

# DRC Resources Afton Mine Project

## New Afton Outshines the Original

By Robert Simpson



Diamond Drilling



Core Samples

886021

Finally, after years of base metal price declines and slow-downs in the British Columbia mining sector, there is good news to report. No, it's not the promise of a provincial election – it's the results of Vancouver-based DRC Resources' Diamond Drill Program at the Afton Mine property.

By the end of October 2000, DRC Resources has completed drilling 17 holes in the Afton zone, and to date has found 25 million tonnes of new ore grading about 3% Cu equivalent with a total value exceeding US\$1.3 Billion (Cdn.\$2 Billion). Add these results to the previously documented 10 million tons of open pit resource and it's no wonder the company's stock price is riding around \$13.50/share, close to the 52 week high of \$14.40 and far from its \$0.65/share closing price a year ago.

"We are very excited by the results of our drilling program and we believe that DRC's New Afton will outshine the original Afton company," says John Kruzick, President & CEO of DRC Resources Corporation. "The grades of the new DRC Afton are approximately two-and-a-half times higher than the grades mined in the past."

The history of the Afton is famous in British Columbia mining history. For seventy years prior to development, mining companies large and small explored in the Kamloops area. They all had theories about how ore was localized and where it would be found, but it was Chester Millar who finally succeeded in finding it.

In early 1972, the Afton Mine was a sensation because of the high-grade drill results and the unusual geological ore formation. The original Afton company shares increased dramatically during a takeover battle between Placer Development and Teck Corp. Eventually Teck Corp succeeded and Afton dis-

appeared as a public company. The cash flow from the Afton mine secured the financial clout for Teck Corp. to become the dominant developer that it is today.

The assumption was that Afton was a supergene enriched porphyry copper deposit, where surface waters percolate down through the rock, oxidizing and enriching low grade copper mineral to high grade ore near the surface. Believing this theory, which suggests only low grade primary ore exists at any depth, when the native copper ore seemed to be depleted at 900 ft below the surface, exploration ceased and Teck Corp closed the mine.

This misconception, along with the low prices for copper and a provincial government that wasn't particularly friendly to the mining industry, prompted Teck Corp to walk away from the mine.

In 1999 DRC Resources acquired a 100 per cent interest in the Afton Mines property and commenced drilling in the opposite direction to Teck Corp, believing there was excellent potential for a high grade block caving mine.

"We realized that the Afton deposit was a new type of copper ore body formed under conditions not fully understood. The Afton deposit appears to be formed like a magmatic copper-nickel deposit," says Kruzick.

Dr.J.F Harris, a leading professor of mineralogy and petrography, verifies Kruzick's opinion.

"The style of intergrowth of the three copper sulfide species in all these samples is hypogene aspect...as distinct from the sequential formation features associated with secondary enrichment under supergene conditions. The relationships resembles those characterizing the net-texturing mineralization seen in certain gabbroic or anorthositic rocks – where the sulfides are thought

to be of magmatic origin," says Harris.

What this suggests is that the mine is just on top of a very large deposit deeper down and DRC Resources' deep drilling results so far confirm this.

### Drilling Program

DRC started drilling from the bottom of the pit in order to probe the depth for a different structural interpretation. To date, DRC has completed 17 NQ diamond holes from setups, 180M (600 ft) vertical from the pit rim, for a total cored length of 6550 m (21,000 ft).

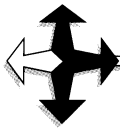
The first two holes drilled returned copper-equivalent grades of 2.74% over 67.1 m., including 8.38% over 3.05 m., 9.67% over 2.05 m. and 3.03% over 234.9 m., including highs of 3.63% over 158.6 m. and 4.295 over 36.6 m. Drilling over the summer intersected more high copper-equivalent grades, including 3.01% over 262.3 m. and 3.8% over 61.0 m. with each hole extending the mineralization zone found in the last.

By the end of September, the company had completed 12 holes, and each had intersected mineralization ranging from disseminated to semi-massive. The holes indicated mineralization over a 213.5 m. strike length, a 137.3 m. width and a depth over 303 m. remaining open along strike and depth. The highest grade of continuous mineralization came in the fall with 27.5 m. grading 6.04% copper-equivalent.

In October 2000, the company established the mineral zone, which is still open in all directions including to the surface, and is a northeast striking tabular body with an average dip of -70 degrees southeast. It measures in excess of 213 m. (700 ft.) in strike length, up to 137 m. (450 ft.) in width and extending to a depth of at least 303 m. (1000 ft.) below pit bottom with no indication of narrowing along strike or down dip.

"We intend to continue with more

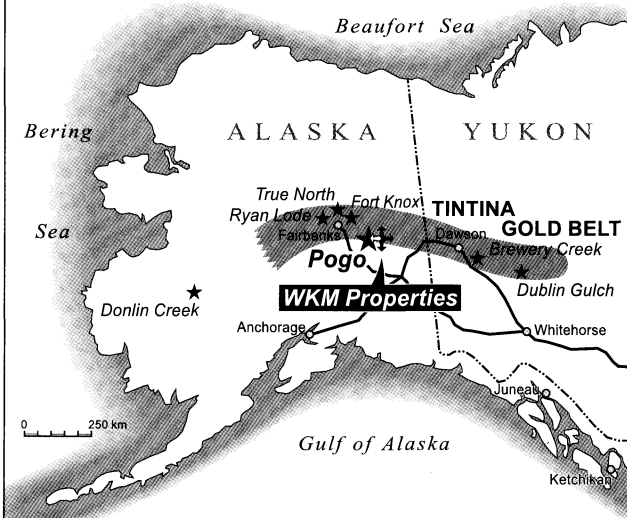




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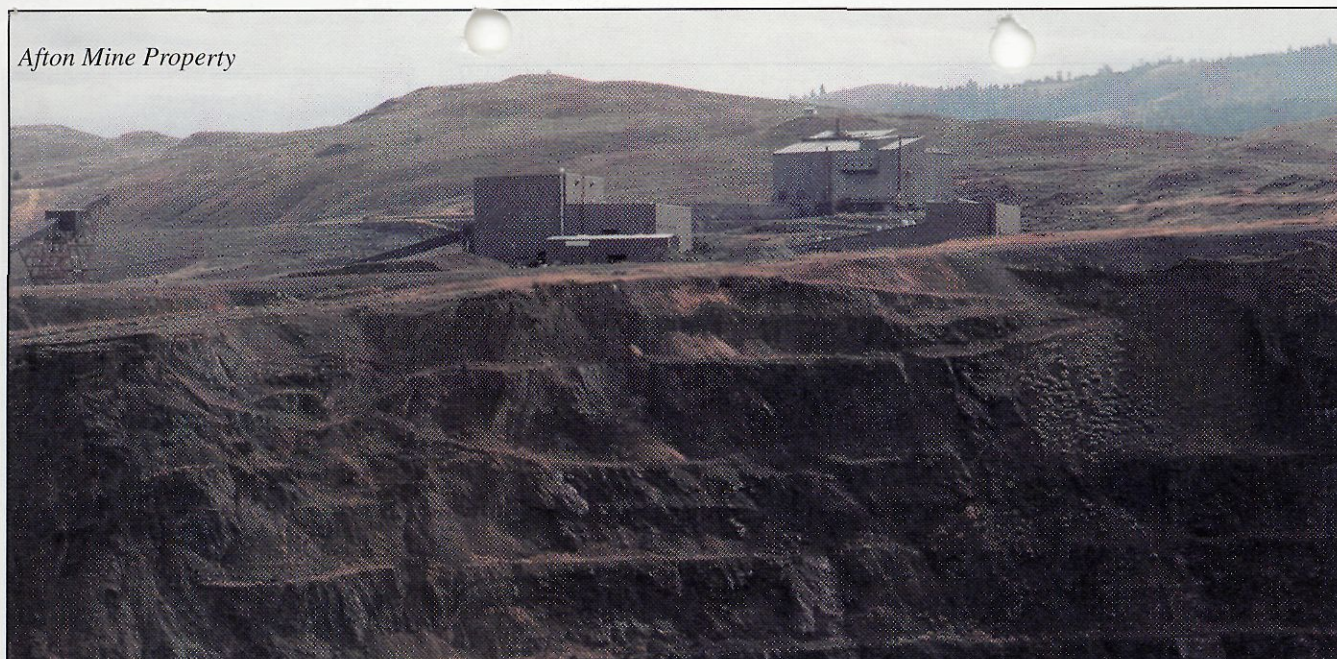
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Afton Mine Property



intensive drilling and we are confident that the tonnage will continue to increase," says Kruzick.

One thing is certain, DRC will continue drilling holes deeper than any of those drilled in the mine previously. The company will be bringing in a drill rig with directional drilling capabilities to look under the adjacent thick volcanics between this open pit and the nearby Pothook pit.

"We think these two pits are connected at a deeper level and if we can demonstrate this it should be quite an exciting discovery," says Kruzick.

That's particularly good news for DRC Resource shareholders. In April of this year the company consolidated the Afton and Ajax mineral properties. With Afton's resources of 30 million tons and Ajax's potential 40 million tons, the project takes on a whole new dimension.

The company has also acquired 16 adjoining mineral claims (1000 acres) covering the 700-meter length between the two Ajax open pits. That brings the company's total to 203 mineral claim units for a total of 12000 acres for both the Afton and Ajax properties.

This year DRC will spend over \$1 million on further diamond drilling exploration and as the project proves up, the company will carry out underground work that will cost an additional \$5 million. The Afton mine has four open pits that were mined to various

depths and DRC plans to explore all the mineral zones to depth. The company has just completed a \$5 million financing and with the exercise of warrants, DRC's working capital will be increased to \$12 million, enabling them to easily bring this project to feasibility stage.

Preliminary mining alternatives are just now being considered. The preliminary ideas are as follows: An open pit mine with a 10 to 1 stripping ration might have mining costs of \$7.50 per tonne. Block Caving, including development, might be \$16 per tonne. The existing mill had a capacity of 9000 tons per day, and most mines process ore with a value of \$7.50 per tonne.

"We are investigating new mining technologies and anticipate that these costs can be lowered," says Kruzick. The preliminary tonnage estimates suggest the Afton mineral zone has a gross metal value of \$75-80 per tonne, with direct mining and milling cost calculated at \$20 per tonne. With a gross metal value of \$2 billion, the return to the company looks good (Diamond Drill Progress Report on the Afton mine Property by J.J. McDougall and Associates Ltd., October/2000).

But DRC doesn't have plans to operate the mines themselves. "We are an exploration company. The role of the major mining companies is to come in and take the project into production. This happened at the original Afton

property and history is likely to repeat itself," says Kruzick.

And the majors are already taking notice of the Afton results. Here is a property located in a previously mined area, serviced with good road access, water, power, infrastructure, mine site and a local, enthusiastic and trained mine labour force. The result is the lowest mining costs in North America. The best news—all of the government permits are available, there are no outstanding land claims and all levels of government are enthusiastic and supportive.

DRC Resources has assembled a team of top-level geological and mining engineers to advise the company on the exploration and development of the Afton Mine Project. The company has retained independent consultants James J. McDougall and Associates, P.Eng., James Douglas Little, P.Eng., Douglas A. Knight, B.A.Sc., and A.D. McCutcheon, P.Eng..

With no debt, \$5 million in working capital and over 40 million tonnes waiting to be tested, DRC is poised to take advantage of some of the highest copper prices in recent years and so are the shareholders. That all spells good news for the British Columbia mining industry. It is not inconceivable that within the next five years the Afton mine will be up and operating at capacities far exceeding the original mine. ■





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