

Rockhaven has high hopes for Klaza in Yukon



PHOTO BY GWEN PRESTON

Project geologist Jared Tarswell (left) and Rockhaven Resources CEO Matt Turner at the Klaza gold-silver project in central Yukon.

SITE VISIT



BY GWEN
PRESTON

CARMACKS, YUKON — **Rockhaven Resources** (TSXV: RK) is not the first, second, or even third company to explore the Klaza project in central Yukon, but it is the first company to find what

the others had sought: epithermal gold and silver.

Over four seasons on site, Rockhaven tracked nine veins on surface, identifying more than 9 km of cumulative strike length. Now the company is focusing on two of those zones to tally an initial resource that is due out by the end of the year. The resource will likely carry an impressive grade, as intercepts like 23.5 grams gold per tonne and 239 grams silver per tonne over 1.7 metres or 66.2 grams gold and 403 grams silver over 1 metre are not uncommon at Klaza.

Moreover, Rockhaven now believes the property hosts a particular kind of epithermal mineralization — carbonate base metal (CBM) mineralization —

that generally shows much greater vertical extent than other epithermal systems. Indeed, the BRX and Klaza zones each already offer 2.4 km strike and as drills probe deeper, the structures seem to just continue.

“We don’t know how much farther it goes on surface or at depth — we’ve just scratched the surface of what’s potentially here,” Matt Turner, Rockhaven’s president and CEO, says. “But we’ve pulled some pretty phenomenal holes this year.”

Rockhaven acquired Klaza for a song in late 2009. The vendor was **ATAC Resources** (TSXV: ATC), a sister company born of the Archer Cathro family. Archer Cathro is a mineral exploration and en-

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PHOTO BY GWEN PRESTON

Project geologist Jared Tarswell beside a trench on Rockhaven Resources' Klaza gold-silver project in the Yukon.

gineering firm with a long and highly successful history in the Yukon.

At the time, ATAC was just starting to uncover the potential at its Rackla gold project in eastern Yukon, which left little time for other projects like Klaza. Rockhaven had a smattering of interesting projects, but no single property that stood out.

Klaza offered that opportunity. Several previous operators had uncovered interesting sniffs at Klaza over the prior 30 years, but each time outside factors — other projects or a resource sector downturn — left the sniffs untested.

Rockhaven saw potential not just in Klaza's geology, but in its location, too. Klaza may be in the Yukon, but it is not remote: Located 50 km west of Carmacks, the project is accessible from the

Klondike Highway along a well-established dirt road. The landscape is gently rolling hills with low bushes.

Geologically, Klaza is part of the Mt. Nansen gold camp at the south end of the Dawson gold belt. Mt. Nansen hosts four gold-silver deposits that various operators have tried to mine since the 1960s. The gold and silver at Mt. Nansen is undoubtedly related to the metals at Klaza: both were born when a large porphyry body rose up to the south, fracturing the ground for many miles around and sending fluids radiating out along those cracks. At Klaza, the cracks or structures run northwest-southeast and dip steeply to the south.

Rockhaven got to work on the project immediately, with a trenching and drilling program in 2010 that outlined sev-

eral new zones and included some very encouraging intercepts, such as 7.20 grams gold and 260.0 grams silver over 15.3 metres.

That first season saw Rockhaven work the eastern end of the property, the same area earlier operators had explored. As they started to trust the continuity of Klaza's mineralized structures, Turner and project geologist Jared Tarswell decided to step northwest and see how far these structures extend.

"In 2011 we had two drills on the Central Klaza zone and we brought in a smaller third rig and I remember saying to Jared, 'Where should we put this?' and we decided to just keep stepping out and see what happened," said Turner. "We kept hitting, and we hit in almost every hole."

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Drill core from Rockhaven Resources' Klaza gold-silver property.

In 2011 Rockhaven completed over 10,000 metres of drilling and dug 13 new trenches. In 2012 the team got bolder with their step-outs, moving the drill 200 metres along strike after each intercept. With each step, the hits kept coming.

By the end of that season, Rockhaven had identified eight mineralized zones plus a raft of subsidiary structures. The zones all sit in a structural corridor 1.8 km wide and 4 km long that cuts through Mid-Cretaceous granitic country rocks.

Mineralization comes in quartz-sulphide veins, breccias, and fracture networks, but the style transitions across the corridor. At the eastern end the mineralized zones are broader, as much as 100 metres wide, and generally are comprised of sheeted vein complexes with surrounding altera-

tion halos. To the west along the corridor, the zones narrow into discrete, high-grade veins.

Rockhaven's large step outs during 2011 and especially 2012 mean the company has covered a lot of ground. The best mineralization found to date is 2 km northwest of where Rockhaven started drilling back in 2010 and there is gold all along that distance.

It was a fantastic start, but there were two problems.

First of all, the Klaza story was primed for take off just as the market for junior exploration was shutting down. Even a drill program of large step-outs returning intercepts like 7.2 grams gold and 260 grams silver over 15.3 metres and 32.5 grams gold and 34.3 grams silver over 3.4 metres failed to

attract positive market attention. In fact, Rockhaven's share price fell from about \$1 in mid-2011 to below 25¢ by the end of 2012.

Secondly, Rockhaven had taken such large steps with its drills that no one, including Turner and his team, knew for sure that the dots all connected. So the company slowed down and spent 2013 tracking structures on surface with trenches.

"We had just followed the structures, but at 200-metre step outs you're not even sure it's the same structure," Turner says. "That's why last year was so important with trenching: we're linking up all these intercepts on surface. So while some people viewed last year as a step backwards because we weren't doing any drilling, that trenching added

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a lot of value in really homing in on the high grade areas and confirming continuity. Continuity is always important but here, chances are we would be looking at an underground mining operation. So for that, continuity is key.”

Ready for a resource

With continuity confirmed, this year Rockhaven raised \$3.1 million and returned to the property with a single goal: to show Klaza’s potential to the market by drilling off a resource.

The resource will sit in the project’s two largest and most advanced zones: Klaza and BRX. Both are 2.4 km long, with mineralization starting at surface and plunging steeply to the south.

The zones are parallel, roughly 1 km apart, and chopped up at their western ends by two faults sitting about 450 metres apart.

“That area between the two faults hosts our highest-grade mineralization — that’s our sweet spot,” Turner says. “The grades there are spectacular.”

Spectacular indeed. The best intercepts from the BRX zone include 5.43 grams gold and 50 grams silver over 14.8 metres, 5.78 grams gold and 111 grams silver over 15.6 metres, 31.2 grams gold and 1,030 grams silver over 2.3 metres, and 11.5 grams gold and 1,680 grams silver over 3 metres.

At Klaza, the best hits include 11.9 grams gold and 5.23 grams silver over 6.7 metres, 5.61 grams gold and 300 grams silver over 18.8 metres, and 16.2 grams gold and 158 grams silver over 6.8 metres.

Those results are all from previous years. Rockhaven has released assays from the first 25 holes of this year’s program and so far results are in line with or above expectations. All results to date are from the Western BRX zone and include such hits as 56.4 grams gold and 318 grams silver over 1.3 metres, 26.7 grams gold and 172 grams silver over 3

metres, 28.9 grams gold and 669 grams silver over 1.7 metres, 22.4 grams gold and 245 grams silver over 3.2 metres, and 6.38 grams gold and 83.8 grams silver over 2.4 metres.

While Tarswell agrees the area between those two main faults has returned the best grades to date, he does not think Klaza’s high-grade potential is limited to that area.

“We talk about the two biggest faults, but there are actually seven or eight faults so it’s not like those grades are just going to exist in that one window — there are little windows everywhere,” Tarswell says. “The faults pre-existed mineralization and helped to focus the fluids, so that’s why the deposit exists, and then some of them were re-activated during emplacement of the porphyry, fracturing and creating open spaces and brecciation.”

That kind of description applies to most epithermal systems. Klaza, however, is not like most epithermal systems.

Turner and his team knew Klaza had some non-classic characteristics, but for their first few years at the project they did not know what those signs meant.

“We were debating: is it epithermal? Mesothermal? It didn’t seem to hold up properly against either of those,” Turner said. “You’ve got epithermal textures but also bladed textures and you don’t have the limited vertical extent that you see with most epithermal systems.”

Then a geologist from **Continental Gold** (TSX: CNL) took a look at Klaza in early 2012. Continental is exploring Buritica, a large carbonate base metal (CBM) epithermal system in Colombia with a global resource currently standing at 7 million oz. gold and 21.5 million oz. silver, and he immediately saw similarities in Klaza.

And soon after that, Jeremy Richards, a CBM expert from the University of Alberta, looked at Rockhaven’s core and

maps. He agreed: Klaza is a CBM system.

“CBM is just a category of low sulphidation veining,” Tarswell says. “The biggest difference with other epithermals is that CBMs are really carbonate rich and have a lot of gases, so the boiling starts really deep — in fact, it’s not even called boiling, it’s called effervescence — and it comes up fast, which is why it deposits minerals over a really long vertical extent.”

For now, that vertical reach remains unknown. Tarswell is testing it, stepping drills back from the surface expressions at BRX and Klaza to test each zone at depth. At this point both zones are defined down to 400 metres depth, but assessing the full potential will require a different approach.

“We’ll have to stop stepping back soon because the drill holes are starting to be too long and too deep to be cost effective,” Tarswell says. “We are already thinking about how an underground exploration program would work.”

An underground program will have to wait until next year. So will many of the other targets waiting to be tested at Klaza.

The project’s known gold-silver zones correlate closely with intense magnetic lows aligned with anomalous gold, silver, lead, zinc, and arsenic soil geochemical results. There are many intense magnetic lows of an intriguing size and shape on the property, several with overlapping soil anomalies, that Rockhaven has not yet had time to test.

Other areas have seen some drilling and will see a few more holes this year. Pearl, for example, is a zone Rockhaven discovered last year when it probed the most easterly geochemical and geophysical target in the current Klaza corridor. Two trenches 450 metres apart returned 28.2 grams gold and 359 grams silver over 1.2 metres and 19.75 grams gold and 148 grams silver over 1.3 metres. The company will return to Pearl later in the

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season to drill test this discovery.

Other areas have returned similarly strong drill or trench results, but yet will not even get another look this year because Rockhaven has to focus on defining a resource at BRX and Klaza.

“There’s a lot of blue sky on this property — even though we’re at hole 208 we’ve only just scratched the surface,” Turner says. “Will we get to all those other areas? I don’t know. It’s looking so good in these two areas alone that there are already a lot of tire kickers. My phone has been ringing off the hook and it hasn’t been from shareholders, because the stock keeps going down. It’s been from majors and analysts saying, “This looks awesome.””

Shareholder support

Rockhaven’s stock has struggled, but a

tight share structure and several key investors have helped shelter Rockhaven from further market-based losses. The company has 84 million shares outstanding. More than 28 million of those shares are held by **Strategic Metals** (TSXV: SMD), another member of the Archer Cathro family, and Strategic’s president and CEO, Doug Eaton, owns another 11.5 million Rockhaven shares.

There are advantages to having dedicated, involved investors. For example, in July Rockhaven amended the terms of 8.8 million warrants that had been issued as part of an April private placement. The original warrants were exercisable at 30¢ to get a share; the amendment provided a 10% bonus, giving investors 1.1 shares for each warrant.

The sweetener worked. By the end of July 4.2 million of the amended war-

rants had been exercised, for proceeds to Rockhaven of \$1.25 million. Strategic Metals, already Rockhaven’s largest shareholder, acquired an additional 2.9 million shares to increase its stake to almost 33%. And ECEE Money, Doug Eaton’s private company, picked up another 1.7 million shares to increase his holding to 13.7% of Rockhaven’s outstanding count.

The new cash has allowed the company expand this year’s drill program from 12,000 metres to 21,000 metres. Three drills continue to turn at the property; Turner and Tarswell hope to keep working until winter freezes them out.

By then the team will have gathered enough data to define that resource. And it just might carry the kind of size and grade to bring some investor excitement back to the Yukon.