

Strong results at Three Bluffs

North Country Gold upgrades exploration camp; plans to build road north of Baker Lake

by Sara Wilson
Northern News Services
Baker Lake

This has been a productive year for North Country Gold Corp and its Three Bluffs gold project, north of Baker Lake.

The company announced

that it has successfully obtained the regulatory approvals necessary to significantly advance the exploration program, including upgrades to the existing Hayes Camp, the airstrip and construction of a 10-km all-weather road from Hayes Camp to the

Three Bluffs deposit.

In addition to obtaining the necessary permits, the fourth series of 2011 drill results is beginning to confirm the size and scale of the deposit the company is dealing with along the 4.1 km Walker Lake Trend, which is host to the Three Bluffs deposit within the Committee Bay Greenstone Belt.

"What is great about the results is we have really good widths and really good grades," said Brian Budd, vice-president of corporate development and director of North Country Gold Corporation. "Last year we did what's called a Titan 24 survey. The claim to fame to this survey is it can penetrate deep into the earth, up to 500 metres, so we did that last year."

The survey confirmed that North Country Gold's

past drilling has hit the right zone.

"We did some testing this year and the results that came out are potentially confirming what we saw in that Titan 24 survey," Budd said. "It confirms the mineralization to depth but (also confirms that) we're still open to more depth."

It's been a long road for the mineral exploration company.

Eighteen years has passed since the discovery of the Greenstone Belt by North Country Gold's president, CEO and director, John Williamson.

"We've been working up there for a long time, we've put a lot of money into the project, and into the communities over the years now," Budd said. "We've really put some focus in 2010, 2011 and 2012 to really expand the

Three Bluffs deposit."

As with any mega-mining project, North Country Gold had to adapt to working in the North, lessons that will stay with the company.

"There's always challenges, we're working in the North," Budd said. "We've had the time to overcome weather challenges, personnel challenges.

"With the success in the resource industry in 2009 and 2010 one of the challenges is finding good people. We were fortuitous enough to see what was going on, so we made sure that we put our contracts in place early to make sure we had the personnel to start our program when we wanted it. We've continued that, we've

built good relationships with drilling companies ... we're set up for a landmark 2012."

This year has marked a spending spree for the company, as it upgraded its infrastructure on the project.

Company infrastructure improvements at the Three Bluffs project include upgrading the

camp to a 100-man facility including installations of a power generator, kitchen, washroom facilities, waste water treatment and incinerator equipment.

"(It's) our biggest programs to date, we've raised \$25 million and of that 25 we've put a large investment into updating our infrastructure," Budd said.

In addition to the upgrades on the camp facilities, North Country Gold is in the planning stages to build a 10-km all-weather road from Hayes Camp to the Three Bluffs deposit to allow for safe and efficient transport of personnel and goods to and from the deposit.

"That's still up in the air right now, we're not sure when construction will start on that," Budd said. "But at least we have the permits in place right now that we can do it, when the timing is right."

According to the company, all upgrades and new infrastructure focus on minimizing the environmental impacts of its work while improving the health and safety of all those working at the site. The upgrades will have a positive impact on all future exploration at both the Three Bluffs Deposit and the entire Committee Bay Belt.

Talks and meetings with the Gjoa Haven, Pelly Bay, Repulse Bay and Rankin Inlet surrounding the Three Bluffs project have been positive, according to Budd, and the company has been creating a working-relationship with the parties involved.

"We've created good relationships with the locals and government bodies," Budd said. "We do community tours every year, we make sure that the communities know what we're doing. We hire local as well, I think we've hired upwards of 20 to 40 people locally and we kind of rotate between the communities pulling guys in and when we do the community tours one of the goals is to collect resumes."

North Country Gold is currently the 100 per cent beneficial owner of the mineral rights to approximately 557,323 acres of land comprising 216 active mineral claims and 14 mineral leases.

"We've put a lot of money into the project."

fact file

Company: North Country Gold; 100 per cent interest

Location: Within the Committee Bay Greenstone Belt in Nunavut

Budget: \$25 million raised with the majority spent on infrastructure upgrades

Jobs created: 20 to 40 local hires

Status: The 2011 drilling season is complete, with potential high yields and greater depths. Infrastructure projects completed. Further drilling to continue in 2012.

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Chidliak set to impress as demand for diamonds increases

Two new kimberlites found on Peregrine's Baffin Island property

by Sara Wilson

Northern News Services

Baffin Island

The Chidliak project, an 8,580-sq-km joint venture between Vancouver-based Peregrine Diamonds and BHP Billiton on Baffin Island, is gearing up for further exploration of its property, as recent drill results show high diamond counts on two newly-found kimberlites.

The results allow the project's administrators to breathe a collective sigh of relief, as demand for the precious gem is on the rise.

"We discovered these kimberlites this year," said Brooke Clements, president of Peregrine Diamonds. "This was the first test, (it found that) they have decent diamonds results, so we have to go back next year and do some more core drilling to see what kind of potential they have."

The two new kimberlites have the potential of high yields, as well as others on the property.

"We have seven kimberlites that we say have economic potential," Clements said. "A number of the those kimberlites we're going to take a few hundred tonnes next winter so we can get a parcel of diamonds to look at, and determine the value of the diamonds."

Determining the value of the diamonds is a different process

compared to gold, silver and most other commodities, according to Clements.

"Every kimberlite, every diamond has a different value so to determine was the rock value is, you not only have

to find out what the diamond count is, you have to find the value," Clements said. "In general your target is to have a diamond count of one carat per tonne, but the grade is not everything."

"Diamond value is also very important. Diamonds are different than gold and copper. Gold is worth \$1,600 an ounce no matter where you get it, and there's a market price for it, whether it comes from the Northwest Territories or Siberia."

The rock value is calculated by determining what the grade is and combining it with the diamond value, ultimately figuring out the diamond threshold dollar per tonne, a process that allows the company to better determine the value of the project.

Depending on where the diamonds are geographically

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With the discovery of additional kimberlites on its southern Baffin Island Chidliak project, Peregrine Diamonds is growing more confident it and senior partner BHP Billiton have potential for building a world-class mine.

photo courtesy of Peregrine Diamonds



fact file

Company: Peregrine Diamonds

Location: Baffin Island, 120 km northeast of Iqaluit

Number of kimberlites to date: 59

Budget: \$17.7 million on the 2011 Chidliak exploration program

Status: Peregrine is preparing plans for an aggressive program in 2012 that will feature sampling of several kimberlites with economic potential and continued exploration of new kimberlites at Chidliak

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photo courtesy of Peregrine Diamonds

Peregrine's plans for 2012 include bulk sampling on promising kimberlites and a continuing search for more.

Backed by giant BHP

Chidliak, from page A19

located and the value of the kimberlite itself, the value of the individual diamond varies.

"It does fluctuate, but there's no specific diamond price," Clements said. "All diamonds are different."

The market for diamonds has fluctuated over the past four years, with 2008 yielding the highest price for one of the Northwest Territories' major exports.

"They hit a peak in 2008 and then with the melt-down they came down. They went back up (after that) and exceeded what they were in 2008," Clements said. "Now with the economy slowing down they've come down a bit, but they are close to all time high now."

With China and India drawing a large demand for diamonds, the industry, as Clements sees it, will be shifting. It's a shift Canada, the third leading diamond producer in the world, will be in good shape to address.

"Demand is going up, but there isn't a lot of new supply out there, there's not a lot of new big projects waiting to be developed," Clements said. "Ekati and Diavik are the last big diamond discoveries in the world, there have been smaller discoveries since then that will probably be developed but they don't come anywhere near what we have up there, over 100 million carats in total reserves."

"There's nine projects in the world right now, that are in various stages of becoming developed and in total they have 340 million carats over nine of them."

This is a bonus for projects like Chidliak, which is

planned to hit the production phase as demand nears record highs.

"In general people are predicting that diamond prices are going to go up and supply is holding steady," Clements said. "It's a favourable time if you have a project like ours, to have a good exploration project that could come online in a few years."

Mining backing

Being backed by mining giant BHP Billiton doesn't hurt either.

"They are the biggest mining company in the world, but they also know a thing or two about diamonds in the Arctic, because they explored for, developed and now operate the Ekati Mine," Clements said. "So they are an ideal partner to have, for what is now an early-stage diamond project in the Arctic."

In 2012, the company will move the Chidliak project closer to a feasibility study, continuing exploration on its kimberlites, and further determining its assets.

"This next step will tell us if bigger expenditures are warranted, and if they are, then you start moving the project into feasibility," Clements said. "It's a really big year; we're going to have a big drill, where we will drill a 13.5-inch hole, reversal circulation so we get big samples and process them."

While no timeline has been set up for the project, Chidliak, which is already in its third year, will be progressing steadily forward.

"It's hard to say, so much depends on how robust the project is, it's really hard to estimate," Clements said. "We've already seen the possibility of a mine, but we need to dot the i's and cross the t's to get there."

Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists

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Back River yields higher than expected

\$150 million in cash to weather rocky economic climate

by Sara Wilson
Northern News Services
Kitikmeot

It's been a productive year for Sabina with its Back River gold project in Nunavut showing higher-than-expected reserves of the precious metal.

The Back River Project is divided among four deposit zones, the Goose, Llama, Umwelt and George. When Sabina purchased the project in June 2009, work began to assess whether the Goose deposit would be amenable to open pit extraction.

"Over the course of the last two major drilling campaigns we've made a number of discoveries, two of which are significant. In 2010 we discovered the Umwelt and Llama deposit on the Goose claim block and that basically added about just under two million ounces (of gold) to our resources," said Nicole Hoeller, director, IR, corporate secretary for Sabina. "It wasn't so much of a surprise but it was certainly a good addition."

Estimate

Sabina recently announced a newly revised estimate of 1.1 million ounces.

Goose, Llama and Umwelt sit within a 5-km-long corridor and are envisioned as three major open pits supporting one central milling facility at the Goose claim block.

"What we did when we got the project, we kind of had a new look at it, or looked at it with fresh set of eyes," Hoeller said.

"We developed what we call our exploration tool box, which is basically a set of assumptions applied to the geological settings with different weightings. So we've had a lot of success doing that and finding mineralization.

"This past campaign we've made seven new discoveries. Not all of them are at the size and nature that we want, but it just proves that our tool box is actually working to find gold."

With the newly-found ounces of gold, the Vancouver-based company is pushing full steam ahead with a new assessment project.

"We're just finishing our drilling for the season," Hoeller said.

"What we'll do when we get that done is get all of our assets in and we'll calculate new resources for the Llama and Umwelt deposits and then we'll take those combined with the existing resources at Goose and George and we

will embark on what's called a preliminary economic assessment."

With the economic assessment expected to be completed in the first quarter of next year, the company is projecting a smooth ride getting their permits and adhering to their provisions.

"The regime in Nunavut is very favourable toward mining.

We only have to deal with one aboriginal group – the Inuit that own the land and the royalties – and they are looking at exploration and mining as a means toward creating some sustainable economic development for

the territory," Hoeller said.

"As a management group, we have been working in the North for about 10 years ... so we've been through this process, we have the relationships and we have a pretty good idea of what needs to be done, and what will fly and what won't."

Potential issues

While there are no environmental concerns at the moment, according to Hoeller, Sabina will work with any potential issues that arise.

"The property that we're working on is pretty simple. We're looking at (an) open pit," Hoeller said.

"Once we get our preliminary economic assessment, what we will do is prepare a preliminary project description and submit it to the Nunavut Water

Board. That gets you into the the permit process, they have a look at it and issue their guidelines and those are all the the environmental issues you need to address."

Once the permits have been obtained, the company will be looking to increase its employment numbers and is hoping for a strong Northern contingency.

"We will negotiate what's called an Inuit impact and benefits agreement, and that will outline our guidelines for the ratio of employees that you need and commitments toward training, and economic development," Hoeller said.

"We are a bit away from beginning that, but we would like to get our employees from the North because it's expen-

fact file

Company: Sabina Gold and Silver

Location: 75 km southwest of Bathurst Inlet

Estimated Reserves: Goose Lake deposit 898,000 ounces of gold, and the George deposits an estimated 1,456,000 ounces of gold.

Budget: \$40 million spent this year on exploration efforts.

Status: The company's goal at Back River is to increase the resource by approximately 750,000 ounces of close to surface high grade gold prior to embarking on development studies.

sive to bring them in from the south."

Hoeller adds that through increased training programs, the number of skilled labour in the North is increasing.

"We are finding that it is getting better, and that's part of our commitment, is to increase the training and to train our employees for the long-term," Hoeller said. "We have started doing that now, with the employees we have at camp, so it's definitely a long-term investment."

While the current economic climate is creating a hostile

environment for exploration companies, Sabina is preparing to handle what the economy throws at them.

"At the end of the year we will have about \$150 million in cash in the bank," Hoeller said. "This year for example we've spent about \$40 million on our exploration programs, so we have enough in the bank to keep going and keep exploring aggressively. This current economic climate is not doing very well for most exploration companies but we certainly have the means to weather it out."



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