

# Copper Fox Metals

DEDICATED TO DEVELOPMENT





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*Chairman, President and CEO of Copper Fox Metals, Elmer B. Stewart, discusses the growth of the business over the last 18 months and the important strides it expects to make in 2014*

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**S**ince 2009, when I became President, we had been working on the Schaft Creek project in north-western British Columbia, slowly grooming it to the point where a major producer could step in as the operator of the project. That moment came last year when, in July, we concluded a joint venture agreement with Teck Resources Limited,” explains Chairman, President and CEO of Copper Fox Metals, Elmer B. Stewart.

Teck was indeed the most logical choice to take on this role by virtue of the option agreement that had been in place between the two parties since 2002. The completion of the joint venture agreement also resulted in Copper Fox Metals receiving cash payments from Teck in the order of \$24 million.

“The terms of the joint venture call for a total of \$60 million in cash payments, the first of which being \$20 million plus an additional \$4 million for expenses incurred at Schaft Creek in relation to the port and storage facility, and the acquisition of other mineral lands,” Stewart continues. “The next \$20 million is to be received on the date a production decision is made, while the remaining \$20 million is to be received on completion of the construction of all facilities at Schaft Creek. The funds from the first \$20 million have allowed us to provide a small dividend to our shareholders and given us sufficient capital for two to three years of exploration work on our Arizona projects and cover G&A expenses.”

The Arizona projects he refers to are the Van Dyke copper oxide deposit and

*“The terms of the joint venture call for a total of \$60 million in cash payments”*



Drilling  
at Van Dyke

*“The funds from the first \$20 million have... given us sufficient capital for two to three years of exploration work on our Arizona projects”*

the Sombrero Butte project, which were acquired by the company in 2012 and early 2013 respectively. Located in the Globe-Miami Mining District of Arizona, the Van Dyke property was first developed in the early 1900s, when a shaft was sunk to a depth of 1,692 feet, and is reported to have produced 11.8 million pounds of copper between 1929 and 1945 from copper oxide mineralization with a reported grade of 5.0 percent copper.

“The Van Dyke project has a historical estimate on it which was completed by Occidental Minerals back in the 1970s,” Stewart says. “In situ metallurgical recovery testing carried out by Occidental Minerals provided it with estimates that between 70 and 80 percent of the copper oxide could be recovered using in situ methodologies.”

It was decided by the company that the next logical step for the project, having compiled a vast amount of historical information on the deposit, was to complete a preliminary economic assessment (PEA). After taking around 470 of the original pulps recovered from the site and having them tested in a laboratory, results showed a direct correlation between the total copper grade and the oxide copper grade as highlighted by Occidental.

“The modelling we have conducted to date suggests that the Van Dyke deposit itself is larger than what Occidental identified in their historical estimate,” Stewart highlights. “The



Panoramic view of drilling  
taking place at Van Dyke

*“At present we are working hard to acquire all the historical information regarding this area in order to identify whether a copper target is close to surface or not”*

next task for us therefore is to complete a verification drilling programme that will give us a good idea if that interpretation stands up to scrutiny. All of this takes us closer to completing a PEA on the deposit, which we hope to have completed this year.”

The Sombrero Butte project can be found

east of the San Miguel-Kalamazoo area and covers an area of some 2,887 acres of land. The property itself contains at least two main clusters of mineralised breccia pipes, which in other parts of Arizona overlie associated porphyry copper systems. “Based on the alteration, the mineralisation that we have

recorded to date and the distribution of the breccia pipes, we believe that we could be looking at a large porphyry copper system here,” Stewart enthuses. “At present we are working hard to acquire all the historical information regarding this area in order to identify whether a copper target is close to surface or not. If so we will look to carry out a Titan-24 geophysical survey before commencing with drilling. Nevertheless, we must also consider that if we find that in fact a target rests 500-600 metres or beyond below surface that we would not commence with drilling as the target would be too deep to be of any immediate interest.”

A proportion of the funds the company

has available thanks to the Schaft Creek joint venture agreement will also be used to fund a proposed investment in what Copper Fox Metals believes could be a large porphyry copper-molybdenum-silver system in Northern British Columbia, named the Eaglehead project. This investment is expected to be approved before the end of May 2014.

The company have been seeking an acquisition or investment opportunity since the summer of last year, during which time it has looked at a number of potential opportunities without success. With Eaglehead, Copper Fox Metals sees an asset with a great deal of potential when it comes to finding new mineralisation.



Sombbrero Butte forms part of the Arizona projects

**Did you know?**

**25%**

The interest that Copper Fox holds in the Schaft Creek project

**\$60 million**

The total value of Copper Fox's joint venture agreement with Teck Resources Limited

**\$131 million**

The market capital of Copper Fox Metals



Drilling at the Schaft Creek project

*“Our goal going forward is to put a value on our 25 percent interest in Schaft Creek and complete the sale of our interests there”*

“What we already know about Eaglehead is that mineralisation there extends over a five kilometre strike length and that none of the six zones of mineralisation that have been found in the last few decades of exploration have been delineated,” Stewart says. “The other thing that I find compelling about it is that the alteration, even down to the carbonate alteration, is very similar to Schaft Creek. The fact that it has copper as well as gold, molybdenum and silver is also very significant.”

Another aspect of the Eaglehead project

that has raised Stewart's interest levels is the fact that a number of the existing drill holes there possess significant intervals, tens of metres of high grade copper mineralisation for a porphyry system. The site also benefits from the presence of road access to the property, a logistical plus that historically results in exploration costs being cheaper than those incurred on a non-road accessible project.

“One of our strategies when looking towards the acquisition of, or investment in a project, if it already has a resource, is to ask whether there is enough there from a

grade point of view to make it economically interesting and enough there from a tonnage perspective to support a standalone project, and at Eaglehead the answer to both of these questions, based on the information we have to hand, is yes,” Stewart reveals. “Obviously what we want to do, working in conjunction with the management of the Eaglehead project, is get a much better appreciation of the project, do some advanced geophysical surveying, and at the same time follow up these results with some very well located diamond drill holds to test the geophysics.”

Copper Fox Metals prides itself on the fact that it is a streamlined, focused company with cash in the bank and three significant assets present in North America, and understandably has no plans to deviate from its current strategy.

“Our goal going forward is to put a value on our 25 percent interest in Schaft Creek and complete the sale of our interests there,” Stewart concludes. “The joint venture has

approved a budget for 2014 to compete a series of optimisation studies, which is the logical step after the feasibility study and before a production decision is made. The second objective is to advance the Van Dyke project to the preliminary economic evaluation stage. Meanwhile at Sombbrero Butte we will slow play the project, compiling the historical information there which will take us a step forward. Completing a Titan-24 survey there will cost us in the area of \$200,000 and we have the funds to do all that in the treasury. That is our strategy and we are very excited to see where it takes us in the future.” **BE**

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