Victoria Gold Heap Leach Failure – Can it Survive?

Victoria Gold (TSX: VGCX)

On the 24th June Victoria Gold reported a Heap leach pad "incident", and operations were "temporaily suspended", which sounded fairly innocuouos at the time.

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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 sustinense.

I seriously doubt the company can survive this catastrophe, and tI 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 ledners’ support.

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Disclosure

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