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Chibougamau revival in the works; Nuinsco Resources, backer to invest \$40M to \$50M in copper-gold operation

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Nuinsco Resources Ltd., a major Toronto explorer with international financial backing, believes it can revive the old Chibougamau copper-gold mining camp 750 kilometres north of Montreal in the next two years with an injection of \$40 million to \$50 million and technical know-how.

"Hundreds of miners left as production shut down after years of operating and financial problems," said Nuinsco CEO René Galipeau from Toronto. "But work on two properties alone could lead to reopening of the Chibougamau camp's mill ... and a return of miners to speed the region's resurgence."

Chibougamau's checkered mining story dates from the early '50s. It was remote and at the mercy of volatile metal prices. Then André Fortier, a former Noranda executive, merged several small players into Campbell Resources Inc. and in 2005 raised \$50 million to restart the Copper Rand mine and mill.

Later, new financings by Nuinsco and Sprott Securities Inc. could not overcome operating problems, the 2008 financial crisis and collapsing metal prices.

Finally, Campbell struggled through a lengthy creditor protection process.

Last week, Quebec Superior Court approved the takeover of all Campbell's exploration, mining and processing assets by Nuinsco and its Ocean Partners Holdings Ltd. backer.

"Now we can get on with the job of realizing the value of this historic mining camp," Galipeau said.

"Campbell was undercapitalized from the start and couldn't afford to get its operations up to scratch."

The Chibougamau-area mines have produced 1.6 billion pounds of copper and 3.4 million ounces of gold since the early '50s and the Campbell assets now part of Nuinsco and Ocean Partners include seven past producers, representing 75 per cent of total past mine output.

They are: Portage, Henderson-1 and Henderson-2, Jaculet, Copper Rand, Copper Cliff and Cedar Bay. The package includes two development-stage properties - Corner Bay and Dore Lake Ramp. Corner Bay is open at depth and could be a future stand-alone operation, Galipeau said.

Nuinsco teams will check all data and get a full understanding of what must be done, but investors should note Corner Bay development and Copper Rand mining ceased because of the 2008 financial meltdown and not for lack of reserves.

"We get a mill and tailings facility and the assets are held in a debt-free company," said Galipeau. In two years, Cedar Bay and Corner Bay alone could be generating enough ore to reopen the Campbell mill, he added.

"Copper is running well above \$4 U.S. a pound, double the 2008 low, and gold is near the record high ... and Asia's growth will continue."

Nuinsco, which sparked a 1999 staking rush after a nickel find near Sept Îles, focuses on exploration in Canada, Turkey and Egypt, and privately held Ocean Partners is a metals trader with offices worldwide and operates copper, lead and zinc mines in Turkey.