

MINERALS

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Joe Campbell, president of TerraX Minerals at Yellowknife City gold project.

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The forgotten high-grade Canadian gold camp

TERRAX MINERALS PROSPECTS ARE AS GOOD AS GOLD

By DENISE DEVEAU

Joe Campbell knows a promising prospect when he sees one — even when the data isn't available to prove it. Campbell is the impetus behind the founding of TerraX Minerals Inc. (TSX.V: TXR), which is exploring a gold mining project near Yellowknife that he believes has the potential to put Yellowknife back on the map as a major gold production centre.

Campbell formed TerraX Minerals in 2007 after winding down his involvement with Meliadine, a gold project in Nunavut discovered while he was managing the project for WMC of Australia; he subsequently introduced it to Agnico Eagle Mines Limited in 2007, where it is considered to be one of their largest development projects based on reserves and resources. "It was right at the time that the wheels fell off the economy," he says. "For three years, we kept a low profile but then we began exploring opportunities in 2010/2011."

The industry took another downward swing in 2012 and investment capital dried up. "At that darkest of the dark point, this opportunity in Yellowknife showed up. It was

a matter of grabbing it by the horns and running with it at a time a lot of others were hunkered down and trying to survive."

Any geologist with knowledge of the area would be aware of the importance of the Yellowknife region. "There are geological similarities with Timmins, Val d'Or or Kirkland Lake," Campbell explains. "But it had become a bit of a backwater, particularly when two operating mines — Con and Giant — shut down in the early 2000s after 60 years of operation." Mineral leases held by Giant on ground immediately adjacent to their mine site fell into the hands of Century Mining, which ultimately went into receivership due to financial difficulties at its operating mine in Quebec.

When the claims became available, Campbell and Tom Setterfield, vice-president of operations, knew it was time to make a move. The caveat was that hard technical data — including drill logs — were not publicly available. "We weren't sure what we would get when we bid," Campbell says. "We were surprised at the lack of information available to assess the project. Giant had all of the data so there was no regulatory reason to put it

into the public record once it closed."

But it was clear the geology was favourable because it had hosted two big mines, he adds. "That in itself was certainly worth a look. If it was in another camp, it would have been staked decades ago and not been open for acquisition. We realized we had a rare opportunity to pick up a central part of a major Canadian gold belt."

The site sits on an Archean rock formation that's over 2.7

which means many sites with lower-grade deposits are struggling to make ends meet."

Because the people at Century Mining had a reputation for acquiring good ground, Campbell asked to look at the portfolio. "This property was by far the best. In some ways, the lack of information worked in our favour because it made it easy to jump in and make a reasonable bid."

During the due diligence process they struck gold — lit-

core storage yard was 30,000 metres of drill core, meticulously logged. "That meant we already knew where those holes had been drilled on the adjacent property. When you factor in that it costs approximately \$200 a metre to drill, all in, and add in the labour and time involved, that was the equivalent of having about \$10-million fall into our laps because it gave us direct targets to start work on instead of having to scour the property," Campbell says.

Armed with such positive results, the push was on to secure financing. "The first order of the day was to prove to investors there's enough gold to warrant the capital cost," says Stuart Rogers, chief financial officer and director for TerraX Minerals in Vancouver. "Despite the fact that times were tough, investors continue to have an interest in projects that have potential for significant size and high grade, along with manageable capital costs." TerraX fit all those criteria, and was able to raise \$1.4-million in 2013 on the closing of the deal and another \$2.2-million in the period covering December 2013 to February 2014. During last summer, it raised another \$2.8-million.

Campbell contends that overall, there is a long list of factors that work in their favour. "First, there's the grade. Drill results to date have been in the three- to 10 grams per tonne range, and in some cases up to 15 to 18 grams per tonne. TerraX is also in a politically stable jurisdiction that is favourable to mining activities."

Another compelling factor is the infrastructure and proximity to Yellowknife. "If we were doing this in the far north, that increases the logistical costs of exploration, development and operations," Campbell explains. "If you're in a camp north of the city drilling costs could jump from \$200 a metre to \$300 to \$600. That gives you an idea of the cost savings this infrastructure will bring."

Add to that Campbell's impressive skill sets and you have a formula for success, Rogers says. "Joe brings a special skill set to the table. He gets the economics as well as the geology, and has worked on a number of highly successful, major projects. So he understands everything about internal rate of return and payback. Even if there is a downturn in the price of gold, everything about this project makes sense."

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billion years old. These older rocks host a particular type of gold deposit that is in the 10 gram to 15 gram per tonne range. "That's very high," Campbell says. "That insulates you from fluctuations in the price of gold better than the one gram per tonne sites that are now struggling. A lot of mines were put into play over the last few years basing their analysis on getting gold prices in the \$1,400 to \$1,600 per ounce range. Right now it's closer to the \$1,200 range,

erally. As part of the bid, they asked for 30 days to find data. "When we went in, we found a lot. All of it had been stored in the archives of the Giant Mine and subsequently preserved by the Geoscience Centre in Yellowknife when the old mine was being torn down. Within weeks we had catalogued information on hundreds of drill logs, many with high grade intersections."

One significant surprise that awaited them when they were admitted into the Giant

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