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North Country rises 45% on Nunavut gold hits



NORTH COUNTRY GOLD

An aerial view of the camp at North Country Gold's Three Bluffs gold project in Nunavut, 300 km northeast of Baker Lake.

VANCOUVER — When the first results from the first drill program of a newly-listed company include hits like 42 metres of 5.88 grams gold per tonne, the market usually responds. And that is exactly what happened to **North Country Gold** (NCG-V), which shot up 45% in a day on news of its results at the Three Bluffs gold project in Nunavut.

The Three Bluffs project is

roughly 300 km northeast of Baker Lake, in the centre of North Country's 2,256-sq.-km land package. The northeast-striking property covers a large segment of the Committee Bay greenstone belt, which North Country says is underexplored and home to at least five drill-ready gold targets.

Three Bluffs is the most advanced target within North Coun-

try's property and consists of a near-surface, high-grade hinge structure that is already home to 2.7 million indicated tonnes grading 5.85 grams gold as well as 1.3 million inferred tonnes averaging 5.98 grams gold. In a recent spring drill program, shortened by unusually warm weather, North Country extended the known mineralization

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Kinross Gold sells Diavik stake

BY TRISH SAYWELL

Diamonds have been kind to **Kinross Gold** (K-T, KGC-N).

Last year Kinross paid about US\$104.4 million for a 22.5% interest in **Harry Winston Diamond's** (HW-T, HWD-N) 40% stake in the Diavik joint venture (Kinross's 9% indirect stake in the Diavik mine). Now it plans to sell it to Harry Winston for US\$220 million, making a profit of about US\$115.6 million.

Under the proposed deal, Harry Winston will pay Kinross US\$50 million in cash, roughly 7.1 million Harry Winston shares valued at about US\$100 million, and a 12-month US\$70-million note. The note will bear an annual interest rate of 5%. The boards of both companies have yet to approve the agreement.

Kinross is also arranging to sell its 19.9% direct stake in Harry Winston to a group of financial institutions through a block trade. Kinross acquired its stake in March 2009, buying 15.2 million shares for US\$3 apiece at a cost of about US\$45.6 million. The transaction hands Kinross a profit of roughly US\$150 million.

Back of the envelope calculations suggest that after investing a total of US\$150 million last year in Harry Winston and Diavik, Kinross walks away with a gain this year of about US\$268 million.

"Our initial investment has pro-

vided us with a great return and now is a good time to realize gains from that initial investment for our shareholders," Steve Mitchell, Kinross's vice-president of corporate communications, told *The Northern Miner*.

"The share price has had a very nice ride since we first made our investment at US\$3. We decided to take our profits on that initial investment but we took an equity share in Harry Winston as part of the consideration, so we continue to have a lot of confidence in diamonds and in Harry Winston."

In a note to clients, UBS Research writes that Kinross could use some of its profits to help fund its recent 9.4% stake (\$600 million) in **Red Back Mining** (RBI-T) and that there is potential for the gold producer to raise its stake in Harry Winston from 7.1 million shares after the closing of the two transactions, should Harry Winston elect to settle the 12-month note payable in shares.

UBS has a 12-month share price target on Kinross Gold of US\$25.50. (At presstime in New York, Kinross was trading at US\$16.34 per share.)

Diavik, Canada's second diamond mine, began producing diamonds in the Northwest Territories in January 2003. The mine is based on four diamond-bearing kimberlite pipes within Lac de Gras. Today, the Diavik mine is Canada's largest diamond producer and one of the

North Country rises on Nunavut gold hits

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to the west when all six holes hit gold.

The best result came from hole 82, which hit 42.1 metres grading 5.88 grams gold from 7 metres depth. The hit in hole 82 included 15 metres averaging 10.2 grams gold.

Hole 83 cut 3.5 metres grading 10.2 grams gold from 38 metres downhole, followed 15 metres later by 19 metres of 2.41 grams gold. Hole 87 produced a 25-metre intercept grading 4.17 grams gold, starting 19 metres downhole. And hole 88 returned 31.9 metres carrying 2.27 grams gold, starting at 14 metres depth.

Mineralization at Three Bluffs appears to be controlled by a steeply dipping, folded iron formation that can be traced on surface for 10 km and of which only about 1 km has been explored. The spring drill holes all targeted the shallow, western, updip portion of the hinge, an area that was undercut in previous drilling.

North Country plans to follow up on these hits with 11 more holes into the shallow western hinge, which will be part of a summer drill program that recently got underway. The company will also probe three other areas this summer, one of which is farther west along strike from Three Bluffs.

The other two areas that will see drilling in the coming weeks are separate targets. The Antler zone is about 2 km to the southwest and has seen some limited drilling. The Hayes target, which lies another kilometre to the southwest along the traceable banded iron formation, has not been previously drilled. North Country has four drill rigs on site and plans to complete 20,000 metres of drilling.

In addition, North Country is working through a Titan induced polarization survey that will cover 7 km of the prospective trend, from east of the Three Bluffs to west of the Hayes target. The survey will test for additional blind mineralization potential in an area that has limited bedrock exposure.

North Country was born in April as a spin off from CBR Gold,

which has since renamed itself **Niblack Gold** (NIB-V) in honour of its flagship asset, the Niblack volcanogenic massive sulphide project in Alaska.

As part of the spinout, Niblack transferred roughly \$4.7 million into North Country.

The company recently boosted that working capital with a \$1.7-million private placement, selling 1.2 million flow-through shares at 32¢ apiece as well as 4.3 million units at 30¢ apiece. Each unit comprised a share and half a warrant, exercisable at 40¢ for two years.

And investors certainly liked the company's first drill results from Three Bluffs as North Country's share price gained 11.5¢ to close at 37¢. The company has 60 million shares outstanding.



NORTH COUNTRY GOLD

In a recent spring drill program, North Country Gold extended the known mineralization at Three Bluffs to the west when all six holes hit gold. The best result came from hole 82, which hit 42.1 metres grading 5.88 grams gold from just 7 metres depth. The hit in hole 82 included 15 metres averaging 10.2 grams gold.

AQM, Teck re-jig Zafranal deal

AQM, From Page 1
depth and drill a few holes on several satellite targets before the end of the year.

AQM's drilling success brought joint-venture partner Teck back to the negotiating table. The two companies recently amended the terms of AQM's earn-in in order to move the project quickly along.

Under the new deal, AQM is immediately gaining a 50% stake in

reaches a positive development decision, Teck can elect to become operator.

For AQM, the key changes in the new deal include: AQM no longer has to make cash payments to Teck. And Teck no longer holds the right to back in for a 60% stake or hold a net smelter return royalty. Instead, the companies will be 50-50 partners in owning a new Zafranal-focused company.

to back in to Zafranal.

The junior soon kicked off a 40,000-metre drill program focused primarily on the central 2 km of the 3.5-km long, east-west trending Main zone, which is one of six porphyry copper-gold targets identified at Zafranal. To date, the program has defined mineralized zone that covers 3.3 km along strike, 600 metres in width and varies between 50 and

Mineralization at Zafranal is zoned, with a leached zone atop an immature secondary enrichment blanket covering a little-explored hypogene sulphide zone at depth. AQM is currently awaiting results from an initial metallurgical test-work program.

The Zafranal project is 90 km northwest of Arequipa, 60 km from the Panamerican Highway, along a gravel road.