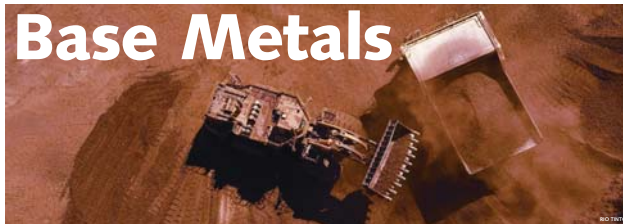


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## Jilin Jien moves in on Canadian nickel

BY GWEN PRESTON

VANCOUVER — Earning into **Goldbrook Ventures'** (GBK-V, GBKVF-O) Raglan project and scooping up half of troubled **Liberty Mines** (LBE-T), China's **Jilin Jien Nickel** is becoming an important player in the Canadian nickel market.

Jilin Jien, one of China's largest producers of nickel, copper, and cobalt sulphates, has inked two deals in the last year to gain a foothold in the Canadian nickel exploration and mining industry. In the first deal, the major is earning a 50% interest in Goldbrook's Raglan nickel-copper-platinum group elements (PGE) project in northern Quebec by funding \$45-million worth of exploration over three years.

Jilin Jien was so keen to earn into the massive Raglan project, it started funding exploration before finalizing the joint-venture deal with Goldbrook. The partners signed a final agreement last August, but by then Jilin Jien had already spent \$8 million at Raglan. By the end of the year, the Chinese company had spent the \$12.5 million stipulated in the first year of the agreement.

To keep up with the JV requirements, this year Jilin Jien has to fund \$15-million worth of exploration and is planning to do just that. And Goldbrook is ready to put that money into action: president and COO Brian Grant says the company has far more targets than time.

"There are big parts of this project, parts that are really prospective, that we just don't have time to explore yet," Grant

says. "This year we'll focus on expanding our known targets."

The company is setting up a 70-person exploration camp to support four drills and three helicopters aiming to complete 12,000 metres of drilling. The centre of the 3,607-sq.-km Raglan property is about 95 km south of the village of Salluit, in Nunavik on Quebec's northern tip, and the exploration season at that latitude only lasts from mid-June to mid-September.

Last summer, Goldbrook hit a new discovery dubbed the Mystery zone. Drilling at Mystery in 2008 returned intercepts such as 131 metres of sulphide mineralization grading 0.81% nickel, 0.87% copper, 0.04% cobalt, 0.5 gram platinum per tonne, 2.33 grams palladium and 0.18 gram gold, and 76 metres averaging 0.91% nickel, 1.11% copper, 0.05% cobalt, 0.45 gram platinum, 2.16 grams palladium and 0.33 gram gold.

The Mystery zone, which to date stretches along 150 metres strike, across 10 to 60 metres width, and to 300 metres depth, saw 35 drill holes last year. Testing the limits of the Mystery zone will be one of the key goals of this year's exploration program. The company also wants to test several nearby geophysical anomalies.

But Goldbrook cannot just focus on one zone; Grant says his company is not looking for one large deposit but for many small zones that could together support a significant mining operation. That's because mineralized zones in the Raglan

area usually contain between 500,000 and 5 million tonnes of ore. **Xstrata** (XSRAF-O, XTA-L) runs an operation on the edge of Goldbrook's property just like that. Falconbridge, which Xstrata acquired in 2006, started mining nickel sulphides from small pits in 1997 and since then has added more reserve tonnes than it has mined.

Xstrata is tapping into deposits within the Raglan or North Main horizon. Goldbrook's property covers the eastern and western extents of the North Main horizon, on either side of Xstrata's operation. But to date, the junior has not had time to explore those areas in any detail; instead, the company focused on discoveries slightly farther south, in the region's other favourable horizon.

That horizon is known as the Delta-Belanger or South Main horizon and it is this southern horizon where Goldbrook has found its success so far. The new Mystery zone is part of the South horizon, as are Goldbrook's other main zones: Getty, Sylvie, Bravo, Pad and Timtu. Goldbrook has not yet defined resources at any of its zones but Grant says those should come after the 2009 program.

In general, sulphide deposits in these two horizons come in three forms: magmatic segregation deposits of massive to disseminated sulphides at the base of ultramafic units, stratiform disseminated sulphide deposits within layered mafic-ultramafic sills, and remobilized sulphides in shear zones.

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Goldbrook will probe its defined zones as well as new targets identified through geophysical surveys in the coming months. The company also plans to conduct further geophysical surveys as such data have proven highly valuable in identifying mineralization to date.

If Jilin Jien spends \$15 million in 2009 and \$17.5 million in 2010, it will earn a 50% interest in Raglan. Jilin Jien can then earn another 10% by financing a prefeasibility study and then an additional 10% by financing a feasibility study. Finally, the Chinese company can boost its interest to 75% by funding development; Goldbrook would pay back its 25% share of the costs from production cash flow.

Goldbrook's share price currently sits near 7¢ in a 52-week trading range of 3.5-14¢. The company has 178 million shares outstanding.

Jilin Jien's other Canadian deal is to buy a 51% stake in wounded Liberty Mines. Liberty was in default on a US\$16.5-million loan after the price of nickel fell to near US\$5 per lb., less than the US\$6.46 it cost Liberty to produce a pound of nickel at its two new nickel mines, and the com-

pany was forced to mothball both operations in late October.

That move put the company in default on another deal, this one a US\$15-million credit facility with Jilin Jien to be repaid with 20 tonnes of nickel concentrate daily until late 2010. Jilin Jien then offered \$30 million for a 51% stake in Liberty and forgiveness from the concentrate owing. Liberty could use the funds to repay the US\$16.5-million loan and to pay amounts due to employees, contractors and suppliers, some of whom had already placed liens on Liberty's operations.

The offer came in Liberty's darkest hour — with its mines on care and maintenance, the company was forced to record a \$20.3-million impairment charge, pushing its third-quarter loss to \$26 million. In the next few months three directors resigned, several liens came in, and Liberty found itself without even the cash to pay for audits on its financial statements, forcing it to cease trading in early April at 16.5¢.

Now, with three Jilin Jien directors on the board, Liberty is looking to restart operations later this year. Its mines —

McWatters and Redstone — are both just southeast of Timmins, Ont.

Construction at McWatters got under way in late 2007 and by late summer the mine was producing 200 to 600 tonnes of ore daily. By early 2009, the company expected the mine to produce 1,200 tonnes daily from high-grade lenses, rising to 1,600 tonnes of nickel ore each day by the end of the year. And prior to being mothballed, Redstone was spitting out 200 tonnes of ore grading better than 2% nickel daily.

Ore from both mines was processed at the Redstone concentrator, which has a flotation circuit designed specially to separate nickel sulphides from the high talc component typical of nickel ores in the Shaw Dome nickel belt. The facility was built to handle 2,000 tonnes per day.

At McWatters, measured and indicated resources come to 715,000 tonnes grading 0.94% nickel, while inferred resources add 14,000 tonnes carrying 3.39% nickel. Resources at Redstone currently stand at 419,000 measured and indicated tonnes grading 2.32% nickel and 148,000 inferred tonnes averaging 3.44% nickel.