “incident”, and operations were “temporarily suspended”, which sounded fairly innocuous at the time.

What they failed to say was that around two million tons of a four million ton leachpad had slipped off the top of the mountain and collapsed down the side!

I seriously doubt the company can survive this catastrophe, and I predict it will cease to exist.



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This material contains cyanide and other nasties you wouldn't want getting into the water supply of people down stream, and the fish will probably suffer too, again affecting people that fish the river for sustenance.

I seriously doubt the company can survive this catastrophe, and I predict it will cease to exist in fairly short order.

In their most recent announcement last Thursday the company stated there was no cyanide contamination of the water supply, only to be contradicted on Friday when elevated levels were conformed to have been detected in a nearby gulch, which narrowly exceeded guidelines.

This coincided with Victoria's lenders declaring a default on their loans.

A heap leach specialist has informed a meeting that the pad is "unsafe to walk on", and there's no chance of heavy machinery going on it to start remediation work, which suggests to me this is going to be a long drawn out affair, and with loans in default I predict Victoria will not exist as a company soon.

It would not surprise me to see criminal charges against someone either, this is a huge catastrophe, and will set mining in the Yukon back years in my opinion.

In the short term I expect the First Nations are going to be enraged at this desecration of their land and will take time to come to terms with it.

I fear this story has a long way to run yet.

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If I were a Victoria Gold shareholder, I would be writing off my entire investment at this point, it's hard to see how it will ever trade again given the size of the catastrophe, the difficulties in beginning to remediate the site, and the withdrawal of lenders' support.

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