

CANADIAN MINER CAPITALISES ON GOLDEN OPPORTUNITY IN VICTORIA

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Australia's proud mining history, the quality of its workers and high working standards were instrumental in bringing Canadian mining and exploration company Kirkland Lake Gold to the Victorian gold fields.

A rich gold mining tradition binds Australia and Canada. Both share vast mineral resources, abundant infrastructure, workable mining codes and supportive legislation.

'Our two countries are probably the two best jurisdictions in the world in which to build and operate gold mines,' says Mark Utting, Kirkland Lake Gold's Senior Vice President, Investor Relations.

The company owns and operates two mines in Ontario, Canada, Macassa and Detour Lake, as well as the Fosterville mine near Bendigo in Victoria, Australia. It also owns the Holt Complex in Northern Ontario and has assets in the Northern Territory, Australia, none of which are currently in operation.

'Fosterville is a tremendous mine,' says Utting. 'The thing about it that really interested us – apart from the quality of the jurisdiction – is that we saw things changing, the grades were improving, and a new style of mineralisation was being intersected at depth with quartz with visible gold in it.'

'What was needed was someone with a strong balance sheet that had an inclination to drill. And probably more than anything else, the success Kirkland Lake Gold has achieved has come from a commitment to the drill bit. The Fosterville mine has emerged as a true world leader in this industry.'

Clear, concise conventions

The idea of an Australian acquisition wasn't an immediate winner with shareholders, indicates Tony Makuch, President and CEO; with there being some unease over Australia's distance and different time zones. But, he added, there were many benefits to the deal: a quality deposit with big potential, a well-



A gold bar from Victoria's Fosterville Mine.

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Tony Makuch, President and CEO, Kirkland Lake Gold

built mine, established mining frameworks and sustaining legislation.

'There are a lot of similarities between our countries, including geology and technical capabilities,' explains Makuch. 'Plus, both have governments that are supportive and regulatory environments that are clear and concise. The standards are high and well prescribed. Like Canada, Australia is definitely a mining-friendly country. Also, the investment community in Australia understands how to invest in a mining company.'

'When I am in Australia and look around, everyone is doing the same things as we do in Canada, just with a different accent!'

In the 1850s, Bendigo was the centre of Victoria's gold rush and the region is once again attracting the attention of miners.



Australian Government

Australian Trade and Investment Commission

Fosterville is on the boundary of an area that produced over 20 million ounces of gold in its time.

It is a residential mine – the people that work at Fosterville live in the Bendigo community. ‘That helps us to retain people but it also helps us track talent so we can invest in training, education and development,’ says Makuch. ‘Our retention rates are extremely high.’

Digging deeper for the community

Kirkland Lake has committed to investing in the community, allocating US\$20 million to social projects in Australia and Canada in areas where it operates. ‘We are a people-oriented company and one of the learnings from COVID-19 is that we need to spend more time helping and working with the community, whether it involves mental health, addiction, homelessness, elderly care or youth education,’ he says.

The company has established an office in Melbourne to support business development, exploration, operations, investor relations, community and social responsibilities, and environmental strategies. It also maintains a regional bureau in Darwin, Northern Territory.

‘It’s part of us putting down roots in Australia and saying we’re here for a long time. We’re not just here for Fosterville,’ says Makuch. ‘We see this as an opportunity to look for new investments across Australia. We are part of the economy, part of the community.’

As part of its commitment to Australia, Kirkland Lake Gold is looking to invest in Victoria to support the development and assembly of battery-powered electric vehicles for underground mines. Its Macassa mine in Ontario is one of the world leaders in the use of battery-powered underground equipment. ‘Despite perceptions, mining is a very technology-intensive industry,’ Makuch says, ‘and we bring that kind of technological knowhow to all of our operations, and to our communities.’

Building a solid gold reputation

In 2019, Fosterville produced 620,000 ounces of gold. ‘For a mine that is purely a gold mine, it is right at the top of the industry in terms of being a high-grade, low-cost producer. It’s a truly special operation,’ says Utting.

In its first year of ownership, Kirkland spent US\$25 million on drilling at Fosterville, more than had been invested in exploration in over a decade. In 2019, exploration spending was close to US\$40 million, with total expenditures at Fosterville reaching approximately US\$250 million, factoring in all operating and capital costs.

‘Most of our expenditures in Australia are made in the local currency and, on that basis, our total spending last year was well over half a billion dollars, split between Fosterville and our Northern Territory assets,’ Makuch says. ‘Of the money we invest, the vast majority stays in the country in support of local and regional economies.’

Kirkland Lake is Gold is one of the Toronto Stock Exchange’s (TSX) top 30 performing stocks. ‘When the ranking first came out, we were fourth on the entire TSX Composite and Fosterville was clearly the key driver of our strong performance,’ says Utting.

Australian innovation has also contributed to Fosterville’s success, with Makuch singling out high-level management operating systems, behaviour-based safety systems and work standards in Australia as best practice.

Throughout its Australian journey, Kirkland has worked closely with Austrade, gaining insights on setting up a business, immigration regulations, business visas, and investor grants and assistance. Currently, Austrade is supporting Kirkland with its Australian electric vehicle project, identifying collaboration opportunities with energy generation and storage companies, vehicle customisation firms, vehicle manufacturers and research bodies.

‘It’s very much a symbiotic relationship between our company, our industry and government,’ says Makuch. ‘We benefit greatly by producing gold from high-quality deposits in high-quality jurisdictions; it’s a win-win as well because of our ability to invest, to increase prosperity at the community, regional and national level and bring in new technology.’

‘And, we see additional, continued opportunity. There are still lots of good ore bodies in Australia to find. If you come to Australia and work hard, you have a very good chance of being successful.’

About Austrade

The Australian Trade and Investment Commission (Austrade) is the Australian Government’s international trade promotion and investment attraction agency.

We deliver quality trade and investment services to businesses to grow Australia’s prosperity. We do this by generating and providing market information and insights, promoting Australian capability, and facilitating connections through our extensive global network.

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