

North Country Gold Corp.

Financial Statements

For the three months ended May 31, 2010

North Country Gold Corp.

Notice of Non-review of Interim Financial Statements

The attached interim financial statements for the three months ended May 31, 2010 have not been reviewed by the Company's auditors.

North Country Gold Corp.

Consolidated Balance Sheets

As at	May 31 2010 (unaudited)	February 28 2010 (audited)
Assets		
Current		
Cash and cash equivalents (note 5)	\$ 4,146,543	\$ 1
Accounts receivable and other current assets	<u>785,645</u>	<u>-</u>
	4,932,188	1
Performance bonds (note 6)	36,444	-
Investments (note 7)	681,454	-
Property, plant and equipment (note 8)	1,979,235	-
Mineral interests (note 9)	<u>40,293,769</u>	<u>-</u>
	\$ 47,923,090	\$ 1
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 929,344	\$ -
Income taxes payable	<u>449,415</u>	<u>-</u>
	1,378,759	-
Asset retirement obligation (note 10)	36,444	-
Future income taxes	<u>7,720,873</u>	<u>-</u>
	9,136,076	-
Shareholders' equity	<u>38,787,014</u>	<u>1</u>
	\$ 47,923,090	\$ 1

Approved by the Board

Director (signed by) "John Williamson"Director (signed by) "Sean Mager"

North Country Gold Corp.

Consolidated Statement of Net Loss

(unaudited)

	Three months ended May 31, 2010 \$
Expenses	
Amortization	74,964
Conferences and travel	6,078
Office and administration	94,247
Professional fees	10,702
Promotion and investor relations	14,539
Wages and consulting fees	114,150
Drilling costs	129,772
	(444,452)
Drilling revenue	192,953
Loss from operations	(251,499)
Other income and expenses	
Gain on sale of investments	17,930
Interest income	10,117
Loss on foreign exchange	(2,525)
Net loss before income taxes	(225,977)
Future income taxes	182,443
Net loss for the period	(43,534)
Basic and diluted net loss per common share	(0.00)
Basic and diluted weighted average number of common shares outstanding	27,708,562

North Country Gold Corp.

Consolidated Statement of Changes in Shareholders' Equity

	# of common shares	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
February 28, 2010	1	\$ 1	\$ -	\$ -	\$ -	\$ 1
Unrealized loss on investments (net of \$51,215 in future income tax)	-	-	-	-	(129,461)	(129,461)
Realized gain on sale of investments recognized in net loss	-	-	-	-	4,231	4,231
Net loss for the period	-	-	-	(43,534)	-	(43,534)
Comprehensive loss	-	-	-	-	-	(168,764)
Arrangement (notes 1, 3)	35,976,521	32,767,187	-	-	-	32,767,187
Private placement (note 11)	24,100,000	6,025,000	163,590			6,188,590
	60,076,521	38,792,187	163,590	(43,534)	(125,230)	38,787,013
May 31, 2010	60,076,522	\$38,792,188	\$ 163,590	\$ (43,534)	\$ (125,230)	\$ 38,787,014

North Country Gold Corp.
Consolidated Statement of Cash Flows
(unaudited)

Cash provided by (used in)	Three months ended May 31, 2010 \$
Operating activities	
Net loss from continuing operations	\$ (43,534)
Adjustments for:	
Amortization	74,964
Future income taxes	(195,751)
	(164,321)
Changes in non-cash balance sheet items:	
Working capital items	568,805
Cash provided by continuing operations	404,484
Investing activities	
Sale of investments	162,058
Purchase of property, plant, and equipment	(227,579)
Mineral interest expenditures	(6,427,260)
Working capital acquired (notes 1,3)	4,706,978
	(1,785,803)
Financing activities	
Issuance of share capital (note 11)	6,000,000
Cost of share issuance (note 11)	(472,139)
	5,527,861
Net decrease in cash and cash equivalents	4,146,542
Cash and cash equivalents - beginning of period	1
Cash and cash equivalents - end of period	\$ 4,146,543

North Country Gold Corp.

Notes to the Financial Statements

For the three months ended May 31, 2010

1. Nature of operations

North Country Gold Corp. (the “Company” or “NCG”) was incorporated under the Business Corporations Act (*Alberta*) on February 3, 2010 as a wholly owned subsidiary of CBR Gold Corp. (now Niblack Mineral Development Inc.) (“NIB”) for the purposes of effecting a plan of arrangement between NIB, NIB’s shareholders, and the Company (the “Arrangement”).

On April 1, 2010, NIB transferred its Canadian and Australian assets (“Asset Transfer”), including the Committee Bay and Baffin Island properties in Nunavut, Canada, and the Jaurdi Hills property in Western Australia, Australia, to the Company in exchange for a right (“Right”) to receive that number of common shares of the Company equal to the number of common shares of NIB issued and outstanding as at the date of effecting the Arrangement (“NCG Shares”). This transaction is a related party transaction and, as a result, the Company recorded the assets and liabilities acquired from NIB at their carrying values in NIB (note 3).

On April 9, 2010 (the “Arrangement Date”), NIB, its shareholders and the Company completed the Arrangement to distribute the Right to shareholders of record in NIB on the Arrangement Date (the “Shareholders”) as a return and reduction in the stated capital of NIB’s common shares, such that each Shareholder received an undivided interest in the Right in proportion to the Shareholder’s ownership in NIB. The Right was immediately exchanged by the Shareholders for 35,976,521 NCG Shares and cancelled. Each Shareholder received one common share of the Company for each common share of NIB owned by such Shareholder on the Arrangement Date.

On April 15, 2010, the Company’s common shares began trading on the TSX Venture Exchange under the stock symbol “NCG”.

2. Basis of presentation

The accompanying unaudited interim consolidated financial statements have been prepared by the Company following the same accounting policies and methods as those disclosed in the audited consolidated financial statements for the year ended February 28, 2010 unless otherwise stated. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) in Canada have been omitted. These interim consolidated financial statements should be read in conjunction with the February 28, 2010 audited consolidated financial statements and the notes thereto. In the opinion of management, all adjustments of a normal and recurring nature that are necessary for a fair presentation of the balance sheet, results of operations, and cash flows of those interim periods have been included. Certain figures in the comparative financial statements have been reclassified to conform to presentation adopted in the current period.

The consolidated financial statements use the Canadian Dollar as the unit of measurement. All amounts are in Canadian Dollars unless otherwise specified. Where foreign currency amounts are disclosed, the International Organization for Standardization currency symbol is used.

Future accounting changes

International Financial Reporting Standards

In February 2008, the Accounting Standards Board confirmed that Canadian Generally Accepted Accounting Principles for publicly accountable enterprises will be converged with International Financial Reporting Standards (“IFRS”) effective for the Company’s interim and annual financial statements beginning on March 1, 2011. The Company is currently evaluating the impact of the adoption of IFRS.

North Country Gold Corp.

Notes to the Financial Statements
For the three months ended May 31, 2010

3. Asset Transfer

The following table summarizes the carrying values of the assets and liabilities transferred from NIB in the Asset Transfer (note 1):

Working capital	\$ 4,706,978
Performance bonds (note 6)	38,895
Investments (note 7)	1,024,188
Property, plant and equipment (note 8)	1,846,132
Mineral interests (note 9)	33,846,997
Asset retirement obligation (note 10)	(38,895)
Future income tax liability	(7,996,378)
Net assets transferred	<u>\$ 33,427,917</u>

4. Segmented information

The Company's operations are managed on a regional basis. The regional operational units are Canada and Australia. Property, plant and equipment is disclosed in note 8 in a manner consistent with the requirements for segmented information. Disclosure of segmented capitalized mineral interest expenditures and acquisition costs is contained in note 9.

The following table allocates assets by segments:

As at	May 31, 2010	February 28, 2010
Canada	\$ 42,215,112	\$ 1
Australia	<u>5,707,978</u>	<u>-</u>
Total assets	<u>\$ 47,923,090</u>	<u>\$ 1</u>

The following table allocates net income (loss) by segment:

Three months ended	May 31, 2010
Canada	\$ 111,156
Australia	<u>(154,690)</u>
Net loss	<u>\$ (43,534)</u>

5. Cash and cash equivalents

Cash and cash equivalents consists of cash on deposit with a financial institution. The repayment of monies on deposit and interest payable on those monies is guaranteed by the Crown in right of Alberta.

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Notes to the Financial Statements

For the three months ended May 31, 2010

6. Performance bonds

The Company has performance bonds of \$36,444 on its Jaurdi Hills property to guarantee environmental reclamation work. Performance bonds are released as reclamation work is performed and assessed by regulatory authorities.

7. Investments and advances

As at May 31, 2010	Fair value	Carrying value
Marketable securities	\$ 653,698	\$ 653,698
Gold nuggets (41 oz.)	47,321	27,756
	\$ 701,019	\$ 681,454

8. Property, plant, and equipment**As at May 31, 2010**

	Cost	Accumulated Amortization	Net
North American operations			
Drilling equipment	\$ 159,407	\$ 11,956	\$ 147,451
Furniture and office equipment	22,796	1,140	21,656
Computer equipment	65,615	3,874	61,741
Mobile equipment	250,667	1,738	248,929
Camp and field equipment	97,798	4,890	92,908
	\$ 596,283	\$ 23,598	\$ 572,685
Australian operations			
Drilling equipment	\$ 1,198,857	\$ 57,647	\$ 1,141,210
Mobile equipment	231,892	11,188	220,704
Field and office equipment	46,601	1,965	44,636
	1,477,350	70,800	1,406,550
	\$ 2,073,633	\$ 94,398	\$ 1,979,235

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9. Mineral interests

Additions (In thousands of dollars)	North America		Australia	Total
	Committee Bay	Baffin Island	Jaurdi Hills	
Balance, February 28, 2010	-	-	-	-
Acquired on asset transfer (note 3)	30,896	12	2,939	33,847
Acquisition	9	-	-	9
Drilling	1,355	-	-	1,355
Assay and analysis	13	-	-	13
Geological consulting	294	-	-	294
General fieldwork	4,754	-	22	4,776
Balance, May 31, 2010	37,321	12	2,961	40,294
Balances				
Acquisition	30,905	12	2,939	33,856
Exploration	6,416	-	22	6,438
Balance, May 31, 2010	37,321	12	2,961	40,294

10. Asset retirement obligations

The Company has recognized an asset retirement obligation (“ARO”) for expected reclamation and abandonment of the Jaurdi Hills property related to activities prior to acquisition. The ARO has been estimated based on management’s assessment of the costs to rehabilitate the tenements in the case of abandonment. The Company has performance bonds required by the Department of Industry and Resources relating to the property on deposit (note 6). The Company has not discounted the ARO as there is currently no estimate for the time of retirement of the asset and accretion of the liability.

11. Share capital

On April 1, 2010, the Company issued to NIB a right (“Right”) to receive that number of common shares of the Company equal to the number of common shares of NIB outstanding at the date of completion of the Arrangement in exchange for NIB’s Canadian and Australian assets including approximately \$4.7 in working capital (notes 1, 3). Pursuant to the completion of the Arrangement on April 9, 2010, the Right was exchanged for 35,976,521 common shares of the Company. The Asset Transfer was between related parties, as the Company was a fully owned subsidiary of NIB at the date of the issuance of the right and, as such, the assets and liabilities acquired by the Company have been recorded at their carrying values in the predecessor entity (NIB) at the date of transfer. The common shares issued pursuant to conversion of the Right on April 9, 2010 have been recorded at an aggregate amount of \$33,427,917, or approximately \$0.9292 per common share, representing the aggregate carrying value of the net assets acquired from NIB, adjusted for future income taxes arising from the Asset Transfer. The components of the assets and liabilities acquired in exchange for the Right are disclosed in note 3. The fair value of the common shares of the Company at issuance has been estimated by management to be \$0.25 per share, and has been estimated based on the agent brokered private placement which closed on May 4, 2010 as described below.

On May 4, 2010, the Company completed a private placement (the “Offering”) with Canaccord Genuity Corp. (the “Agent”) acting as exclusive agent. The Company issued 24,000,000 common shares as flow-through shares pursuant to the Income Tax Act (Canada) (“FT Shares”) at a price of \$0.25 per FT Share, for gross proceeds of \$6,000,000.

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In connection with the sale of 23,370,000 of the FT Shares, the Company paid the Agent a cash commission of \$408,975 (representing 7% of the proceeds) and issued to the Agent non-transferable share purchase warrants ("Agent's Warrants") entitling it to purchase up to 1,635,900 common shares of the Company (representing 7% of such FT Shares) at an exercise price of \$0.25 per common share until May 4, 2012.

The Company also issued to the Agent 100,000 common shares in payment of a \$25,000 corporate finance fee and reimbursed the Agent for its reasonable expenses incurred in relation to the Offering. The remaining 630,000 FT Shares were sold on a non-brokered basis.

Share purchase warrants

A summary of share purchase warrant activity in the years is as follows:

	Number of warrants	Weighted average exercise price \$
Outstanding warrants, February 28, 2010	-	-
Issued	1,635,900	0.25
Outstanding warrants, May 31, 2010	1,635,900	0.25

A summary of the warrants outstanding at May 31, 2010 is as follows:

Exercise price (\$)	Number of warrants	Remaining contractual life (years)
0.25	1,635,900	1.9
0.25	1,635,900	1.9

Stock options

Pursuant to a new stock option plan (the "Plan") for directors, officers, employees, and consultants approved by shareholders on March 24, 2010, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee and on the fifth anniversary of the date the option was granted.

To date, the Company has not issued any stock options.

12. Related party transactions

The Asset Transfer described in notes 1 and 3 is a related party transaction.

The Company's accounting and administrative support services are delivered in the normal course of business on normal commercial terms by a corporate services partnership (the "Partnership") which is managed exclusively by an arms-length principal. The services do not include authority or responsibility for planning, directing and controlling the Company's activities. Corporations controlled by immediate family members of certain directors and officers of the Company are non-managing, non-controlling members of the Partnership and, in each case, have

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no active role in the provision of the services. During the three months ended May 31, 2010, the Company paid fees of \$16,000 in aggregate to the Partnership for the provision of accounting and administrative support services, which are included in “wages and consulting fees” in the consolidated statements of net loss and are measured at the exchange amount, which is the consideration agreed to between the Company and the Partnership, and were fully paid as at May 31, 2010.

Included in accounts receivable is \$14,700 owed by companies with common directors and officers relating to the reimbursement of shared marketing costs.

These amounts are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties based on standard commercial terms.

13. Commitments

The Company has a monthly lease commitment of AUD 2,771 (\$2,439) until October 31, 2012 for corporate office space in Western Australia.

14. Financial instruments and risk management

Financial instrument classification

The Company has no unrecognized financial instruments or derivative financial instruments.

Capital management

The Company’s capital consists of: cash and cash equivalents and share capital.

The Company’s objectives in managing its capital are to maintain adequate levels of funding to support its operations and to seek out and acquire new projects of merit. Funds are secured through debt funding or equity capital. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits. The Company does not maintain a formal investing strategy.

Risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its objectives. The main objectives of the Company’s risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Interest risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company’s financial instruments. The Company had approximately \$4.1 Million in cash and cash equivalents at May 31, 2010, on which it earns variable rates of interest, and is therefore subject to a certain amount of risk, deemed to be immaterial to management of the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its cash and cash equivalents and accounts receivable.

The Company has assessed its exposure to credit risk and has determined that such risk is minimal. The majority of the Company’s cash and cash equivalents are held with financial institutions in Canada and Australia.

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A significant portion of the Company's accounts receivable is receivable from the Canadian and Australian governments for the reimbursement of goods and services tax credits. This concentration of credit is not deemed by management to pose any significant risk to the Company.

Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's operations in Australia are denominated in Australian Dollars. The Company's share capital as well as the Company's reporting currency is in Canadian Dollars. The Company has not entered into any hedge contracts to manage this risk and does not maintain a formal strategy for foreign currency movements.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's working capital, (current assets less current liabilities) at May 31, 2010 is \$3.6 Million. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. The Company may have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

15. Subsequent events

On July 15, 2010, the Company closed a private placement (the "Offering") with Canaccord Genuity Corp. (the "Agent") acting as exclusive agent. The Company issued 1,243,750 common shares as flow-through shares pursuant to the Income Tax Act (Canada) ("FT Shares") at a price of \$0.32 per FT Share and 4,300,000 units of the Company (the "Units") at a price of \$0.30 per Unit, for gross proceeds of \$1,688,000.

Each Unit consisted of one common share of the Company and one-half of one non-transferable common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one additional common share at a price of \$0.40 until July 15, 2012.

In connection with the sale of the Units and FT Shares, the Company paid the Agent a cash commission of \$118,160 (representing 7% of the gross proceeds) and issued to the Agent non-transferable share purchase warrants ("Agent's Warrants") entitling it to purchase up to 388,062 common shares (representing 7% of the Units and FT Shares sold) at an exercise price of \$0.32 until July 15, 2012.