

Site survey

Renewed prospects

Gold, silver prices revive junior mining sector, trigger exploration in Silver Valley

Becky Kramer

Staff writer

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OSBURN, Idaho – The dusty road leading up Two Mile Gulch once carried stagecoaches to Murray, Idaho, and it hasn't seen a grader in years. Justin Rice inched his 1988 Cadillac up the grade on a recent summer day, easing in and out of potholes.

Unpromising as the road is, Rice expects to find treasure at the end.

Fifty-four mining claims are staked on the forested hillside. For nearly four decades, Rice – the 87-year-old president of a junior mining firm – has pondered their potential.

A \$250,000 geophysical survey this summer will analyze rock formations at depths of 4,000 feet. Rice hopes the survey data will help him substantiate a theory dear to his heart: that the claims are part of Shoshone County's famed "Silver Belt," which produced a number of prolific mines.

"I think the results will be really good," said Rice, brandishing a sheaf of reports done by earlier geologists. "I truly believe there's the potential for a big mine here."

The survey is one of several exploration projects in Idaho's Silver Valley this summer. The work signals a revived interest in the junior mining sector.

Firms like Rice's Silver Royal Apex represent the industry's prospector side. They're small companies, organized around geologists and investors. The "juniors" spend thousands of dollars searching for new deposits. Each hopes to hit the mother lode.

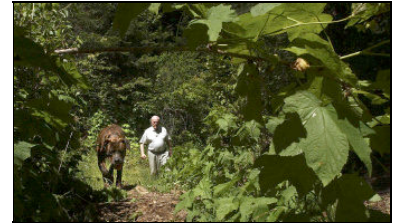
During the late 1990s, the speculative money that funded the juniors was diverted to dot-coms. But with prices for gold, silver and other metals on the upswing, money has started flowing back to the sector. Gold is currently trading at \$420 per ounce, and silver is about \$7 per ounce. Prices for both metals rose about 60 percent over the last four years. Chris Dahl, a mineral administrator at the Panhandle National Forest, said he can spot trends in metals prices by tallying the number of active claims. "When metals prices go up, they'll go back to the same prospect and give it another run," he said.

Elsewhere in the Silver Valley, New Jersey Mining Co. has reactivated the Golden Chest Mine, a historic gold property near Murray. Two miners work at the modest operation.

Fred Brackebusch, New Jersey's president, raised \$1 million for the project last year. Part of the funds also went into the permitting of the Silver Strand, a proposed mine located about 20 miles northeast of Coeur d'Alene.

The Silver Strand is scheduled to open next summer. By mining near the surface, company officials hope to discover a larger deposit deeper in the earth. Brackebusch anticipates raising money for the venture this fall.

Autumn is the traditional fund-raising time for juniors, said Steve Goss, president of Timberline Resources Corp. in Spokane, which also has a future exploration project in the valley. Geologists come back from a summer of field work and report to potential investors.



Justin Rice walks near a mining site with his friend's dog, Ludo, near Osburn, Idaho. Rice's junior mining company is planning to do "deep earth imaging" there. (Kathy Plonka/The Spokesman-Review)

Rising prices

Gold is currently trading at \$420 per ounce, and silver is around \$7 per ounce. Prices for both metals rose about 60 percent over the last four years.

Prospective properties frequently go through multiple rounds of exploration, Goss said. "They get many cycles of work before someone puts the geology together, or gets lucky enough to find (the deposit)," he said.

Two Mile Gulch is no exception. Rice's garage is full of ore samples taken from the property. His home file cabinets bulge with previous surveys.

The Two Mile property first caught Rice's eye when he worked for one of the valley's largest mining firms, Coeur d'Alene Mines Corp. His father – Harlan Rice – was among Coeur d'Alene Mines' early investors.

Rice retired as the company's chairman in the early 1990s. Three years ago, he and several investors formed Silver Royal Apex to take a closer look at the Two Mile claims.

They hired Quantec Geoscience Ltd. of Toronto to survey the site. The work will be done in August.

"Basically, we use physics to study the earth," said Robert Gordon, Quantec's sales and marketing director.

By injecting currents into the ground and measuring the rate they fade away, the company can make detections about the presence of minerals, Gordon said. Quantec also studies natural electric and magnetic fields for data about faults and geologic structure, he said.

If the results are promising, Silver Royal Apex will select areas for additional rounds of exploratory drilling, Rice said.

"There comes a time when you have to dig again," he said, "though you want to minimize that because it's so expensive."

Rice might spring for a high-clearance rig if a high-grade deposit is uncovered. The Cadillac's exhaust system just underwent an expensive overhaul. Rice hit too many pot holes in Two Mile Gulch.

"It's hard to see them in the shadows," he said.