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By Cam Fortems, Daily News Staff Writer

Renewed gold fever fuels new drilling at Afton Mine

They're known as gold bugs.

Identifying characteristics include skepticism about the stability of the world economy and unflinching optimism on the true value of the soft metal.

Once endangered, they're making a comeback. And benefits are starting to trickle down to the Interior economy.

The visible example of mineral exploration dollars being spent in Kamloops is at the Afton Mine property, closed by TeckCominco Corp. in 1997.

Together, DRC Resources Corp. and Abacus Mining and Exploration Corp. will spend more than \$2 million drilling on sections of what is known as the Iron Mask Batholith.

Both of the projects primarily target copper, but Abacus president Steve Todoruk says he wouldn't be drilling if gold prices were depressed.

"If there's a bit of gold in with the copper, we can use that to our advantage," he said. "It helped us to raise money to explore the project. It was one of the big reasons we did our \$540,000 financing."

In the fall of last year the price of gold languished at \$255 US an ounce. It peaked in May at more than \$325 US and has since declined to about \$315.

DRC president John Kruzick said B.C.'s most advanced exploration project got a boost when gold prices shot up this year.

At current prices, one-third of the potential value of the project lies in gold extraction.

"There's a bit of gold fever right now," said Kruzick. "There's a bit of fever for resource stocks because everything else is in the dumps."

DRC is drilling continuously this year and expects to raise another \$4.5 million for exploration by next week.

Abacus's Todoruk doesn't call himself a gold bug, instead calling

prices an important psychological bellwether for investors.

But J-Pacific Gold Inc. president Nick Ferris counts himself among the ever-faithful. He predicts prices will reach \$400 US an ounce by fall, the start of a long bull market in gold and an early opportunity for savvy investors.

"The gold bull market in my opinion is just starting. ... We're in a multiyear bull market. This is just the first year," Ferris said from his Vancouver office.

"Three hundred dollars is the threshold to get things going. To really get things going it has to be about \$350 or \$400 (an ounce)."

J-Pacific recently staked an additional 350 claim units south of its Blackdome property west of Clinton. Together with another recently staked claim near Yakalom, in the Lillooet region, the company hopes to feed Blackdome's closed mill.

The Blackdome mine employed 60 people before closing in the late 1980s. About 250,000 ounces of gold, at 0.65 ounces per tonne, were mined. Ferris said geologists believe there is more gold on the property. The company will spend about \$400,000 on exploring the Elizabeth and Blackdome properties this year.

"You're not seeing new discoveries because there's no money being spent," Ferris said. "The major companies are focused on production. There's no exploration companies left."

Kamloops mining promoter Jim Gillis remained an advocate of mineral exploration through the wildest speculation of the dotcom years. Like Ferris, he believes flat major stock indexes and accounting frauds among some high profile U.S. companies will bring investors back to the junior markets.

"The big market isn't in competition with us. You could almost say it's our turn."

About \$31 million was spent on exploration in B.C. in 2001. It is expected to reach between \$40 and \$60 million this year.

Gillis is president of Cassidy Gold Corp. and manages Navasota

Resources Corp. Cassidy purchased in the last month two gold claims, the Kero property near Penticton and the Hit property, near Merritt.

Navasota purchased a claim 20 kilometres northeast of Barriere in June, called Gold Creek.

Gillis says gold's rise to more than \$300 US an ounce is key to all the exploration activity. Also helping are a mining-friendly government and new provincial tax credits.

"By and large it's early days. It will be a while before the average investor sees what we're doing."

Other junior exploration companies active in the Kamloops and Merritt areas include Lategra Resources Corp., Walloper Gold Resources Ltd. and Almaden Minerals Ltd.

The early optimism in junior metal exploration is welcome to the companies that depend on it. Kamloops was an exploration centre at one time and retains assayers, independent geologists, drilling companies, a major copper mine at Highland Valley and a field office of TeckCominco.

"It has improved," said Eco-Tech Laboratories Ltd. owner Jutta Jealous. "We're still far from where we used to be. It's an improvement from last year when there was no work. It almost came to a halt."

Like Gillis, Jealous gives partial credit to new income tax credits from the province.

But she says B.C.'s uncertain land tenure because of native land claims makes the potential of another working mine uncertain.

"It has to be welcoming for large companies. Right now the juniors have been carrying it. For them to trust B.C. again land use has to be settled."

Ferris is more optimistic, particularly with his view on gold prices.

"I met the new premier. I told him we're in the mining business. His answer was, 'So are we.' ... At \$400 (gold prices) it will be a very different province. Mining creates enormous wealth. It will be good for everyone in the Interior."