New Afton
886057

Canadian Mining Journal

COPPER/GOLD EXPLORATION – Advanced project celebrated at Afton

4/20/2005

By Jane Werniuk

BRITISH COLUMBIA – There were employees and more than 30 guests on hand to officially inaugurate the Afton copper/gold exploration project near Kamloops last week. The ceremonial ribbon was cut by guest of honour Dr. Sheila Wynn who is the Deputy Minister of Mines & Energy for British Columbia, assisted by Kamloops area MLA Kevin Kruger.

The Afton project is owned and operated by DRC RESOURCES CORP., the Vancouver-based junior that restaked the property in 1999 after former owner, TECK CORP., let the claims lapse. DRC's work at Afton is described in the February 2005 issue of CMJ ("DRC Resources taking another good look at Afton").

Teck had mined the Afton deposit by open pit. DRC founder and now chairman, John Kruzick, was aware that Teck had come up with a few good diamond drill results from beside and below the pit, which is about 215 m from surface to bottom. The $5 million that DRC spent on exploration, services and a scoping study in 2003, updated in 2004, resulted in a new discovery with an in-situ value of more than $3 billion at current metal prices. Surface drilling has outlined a measured and indicated resource of 68.7 million tonnes grading 1.08% Cu, 0.85 g/t Au, 2.62 g/t Ag and 0.12 g/t Pd. Of the total value, 65% comes from the copper and 35% from the gold.

An underground decline from the pit bottom that was begun in November 2004 is more than half completed to its ultimate length of 1,200 m. This work is part of a $14.5-million, 18-month bankable feasibility study to be completed by mid-2006. The ground conditions encountered so far have been very good, better than expected, requiring only 180-cm-long rebar and wire mesh for ground support, plus shotcrete in the area of a fault system. The decline is remaining fairly dry as well.

The decline (which curves above the ore) and a 550-m-long crosscut into the main ore zone are allowing the access needed to complete underground diamond drilling at 80-m spacings. One drill is already operating and another was to start up probably the end of last week. A third diamond drill will explore from surface, to ensure than no ore zone is left undiscovered. There are currently about 30 DRC employees and contractors on site, including 16 miners with PROCON MINING SERVICES.

The project is blessed with an excellent location, right on the TransCanada Highway, just a few kilometres from Kamloops, a picturesque city of 80,000 in the Okanagan Valley, which has Canada's only warm desert climate. If the mine does go into production, it will probably require a production shaft as well as a new concentrator.

In her speech at the ceremony, Wynn said, "DRC has brought Afton from a concept to a major project. This may lead to the opening of the first underground mine in some time. It is significant that it is on a brownfield site. It shows that we have to leave our options open." Wynn pointed out that mineral exploration is booming in the province, with $130 million of expenditures in 2004; there are 20 advanced exploration projects right now in British Columbia compared with one, three years ago.

Chris Bradbrook was brought into the company as president and CEO in October 2004. In a presentation to the employees, investors and guests after the ribbon-cutting, he said that the company name dates back 20 years and has nothing to do with a republic in central Africa. ("DRC" stands for "Dynamic Resources Corp.", a subsidiary). However, Bradbrook says the name has become something of a liability to a company whose only projects are in southern British Columbia, so a change is in order. Shareholders will have a say in the matter at the annual meeting May 4, but the current favourite is "New Gold Inc." (as in "Copper is the new gold, Baby").

Watch for assays from the diamond drilling to start coming from the company in the near future, with feasibility study results later on. You can keep up to date with the Afton project by checking www.DRCResources.com," until the corporate name changes.

→ New Afton

"The Golden Copper Company"

NGD: TSX/AMEX

New Gold Inc. is listed on both the Toronto (TSX) and American (AMEX) Stock Exchanges under the symbol NGD. New Gold's principal asset is its 100%-owned "New Afton" Copper-Gold Project, located 10 kilometres (6 miles) west of Kamloops, British Columbia, Canada. An advanced independent scoping study completed in 2003 by Behre Dolbear and Company Ltd., and updated in 2004, suggested the Project has the potential to be developed into a new underground mine.

In December, 2004 New Gold commenced an underground exploration program at the New Afton Project. The data generated from this work is being used in the ongoing feasibility study which commenced in December, 2005. When completed this study will determine in greater detail the capital requirements and potential economics of developing the project into a new underground mine. The study will also provide the information necessary to discuss project financing alternatives with potential lenders.

Capital Structure

Shares Outstanding:	23.9 Million Shares
Shares Fully Diluted:	29.8 Million Shares
52 Week Range*:	C$4.94 - C$9.85
Recent Share Price*	C$9.20
Market Capitalization*:	C$220 Million
Cash:	C$85 Million

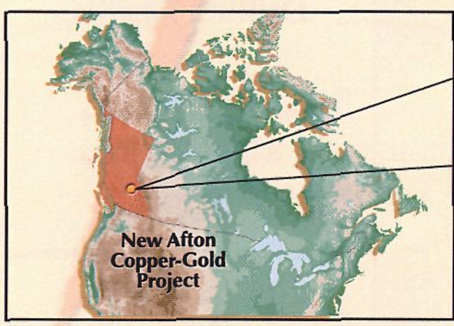
*March 3rd, 2006

Share Price - TSX (1/1/02 to 3/3/06)

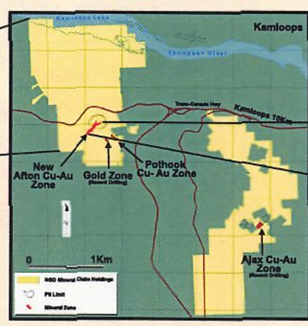
New Afton Project, History:

The mining industry truism that "the best place to find a mine is next to a mine" was once again demonstrated with New Gold's discovery of its New Afton Cu-Au Mineralization adjacent to the abandoned past-producing Afton open pit.

Low Political Risk



100% Ownership of Mineral Rights



Excellent Infrastructure

Suite 1460, 70 University Avenue,
Toronto, Ontario, M5J 2M4

Suite 601, 595 Howe Street,
Vancouver, British Columbia, V6C 2T5

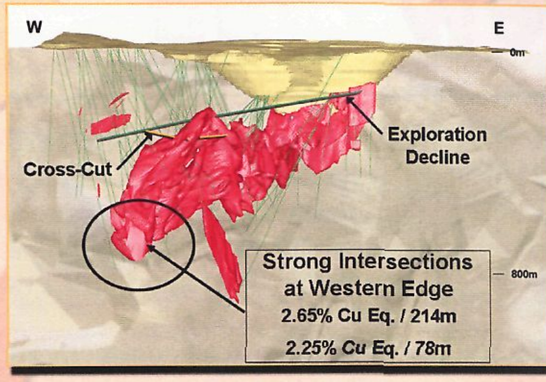
For Further Information: www.newgoldinc.com; invest@newgoldinc.com; 877-977-1067

Current Resource:

The current resource was independently calculated as part of the 2004 Advanced Scoping Study. The Mineralization remains open to depth and to the west. The grades are among the highest known for a copper-gold porphyry.

Afton Main Zone Mineral Resource Estimate Summary
(Behre Dolbear & Company Ltd. – January 2004; Q.P. - G. Giroux)

Cut-Off (% Cu Eq.)	Tonnes (Millions)	Grade			Contained Product In-situ	
		Cu (%)	Au (g/t)	Cu Eq. (%)	Cu (M lbs)	Au (M ozs)
0.7%	68.7	1.08	0.85	1.68	1,600	1.87
1.2%	45.9	1.32	1.04	2.05	1,300	1.53



Using: Cu $0.85/lb; Au $375/oz; Ag $5.25/oz; Pd$200/oz

Building a Team:

New Gold's management and directors provide a combined experience in the mining industry totaling more than 250 years with demonstrated skills in Mining, Exploration, Discovery, Corporate and Mine Development, Finance, Investor Relations and Market Analysis.

Management:

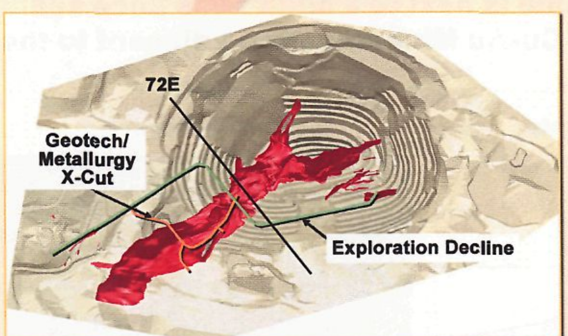
- **Chris Bradbrook - President & CEO**
- **Kevin Ross - COO**
- **Paul Martin - VP Finance & CFO**
- **Mike Hibbitts - VP Exploration & Development**
- **Charles Brown - Project Manager, New Afton Project**
- **Rick Sawyer - Senior Geologist, New Afton Project**

Directors:

- **Cliff Davis (Chairman), Owen Sound, Canada**
- **Chris Bradbrook, Oakville, Canada**
- **Bob Edington, Victoria, Canada**
- **Greg Laing, Oakville, Canada**
- **Mike Muzylowski, Vancouver, Canada**
- **Paul Sweeney, Vancouver, Canada**

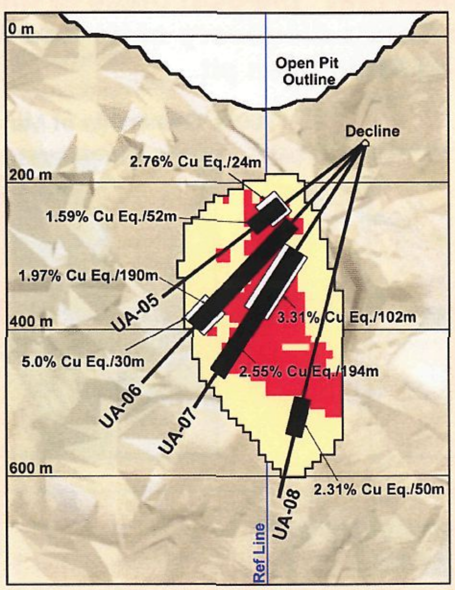
Defining the Future:

With the location and infrastructure advantages the New Afton Project enjoys, New Gold is doing everything possible to fast track to production, assuming the results of the feasibility are supportive and financing can be arranged. Results from the *infill diamond drilling* have been encouraging.



Feasibility Study:

- **2,000 m Decline**
- **>25,000 m Delineation/Exploration Drilling**
- **Geotechnical/Metallurgical Studies**
- **Completion: Q3, 2006**



Section 72 East - Viewed From West Underground Infill Drilling Results

Outline of Mineralization From 2004 Resource Block Model

Outline of Mineralization (limit of Detectable Cu & Au)

Kriged Cu Equivalent* (%)

Cu Eq > 1.50 %

* Using: Cu $0.85/lb; Au $375/oz; Ag $5.25/oz; Pd $200/oz

Diamond Drilling

UA-06 — Current Underground Infill Program

Current Intersections > 1.5% Cu Eq.

Current Intersections > 2.5% Cu Eq.

New Afton

New drilling boosts Wa-Larwa estimate

AZUMAH Resources Ltd has received an update to the resource at the Kunche gold deposit, part of its Wa-Larwa project in Ghana.

The estimate, calculated by consultant Resource Evaluations, uses data from the company's recent drilling programme (*MJ*, June 9, p9). Indicated resources are estimated at 4.9 Mt at an average grade of 2.0 g/t Au, and inferred resources are estimated at 3.6 Mt at 1.7 g/t Au, using a 1.0 g/t Au cut-off grade.

The deposit comprises oxide, transitional and fresh sulphide mineralisation. Recent metallurgical testing indicates that there is no significant refractory mineralisation in either oxide or fresh sulphide samples tested at Kunche.

Azumah says the new estimate represents a 233% increase in tonnage over the previous estimate, and a 129% increase in contained gold. Stephen Ross, the company's managing director, says further exploration will test for down-dip and strike extensions of the mineralised zone.

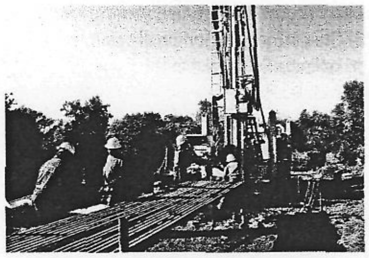
Western Bushveld JV's resource review

PLATINUM Group Metals Ltd reports an independent resource estimate for deposits held by the Western Bushveld platinum-group metals (PGM) joint venture has increased contained PGM in the indicated category by 116% compared with a previous estimate.

The total contained PGM in resources classified as indicated is now estimated at 5.5 Moz of Pt+Pd+Rh+Au (PGM+Au), compared with 2.6 Moz as delineated earlier this year (*MJ*, March 3, p11). In addition to the indicated resource, measured resources have been delineated for the first time at the property (see table).

The estimate, compiled in accordance with the guidelines of the SAMREC code, used a cut-off of 100 cm g/t PGM+Au except for a portion of the Merensky reef, when a 300 cm g/t cut-off was used. Resources at the property are contained within the Merensky and UG2 reefs.

The new resource estimate is to be used in the current prefeasibility study, due to be completed next month. Previous timetables targeted an earlier completion date of the middle of this year for the prefeasibility study (*MJ*, December 16, 2005, p8). Michael Jones, president of Platinum Group Metals, says the drilling took longer than anticipated.



Drilling at Western Bushveld JV

Mineralisation in the Merensky reef comprises 62.2% Pt, 26% Pd, 5.1% Rh and 6.7% Au. In the UG2, the prill split is 64.2% Pt, 24% Pd, 10.5% Rh and 1.3% Au.

Category	Tonnage (Mt)	PGM+Au (g/t)
Measured	4.45	5.20
Indicated	40.28	4.28
Inferred	15.05	4.15

■NEW AFTON ESTIMATE

New Gold Inc has received a resource estimate for its New Afton copper-gold project in British Columbia from Scott Wilson Roscoe Postle Associates, which is conducting a feasibility study of the proposed development.The optimal mining method is considered to be a combination of mainly block caving with some sub-level caving. The new estimate uses a range of value cut-off grades, calculated using metals prices of US$1.20/lb for copper, US$450/oz for gold and US$5.25/oz for silver. At a cut-off grade of C$20/t, measured resources are estimated at 35.8 Mt at 1.26% Cu, 0.93 g/t Au and 2.93 g/t Ag, and indicated resources at 14.7 Mt at 1.05% Cu, 0.80 g/t Au and 2.75 g/t Ag. Mineralisation at New Afton comprises three zones – hypogene, mesogene and supergene. The primary hypogene zone is characterised by chalcopyrite and lesser bornite, the mesogene zone by chalcocite and lesser chalcopyrite, and the supergene by native copper and minor chalcocite. Hypogene mineralisation is about 52% of the resource tonnage, mesogene 39% and supergene 9%.

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Or, if you would like to join us, please just download an application form from our website, apply online or simply write to our secretary, Mr Barry Jaynes at secretary@mmta.co.uk

You will find a warm welcome.

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→ New Afton

■ **TIOMIN-JINCHUAN MoU**

Tiomin Resources Inc has agreed a memorandum of understanding (MoU) with Chinese metals producer Jinchuan Group Ltd to increase its interest in Tiomin to 20%. Under the deal, Jinchuan would buy about 72 million Tiomin shares for C$10.9 million. Jinchuan also had 18 months to buy more shares to take its interest in Tiomin to 30%. Last year, Jinchuan invested in Tiomin for a 9.9% interest (*MJ*, April 13, 2006, p1), and announced plans to build a titanium plant to receive output at Tiomin's Kwale project in Kenya (*MJ*, September 29, 2006, p4).

■ **MT GEE REPORT**

Marathon Resources Ltd has received an interim scoping report to develop its Mt Gee uranium project in South Australia. The study indicated underground mining was the most suitable method for an operation targeting production of about 1,000 t/y of U_3O_8. Inferred resources were estimated last year at 45.5 Mt t 0.068% U_3O_8, but a new resource estimate is due for completion in three months.

■ **RAMBLER ZONE EXTENDED**

Rambler Metals and Mining plc has extended the recently-discovered 1807 mineralised zone at its Rambler copper-gold project in Newfoundland and Labrador, Canada. Exploration was designed to evaluate historical deposits, and the newly-discovered Upper Ming Footwall and 1807 zones.

Hole	From (m)	Intercept (m)	Cu (%)	Au (g/t)
RM07-18a	597.3	3.9	4.70	2.6
RM07-18b	603.5	2.6	12.05	5.9

Large-scale New Afton plan

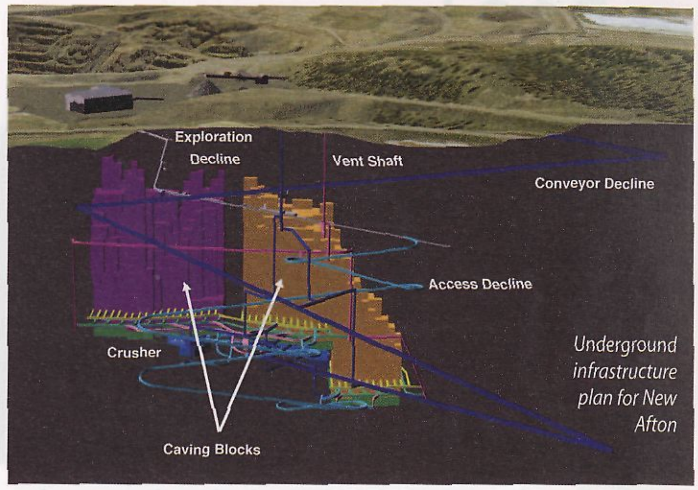
NEW Gold Inc has completed a feasibility study to develop its New Afton copper-gold project (*MJ*, September 29, 2006, p10), into one of Canada's largest underground operations.

New Gold plans to redevelop the historical Afton open-pit operation about 10 km from Kamloops, British Columbia, spending US$484 million with commercial production to begin in the second half of 2009.

Earlier this year, New Gold signed a letter of intent with the former operator, Teck Cominco Ltd, to buy the site's surface rights for C$16 million. Teck Cominco would retain a 2% net smelter return royalty over production.

The study's results indicate an underground block-caving operation could be economic at a mining rate of up to 4 Mt/y. Operations were designed to begin at a mining rate of 1.6 Mt/y, moving to the full rate after two years.

The operation's planned mine life is 12 years, with average annual production of about 31,800 t of copper, 74,000 oz of gold and 204,000 oz of silver in concentrates. At the full rate, annual production is forecast at 35,400 t of copper, 82,000 oz of gold, and 240,000 oz of silver.



Underground infrastructure plan for New Afton

Capital costs were estimated at US$484 million, comprising US$268 million in pre-production costs, US$137 million in expansion costs, and US$78 million in sustaining costs.

Cash operating costs were estimated at US$0.64/lb for copper after gold and silver credits, including the first two years of lower output. During full production, average cash operating costs were estimated at USc58/lb for copper after credits.

Category	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Probable	44.4	0.98	0.72	2.27

Using a cut-off value of C$15/t and metals prices of US$1.45/lb for copper, US$475/oz for gold, and US$8.00/oz for silver

New Gold submitted an application for the mining permit for New Afton earlier this year. It has mandated Barclays Capital as lead arranger for the debt portion of project financing.

Masbate rebels attack in the Philippines

COMMUNIST rebels have attacked the Masbate gold project in the Philippines, being developed by CGA Mining Ltd.

A pre-dawn raid by the New People's Army (NPA) razed five of the company's buildings and destroyed heavy equipment, police inspector Leus Anselmo Prima said.

They also left improvised land mines and grenades as they retreated.

The attack on Filminera Resources occurred despite assurances by military Chief of Staff Gen Hermogenes Esperon that government forces would cut the 7,000-strong guerrilla force in half by 2010.

Australian-based CGA Mining recently acquired its interest in the project from Thistle Mining Inc (*MJ*, February 2, p12).

The open-pit operation has probable reserves of 1.98 Moz of gold. CGA plans an optimisation study for the project aiming at production of 200,000 oz/y.

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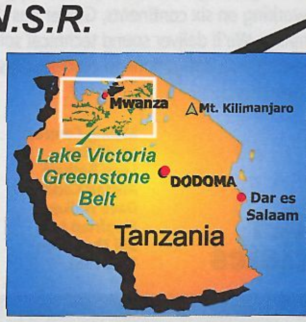
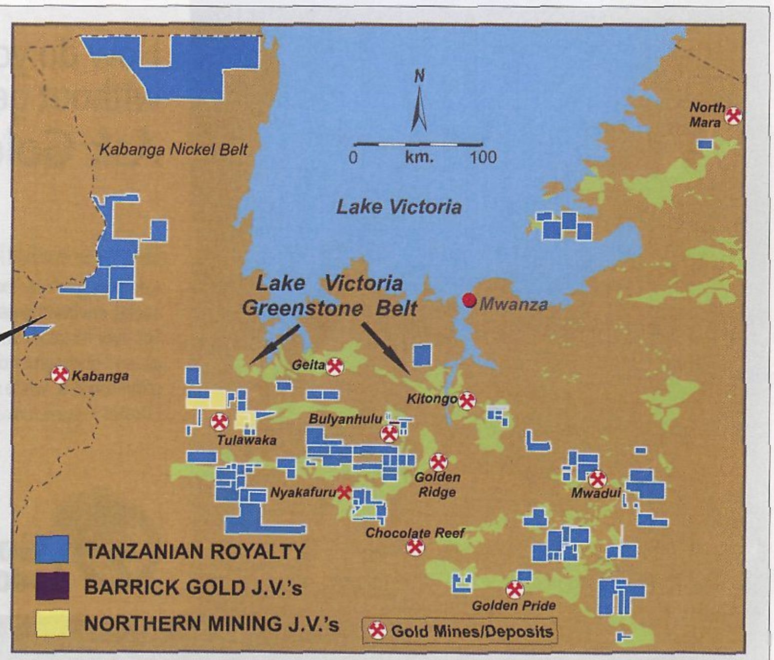




Wesizwe puts Pilanesberg cost at R6.3 bn

WESIZWE Platinum Ltd will spend R3.6 billion (US$497 million) to develop a platinum-group metals (PGM) underground mine, according to its prefeasibility study for properties in the Bushveld Igneous Complex near Pilanesberg, northwest of Johannesburg in South Africa.

The study, managed by Wesizwe, used a number of independent consultants and focused on resource development at the Ledig and Frischgewaagd farms.

The study estimated probable reserves at 16.7 Mt at 4.20 g/t Pt+Pd+Rh+. The project was designed to produce 2.1 Mt/y of ore and for treatment to produce concentrates containing about 260,000 oz/y of combined platinum, palladium, rhodium and gold.

The study outlined a twin-shaft underground operation mining the Merensky and UG2 reefs with conventional breast-stoping using hand-held drills.

The mining method was designed to account for the variability in the dip of the orebody, and the respective mining widths of the reefs. Main development would use mechanised drilling, cleaning and transportation.

Treatment would be using milling followed by flotation, then the tailings of the first flotation would be remilled and refloated in secondary flotation cells. PGM recoveries are estimated at 88% for the Merensky reef, and 78% for the UG2.

Capital costs are estimated at R3.6 billion, cash operating costs are estimated at R287/t of concentrate, and total operating costs are estimated at R316/t. Resources were as reported last year (*MJ*, October 13, 2006, p10), and reserves are as shown in the table.

Reserves	Reef	Tonnage (Mt)	Pt+Pd+Rh+Au (g/t)
Probable	Merensky	11.0	4.44
	UG2	5.7	3.75

Wesizwe has commissioned a US$29 million 'bankable' feasibility study, expected to be completed during the March 2008 quarter.

The company is 52%-owned by historically-disadvantaged South Africans, with a 33% stake held by the Bakubung-Ba-Ratheo community, who reside near the project.

Scoping study planned for Four Mile uranium

AUSTRALIAN uranium producer Heathgate Resources Pty Ltd's wholly-owned subsidiary, Quasar Resources, plans a scoping study for the Four Mile uranium discovery, part of its joint-venture Arkaroola property in South Australia (*MJ*, October 6, 2006, p8).

Heathgate is a subsidiary of US-based General Atomics group, and operates the Beverly in-situ uranium mine in South Australia. The Arkaroola joint venture property is about 8 km from Beverly.

Alliance Resources Ltd, Arkaroola's original owner, now holds a 25% stake in the property. It said Quasar was well-advanced with a resource estimate for part of Four Mile. The scoping study will begin after the estimate is completed.

■GGI'S AURORA RESULTS

Guyana Goldfields Inc has intersected more wide zones of gold mineralisation during drilling at its Rory's Knoll and Aleck Hill prospects, part of its Aurora historical gold mine property in Guyana (*MJ*, December 1, 2006, p8). The programme at Rory's Knoll (denoted RKD) was designed to test for gold mineralisation between 600 m and 1.2 km depth, using directional drilling techniques. At Aleck Hill (denoted SPD), holes intersected *near-surface gold mineralisation.*

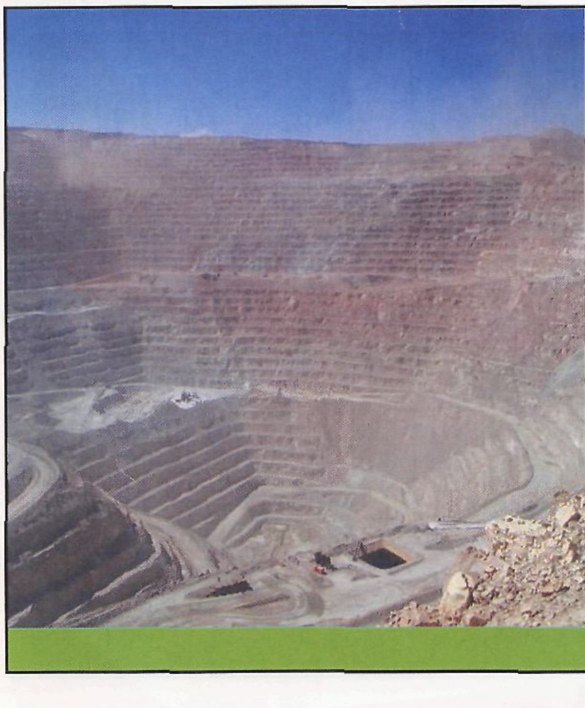
Hole	From (m)	Intercept (m)	Au (g/t)
RKD-60DV2	731	221.95	4.72
RKD-62DV1L	1,089	328.50	2.43
SPD-39	25.5	18.00	6.80
SPD-40	47.5	15.00	19.59

■NEW TORLON HILL ZONE

Firestone Ventures Inc has discovered a new zone of mineralisation at its Torlon Hill zinc oxide property, Guatemala (*MJ*, December 15, 2006, p25). A 'step-out' drill-hole intersected a 42.5 m interval from 55.5 m down-hole, averaging 9.7% Zn and 4.7% Pb. The intercept included a zone of 19.9 m at 13.8% Zn and 5.2% Pb, from 71.6 m down-hole.

■KAYELEKERA EIA GO-AHEAD

Paladin Resources Ltd announced this week the Malawian government had approved its environmental impact assessment (EIA) for its Kayelekera uranium project. The company said the EIA fully complied to international standards. The company's board of directors decided to develop the project early last month (*MJ*, March 2, p12).



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AFTON Apr. 11/05

DRC Resources taking another good look at Afton

DRC RESOURCES CORP.

The Afton copper-gold project being developed by DRC Resources is located south of the Trans-Canada Highway, 10 km west of Kamloops, B.C. Previous owner Teck Corp. operated an open pit mine at Afton in the 1980s, but dropped the claims in 1999. DRC Resources is developing an underground decline and started additional diamond drilling in late January.

by Patricia Liles

Diamond drilling began in late January from the first portion of a new underground decline being developed by Vancouver-based **DRC Resources Corp.** at the Afton copper-gold project near Kamloops, B.C. The company has acquired a 100% interest in the property through claim-staking.

An open pit mine shuttered by former operator **Teck Corp.** since 1987, Afton's deeper mineralization is shaping up as a potential underground project. The southeastern British Columbia property could provide DRC Resources with an opportunity to transition from an exploration company to its first development and producing mine.

"Given where it is, with outstanding infrastructure and location, the grades are robust and the size is robust. This project has a real shot," said Chris Bradbrook, president and CEO of DRC Resources. "We're doing what we need to figure out whether it will be an economic operation."

DRC Resources plans to spend roughly Cdn$1 million per month throughout 2005, part of the total $18 million required to complete a bankable feasibility study in early 2006.

Included in the feasibility work is completion of a 2-km decline, a job begun in November 2004 by mining contractor **Procon Mining & Tunneling Ltd.** In a late January interview, Bradbrook said crews had completed 290 m of that decline, allowing drillers to go underground to start a 20,000-m diamond drill program. **F. Boisvenu Drilling Ltd.** landed the underground drilling contract at Afton.

Afton's existing pit is roughly 700 feet deep. Mineralization almost adjoins the old workings, but dips away sharply from the pit, precluding access by enlarging the closed mine.

"We discovered the deposit by drilling from surface," Bradbrook said. "We did as much as we could, but we can't convert [resources to reserves] unless we go underground."

Drilling to upgrade to reserves and explore

Drilling work this year has two objectives. Primarily, the work is designed to better delineate the orebody and upgrade it to reserves. "We also want to do some additional exploration work, to see how big the deposit is and to look for extensions. We definitely believe in the potential to find more through exploration," Bradbrook said. "Grades for a copper-gold porphyry don't get much better than this."

Mineralization at Afton is continuous over 1,000 m in length, 80 to 100 m wide with a vertical height of 300 m. The deepest mineralization is roughly 775 m below surface.

In addition, the company plans work this year at the nearby Pothook pit, also previously mined. For the first time, surface drilling will test for mineralization between Pothook and Afton. "We don't want to make the mistake of stopping exploration because there may be more there," Bradbrook said.

DRC Resources also plans to drill in 2005 at the Ajax property, located 10 km east of Afton, another previously-mined open pit mine. Three drill holes completed in 2004 indicated substantial near-surface low-grade sulphide mineralization. The largest is a 278-m intercept that graded 0.233% Cu and 0.159 g/t Au, according to a July 15, 2004, release.

Drilling to date on Afton, excluding Ajax and Pothook, has identified a measured and indicated resource of 68.7 million tonnes, grading 1.68% Cu equivalent or 2.61 g/t Au equivalent. Mineralization contained is approximately 1.63 billion lb of copper and 1.86 million oz of gold, as well as significant and recoverable amounts of silver and palladium.

An inferred resource of 7.4 million tonnes, containing an additional 151 million lb of copper and 188,000 ounces of gold, has also been identified by prior drilling work completed from 2000 through 2003. About 55,000 m of core samples were taken from 110 holes, according to John Kruzick, board chairman at DRC.

DRC Resources acquired Afton in 1999 after Teck dropped the mining claims, despite some positive intercepts from beneath the pit. "To get some of it below, they would have had to push the pit back, which requires a lot of capital," Bradbrook said. "It wasn't worth it for what they thought was there, but they didn't realize the shape of it...back then, people were not thinking about underground mining in a copper-gold porphyry."

Between acquiring Afton and starting feasibility work last November, the company has spent $5 million on the property. "It's a decent amount of money," Bradbrook said. "Considering what was found with that money, it is quite a spectacular use of exploration funds."

Scoping study indicates feasible underground project

In addition to drill work, the company commissioned an advanced scoping study completed in February 2004 by **Behre Dolbear and Co., Ltd.** That work indicates that panel cave mining and conventional flotation are viable methods for mining and processing a 51.5-million-tonne mineral resource grading 1.72% Cu equivalent. Estimated mine life is 17.8 years, based on the mineral resource.

At a mine and mill production rate of 9,000 tonnes/day, average annual production is estimated at 29,000 tons of copper, 71,000 oz of gold, 178,000 oz of silver and 7,700 oz of palladium.

Initial capital costs are estimated at $150 million, with cash costs of US$0.15 and total operating costs estimated at US$0.40/lb of copper. Estimated internal rates of return are nearly 27% pre-tax, and 20% after tax, with a payback period estimated at 3.7 years.

Estimates are based gold and copper recoveries of 90% each, 75% for silver and 74% for palladium. Assumed metal prices are US$0.85/lb of copper, US$375/oz for gold, US$5.25/oz for silver and US$200/oz of palladium.

Development of Afton would be aided by the existing mine infrastructure and its location near the Trans-Canada Highway, 10 km west of Kamloops. "It's definitely a plus for us," Bradbrook said. "Some projects can be hardship assignments for people...we'll never have a problem getting people to work (at Afton)."

Water and power are available at the site, as well as an experienced labour force in the area. A mine operating permit may be available from the former owner (now Teck Cominco), although the two companies would have to come to an agreement about usage.

"The existing permits would have to be updated," Bradbrook said. "To the extent we can use them and upgrade them to make adjustments as needed, we are not starting from scratch on permitting."

All of these factors could play into an accelerated development schedule for the brownfield property. Depending on the progress of financing, construction and permitting, Bradbrook said, "...if everything lines up and works on a good pace, within three years of starting the feasibility study we would like to start up production."

DRC preps for solo development

At this point, DRC Resources is not looking for partners on the project. The company has cash available to cover feasibility costs.

"I think you have to look at these projects with the intention of building them," Bradbrook said. "We will do what we need to build the company and team and to develop the skills to assess the orebody. If we believe it is economic, we'll gradually build that team up to operate it."

Should that happen, DRC Resources will look very different, he said, a sort of hybrid between a copper company and a gold company. Of the existing resource, 65% of its estimated US$3-billion value comes from copper. "There is so much gold in such a high proportion to the copper," Bradbrook said. "Diversity is good, because weakness in one price can be offset by strength in another. From a marketing perspective, we have leverage in two bull markets."

Bradbrook joined DRC Resources last October, after last serving as vice-president of corporate development at Goldcorp Inc. DRC's capital base, share structure, cash position and the Afton asset drew him in. "I view this as an excellent platform to build a serious company," he said. "It's chasing a dream to build something from scratch." **CMJ**

DRC RESOURCES CORP.

Richard Keane, shift supervisor from Procon Mining & Tunnelling (left foreground) oversees continued work on an underground decline at the Afton copper-gold project in southeastern British Columbia. A 2-km decline is planned for the property, allowing drillers to complete 20,000 m of core from the underground workings, an effort designed to upgrade the measured and indicated resource to reserves.

Patricia Liles is a freelance business writer based in Fairbanks who specializes in mining, oil and gas and alternative energy reporting; she can be reached at pliles@alaska.net.

The Treasure Beyond the Pit

TGS->AFTON

by Ellsworth Dickson

There is an old mining expression that says, "The best place to find a new mine is next to an old mine." It was this very philosophy that lead **DRC Resources Corp.** [DRC-TSX; DRJ-AMEX] to stake the claims surrounding the abandoned Afton open pit mine. "Some folks laughed when we did this," says John Kruzick, Chairman of DRC Resources, who lead the initiative to stake the claims while still President and CEO of the company.

Located just south of the Trans Canada Highway, 10 km west of Kamloops, British Columbia, the 100% owned Afton Mine Project hosts a measured and indicated mineral resource of 68.7 million tonnes averaging 1.08% copper, 0.85 grams gold/tonne, 2.62 grams silver/tonne and 0.12 grams palladium/tonne. This equates to a copper equivalent grade of 1.68% (at metal prices of US $0.85/lb copper and US $375/oz gold), a very high grade for a copper-gold porphyry deposit. Contained mineralization totals about 1.63 billion pounds of copper, 1.86 million ounces of gold as well as significant quantities of silver, palladium and platinum. In addition, there is an inferred resource of 7.4 million tonnes hosting 151 million pounds of copper and 188,000 ounces of gold. The total extent of the deposit has yet to be defined.

Since the original staking in the summer of 1999, the company has proven up the theory that a large undiscovered mineral deposit lay buried beneath and beyond the old open pit. This has been confirmed by extensive diamond drilling programs totalling about 55,000 metres in 110 holes. Up to November 2004, DRC had spent some $5 million on this exploration. Since then, an $18 million feasibility study has begun (in November 2004) to determine the exact nature and extent of mineralization and the potential economics and capital requirements of developing a new mine. The study is expected to be completed by year end.

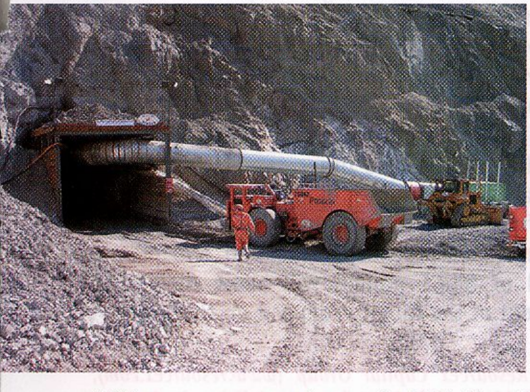
The main difference between the previous mining operation and the DRC approach has been dictated by the location and geometry of the newly-discovered mineral deposit. Due to its location beneath and beyond the old pit and its high-grade nature, it made sense to view the project as an underground operation, as stated by an independent scoping study completed in February 2004 by Behre Dolbear and Co., Ltd.

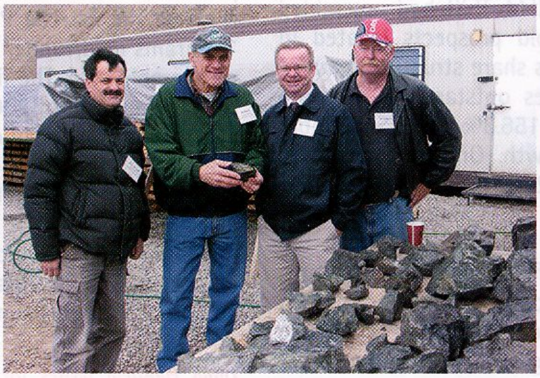
The study determined the project would have initial capital costs of US $120 million, based on metal prices of US $0.85/lb copper and US $375/oz gold. Since the study was completed, copper has risen to about US $1.50/lb copper and over US $420/oz. gold, making the project's viability that much stronger. Estimated mine life from the Behre Dolbear study was about 18 years, but this has the potential to increase if more mineralization is outlined. The projected production rate of 9,000 tonnes per day, from the Behre Dolbear study, works out to a forecasted average annual production of 34,000 tonnes of copper, 80,000 ounces of gold, 178,000 ounces of silver and 7,700 ounces of palladium at a cash cost of US $0.15 /lb copper and total operating costs of US $0.40/lb.

While the actual underground mining operation will probably utilize a shaft, at the present time, a two-km long exploration decline ramp is being constructed – now more than 30% complete. Michael Hibbitts, P.Geo., Project Geologist, says good quality ground has been encountered in the decline with little water seepage. The decline will enable two underground diamond drills to complete a 20,000-metre drill program that will include both infill holes to test continuity of mineralization and step-out holes to test the limits of the deposit as well as bulk sampling. This will enable the company to convert the present mineral resources to proven reserves. One surface drill will soon be in operation. A recent $3 million flow-through financing will help fund the surface drilling program on both the Afton Project and the nearby Ajax copper-gold porphyry property.

The location of the Afton Mine Project is fortuitous as the site is adjacent to a major highway, power and water are available and Kamloops is a mining city with a skilled labour force available. With only 13.9 million shares issued and over $20 million cash in the treasury and no debt, DRC Resources is well positioned to advance the Afton Mine Project to the production stage.

During a recent visit to the site, BC Deputy Minister of Energy and Mines, Dr. Sheila Wynn and Kevin Krueger, M.L.A. for Kamloops-North Thompson, attended a ribbon-cutting ceremony marking the progress of the project. Chris Bradbrook, President and CEO, said, "We continue to be extremely encouraged by progress to date. Underground work is ahead of schedule and our drill programs are underway. At our Ajax property about 10 km east of Afton, we are also planning a drill program to follow-up last year's encouraging drill results."





(left) A scoop tram enters the portal at DRC's Afton Mine Project. *(centre)* Examining Afton mineralized samples. Left to right, Marek Mroczek, Mining Engineer/Geologist, John Kruzick, Chairman, Chris Bradbrook, President, Tom Williams, Geologist. *(right)* BC Deputy Minister of Energy and Mines, Sheila Wynn, and Kevin Krueger, M.L.A. for Kamloops-North Thompson, cut the ribbon marking the excellent progress at the Afton Mine Project. *Photos by Ellsworth Dickson*

Ten Gold Companies Revisited

by Douglas Hadfield

Occasionally, it behooves a magazine like *Resource World* to glance back at past issues to take stock of its past performance. One measure of our success as writers and analysts in the resource sector is to gauge the success of the companies we choose to feature. It's the proverbial, "Where are they now?" Refer to the stock charts.

For example, two and a half years ago, *Resource World* published a story entitled, *Ten Gold Projects Reviewed.* As the title would suggest, the piece comprised reviews of 10 promising gold projects at various stages of development. Most of these companies have increased their market capitalization significantly. Overall, in a little more than two years, equal investments made in each of these companies would have yielded a 53.1% gain, without accounting for inflation.

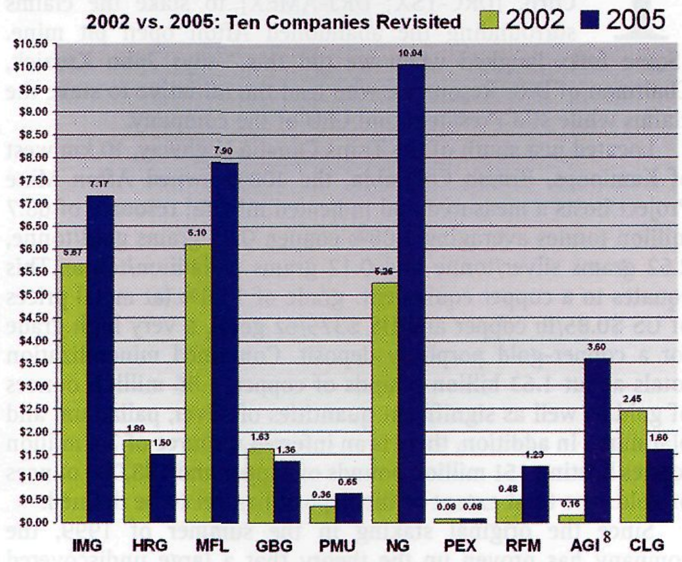
Granted, the up-trending price of gold has allowed significant increases in junior exploration expenditures and has contributed to improved performance in the gold industry. That being a constant, the companies that made the biggest gains were those that attained the milestones they set out to achieve. Three of these companies, Pacific Rim Mining, Alamos Gold (nee National Gold), and Rimfire Minerals are small junior or advanced exploration companies with little or no revenues. Each continues to represent excellent value and promises continued market growth.

Since 2002, **Pacific Rim Mining Corp.** [PMU-TSX, AMEX] has financed exploration on its gold projects with cash flow from a 49% interest in the Denton-Rawhide heap leaching operation. Tangible results and regular press releases have promoted investor confidence through a pre-feasibility study for the Minita resource on the El Dorado project, expansion of its South Minita gold zone through a definition drilling program and the profitable sale of extraneous properties

The pre-feasibility study outlined a proven and probable reserve of 490,758 ounces of gold and 3,138,016 ounces of silver at a cut-off grade of 5 grams gold/tonne. Payback period for the mine is 3.5 years, with a total life span of 6.2 years and average annual gold production of 80,497 ounces. This advanced-stage exploration company remains undervalued at $0.65, but has increased from $0.36, or 80.6% since we first covered it.

In 2002, **Rimfire Minerals Corp.** [RFM–TSX] had assembled a number of attractive early-stage gold prospects located in northwest BC and Alaska. The company's share structure remains attractive with only 17.7 million shares outstanding, up from 12.3 million in 2002. RFM has shot up 156.3% since September 2002, but has plenty of room for growth. On the exploration front, Rimfire has progressed since our 2002 report. For example, at Rimfire's Thorn project in northwest BC, Cangold Ltd. (49%) completed an IP geophysical survey in August. Drilling on the property has intersected 56.1 metres of 1.27 grams gold/tonne, 16.7 grams silver/tonne and 0.19% copper. The discovery of two high-grade gold and silver float boulders returned a sample assaying 265 grams gold/tonne and 631 grams silver/tonne.

Rimfire has reported positive results from its joint venture with Serengeti Resources on the Tide Property 36 km north of Stewart, BC. The 2005 exploration programs aim to advance a zone of gold



* 2002 stock price adjusted for 2.35:1 reverse split as per merger agreement

discovery where a drill hole intercepted 1.0 grams gold/tonne over 129.4 metres, including 39.6 metres averaging 1.92 grams/tonne. This soil anomaly measures 450 x 350 metres, with greater than 0.5 grams gold/tonne and remains open in all directions. The company plans an airborne geophysical survey of the Tide property, followed by a second phase program including core drilling, further prospecting, mapping a and in-fill geochemical surveying.

Rimfire's working relationships with Newmont on projects in Nevada and the Yukon, and a JV with AngloGold on its Eagle and ER projects, and with Barrick on the Kizmet Project in northwest BC, add to the company's credibility.

National Gold Corp. is an example of a company that benefited from a merger with a company more capable than itself to move to production stage. The merger with **Alamos Minerals Ltd.** [AGI-TSX] concluded in February 2003, shortly after *Resource World* featured the company.

Alamos has completed a feasibility study and is bringing to production the Estrella Pit at its Mulatos gold deposit in Sonora, Mexico. The Estrella Pit consists of 36.4 million tonnes grading 1.6 grams gold/tonne, with a yield of some 1.4 million ounces of recoverable gold. The first gold pour from the deposit is slated for the third quarter of 2005.

Alamos is actively drilling other targets at Mulatos, including Mina Vieja and Escondida, as well as other targets within the company's 21,300-hectare Salamandra project, of which Mulatos is a part. Three major fundraising campaigns over the past year, including a $50 million convertible debenture and two private placements for a total of $44.1 million will allow Alamos to complete the development of the Mulatos deposit on time.

Doug Hadfield writes for Resourcex Capital Group (www.resourcex.com), a full service Investor and Media Relations firm specializing in investor audience development for emerging public companies in the Resource Sector. Reach him at dhadfield@resourcex.com

TSX :DRC

DRC RESOURCES CORP.

:DRJ

"A New Growth Story"

"The Golden Copper Company"

Capital Structure*

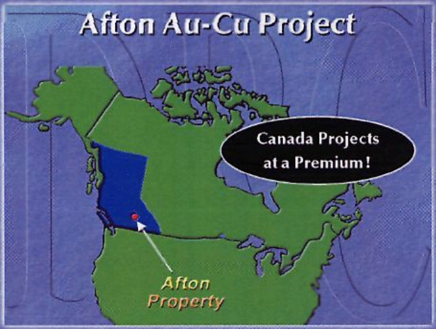
Issued: 13.9 Million Shares	Market Cap: C$76 Million
Fully Diluted: 15.2 Million Shares	Cash: C$25 Million
52 Week Range: C$4.30 - C$9.50	Shareholders: Mgmt 20%

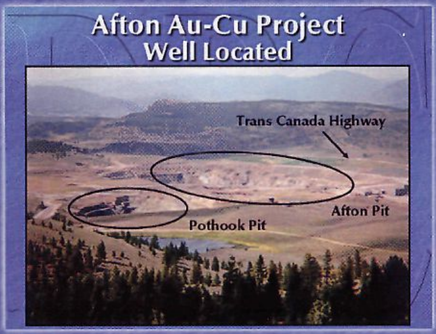
*January 17th, 2005

Excellent Leverage to Metal Prices & Discovery

Fully Funded

A Canadian Project A Premier Location





- Adjacent to Trans Canada Highway
- Water & Power Available

Who Are We?

DRC's main focus is the exploration and development of its 100%-owned Afton Gold-Copper Project, located west of Kamloops, B.C. The Company has outlined a Resource of 68.7 Million Tonnes grading 1.68% Copper Equivalent or 2.61g/t Gold Equivalent (1.08% Cu, 0.85 g/t Au), which contains approx. 1.6 billion pounds of copper, and 1.9 million ounces of gold. An $8 million feasibility study is underway.

Preliminary economics from a 2004 advanced scoping study (completed by Behre Dolbear and Company Ltd.) indicates that (at conservative metal prices of US$0.85 per pound copper, and US$375 per ounce gold) when viewed as a primary copper mine, it could potentially produce that metal at a cash (direct) operating cost of US$0.15 per pound of copper, and when viewed as a primary gold mine, the precious metal could be produced at negative cash operating cost per ounce of gold.

What Do Analysts Say About Us?

"We feel that DRC's Afton Copper and Gold deposit is among the most economically robust projects currently under scrutiny. Although a viable standalone project, the deposit would fit well with an already-producing gold or copper miner."

George Albino – Orion Securities Inc.

What Is Our Competitive Advantage?

Outstanding Infrastructure

Afton Site Permitted

Excellent Exploration Potential

Undervalued

Outstanding Platform for Growth

Low Political Risk

And...
A Substantial High Grade Resource!

Afton Au-Cu Project
Mineral Resources

Afton Main Zone Mineral Resource Estimate Summary
(Behre Dolbear & Company Ltd. – January 2004)

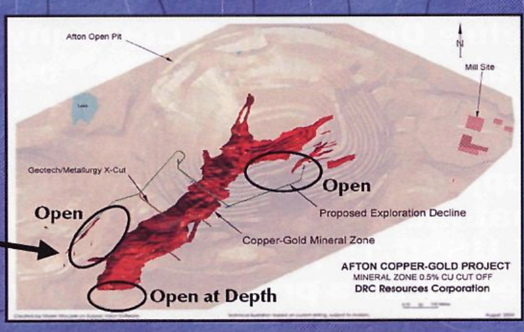
Category	Tonnes (Millions)	Grade Cu (%)	Grade Au (g/t)	Contained Product In-situ Cu (M lbs)	Contained Product In-situ Au (M ozs)
Measured + Indicated	68.7	1.1	0.9	1,600	1.9
Inferred	7.5	0.9	0.8	152	0.2

Assumptions: Cut Off Grade 0.7% Copper Equivalent. Recovery: Copper & Gold 90%, Silver 75% and Palladium 74%
Copper US$ 0.85/lb. Gold US$ 375/oz. Silver US$ 5.25/oz. Palladium US$ 200/oz.

Excellent Leverage to Gold & Copper Bull Markets!

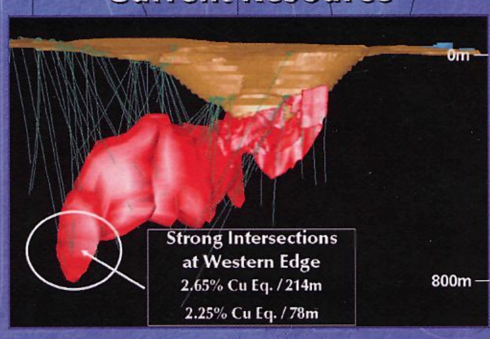
Excellent Exploration Potential

Afton Au-Cu Project
Exploration Upside – Current Resource



Deposit Remains Open

Exploration Upside – Current Resource



Key Personnel

- **Chris Bradbrook - President & CEO**
- **John Kruzick - Chairman of the Board**
- **Mike Hibbitts - VP Exploration & Development**

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