

APPENDIX 7

Inspection Report



REMEDIAL ACTION REPORT

Detailing work completed to address
2013 Land Use Inspection Report and 2014 Water Licence Inspection Report

COMMITTEE BAY PROJECT Kitikmeot Region, Nunavut Territory, Canada

NWB LICENCE NUMBER: NWB-2BE-CRA1015
AANDC LAND USE PERMITS: N2014C0002 and N2014C0005
KITIKMEOT INUIT ASSOCIATION PERMIT: KTL314C003
AANDC COMMERCIAL LEASES: 056J/11-1-2 and 056J/12-1-2

30 September 2014

Distribution:

- ☐ Aboriginal Affairs and Northern Development Canada (AANDC)
- ☐ Nunavut Water Board (NWB)
- ☐ North Country Gold Corp.

File: NCG_CBay_RemedialActionReport–AANDC_Inspection_30September2014.docx

BACKGROUND

North Country Gold Corp. ('NCGC') is a TSX-V listed company focussed on mineral exploration and development within the Committee Bay Greenstone belt located in the Eastern Kitikmeot region of Nunavut Territory. The company presently holds title to more than 230,000 acres as mineral claims and leases over a length of 300km, encompassing both Inuit owned and Federal owned property. This property, referred to by NCGC as the Committee Bay Project (CBP) includes 3 fully serviceable camps, 1 decommissioned camp, drill infrastructure at the company's flagship Three Bluffs Gold Deposit and a number of satellite fuel and equipment caches.

NCGC holds the following permits and licences to enable advanced exploration activity at the CBP.

Organization	Description	Permit/Licence Number(s)
Nunavut Impact Review Board	Project Reference Number	07EN021
Aboriginal Affairs and Northern Development Canada (AANDC)	Land Use Permit (Bullion)	N2014C0002
	Land Use Permit (Hayes)	N2014C0005
Kitikmeot Inuit Association	Land Use Licence	KTL314C003
Nunavut Water Board (NWB)	Water Licence	NWB-2BE-CRA1015
AANDC	Commercial Leases	Lease 065J/11-1-2
		Lease 065J/12-1-2

SUMMARY

This report summarizes work activities completed by NCGC at Hayes Camp, the Three Bluffs drilling grid and Bullion camp to address issues highlighted by Aboriginal Affairs and Northern Development Canada (AANDC) during routine annual inspections of the company's Land Use Permit and Water Licence. Remedial work activities occurred over a period of approximately 28 days between 16th August and 12th September 2014.

This report has been prepared at the request of AANDC Water Resources Officer Ms. Eva Paul to fulfill 2014 Water Licence Inspection report Action Item #8 (Table 1, Appendix 1).

INTRODUCTION

A routine annual inspection of NCGC's CBP was completed by AANDC Resource Management Officer Baba Pederson during July 2013 and subsequently by AANDC Water Resources Officer Eva Paul in July 2014. Both inspections included a review of NCGC's infrastructure at Hayes camp, the Three Bluffs drilling area and Bullion Camp.

The 2013 and 2014 inspection reports highlighted a number of issues requiring attention (summarized from inspection reports):

1. HAYES CAMP

a. Hazardous Waste:

- Incinerator ash, hydrocarbons and contaminated water located in the lay down at Hayes Camp not within secondary containment.
- Hazardous waste not backhauled.

b. Fuel containment

- Fuel storage berms at Hayes Camp require maintenance. One berm was found collapsed.
- Berm covers blown off and berms have accumulated water.
- Fuel barrels found outside of containment.

c. Erosion Control:

- Erosion control measures not effective. Water found to be bypassing sandbags and allowing sediment to enter lake.

d. Hayes Camp airstrip:

- Sandbags positioned at right angles to the airstrip causing pooling of water and subsidence.

e. General:

- One building at the airstrip (power generator shack) completely torn apart by strong winds.
- Valve on large red tank not secured.
- Garbage found around incinerator.
- Garbage found in wetlands east of airstrip.

2. THREE BLUFFS DRILL AREA, CACHE AND LAY DOWN

a. Fuel containment:

- Two berms at Three Bluffs collapsed

- Berm covers have been damaged and blown off resulting in berms filling with water
- One berm has leaked contaminated water onto Tundra

b. Other:

- Red sea container containing drill greases and oils noted to be discharging oil-contaminated water out the door.
- Remediation of the spill that occurred in 2012 near the boiler at the drill area not complete and had spill pads still spread around the area.
- Fittings attached to the double walled fuel tank at the Boiler are not in secondary containment.
- Tent frame weather damaged and in need of repair

3. **BULLION CAMP**

a. General

- More than 6 structures at Bullion camp found badly weathered

REMEDIAL ACTIONS REQUESTED

In addition to documenting the abovementioned deficiencies, the 2014 Water Licence Inspection requested that NCGC complete a number of remedial action items within a prescribed timeframe. In early August 2014, NCGC initiated planning for a stand-alone field program to complete remedial actions requested. A letter was sent to Ms. Eva Paul requesting minor revisions to mandated deadlines on the 7th August 2014. An approval of deadlines was received via email on the 10th August 2014 (See Appendix 1)

A list of requested remedial actions is presented in Table 1.

Table 1 – AANDC requested “Action items”, requested variances and timeframes.

Item #	Action Item	Adjusted action plan	Timeframe
2014: Item 1	All hazardous waste and kitchen waste to be backhauled	Waste to be moved from present location and placed in secondary containment within existing quonset structure.	10 th September 2014
		Photos and inventory of waste to be provided in report	30 th September 2014
		NCG is to determine a date, prior to the expiry date of the existing licence, by which all hazardous waste will be removed from site and a report with records of backhaul submitted to the Inspector.	1 st April 2015
2014: Item 2	A spill report is to be filed with the Spill line with respect to the contaminated water spilling from the berm at Three Bluffs		
2014: Item 3	All water accumulated in fuel berms (including small berms for individual tanks) is to be treated and pumped out of the berms. Berms are to be repaired or replaced in order to provide secondary containment. Berms are to be covered to prevent filling with water or snow.		31 st August 2014
2014: Item 4	A geotechnical inspection by a qualified engineer is to be carried out on the airstrip. The geotechnical inspection report is to be submitted to the Board with the 2014 Annual Report, along with a covering letter from the licensee outlining an implementation plan with timelines to respond to the Engineer's recommendation		To be submitted with 2014 Annual Report
2014: Item 5	Erosion control measures throughout the site are to be improved in order to prevent sediment deposition into the lake.		31 st August 2014
2014: Item 6	All fuel that is not waste to be backhauled is to be located in covered secondary containment.		31 st August 2014
2014: Item 7	Contaminated soil from fuel and oil spills is to be removed, and all holes immediately backfilled (including 2012 spill).		31 st August 2014
2014: Item 8	A report showing the completed action items 3, 5, 7 to be submitted to the inspector by the 31 st August 2014.		30 th September 2014
2014: Item 9	Record of waste backhaul to be submitted to inspector	Waste to be moved from present location and placed in secondary containment within existing quonset structure	10 th September 2014
2014: Item 10	Drill sites are to be reclaimed by removing the drill casings and anchors, or cutting and capping them.		Next operating season.

REMEDIAL WORK COMPLETED

This report describes work activities and required remedial actions which occurred at Hayes Camp, the Three Bluffs drilling grid and Bullion camp between 16th August and 12th September, 2014.

1. Hayes Camp

a) Hazardous Waste

All hazardous waste previously stored on the laydown between Hayes camp and the Hayes Camp airstrip was inspected, consolidated, repackaged into empty drums where appropriate, sealed, labelled, palletized and strapped and moved to a 25' x 50' x 24" berm set up within Quonset #2. Hazardous waste products and quantities stored in Quonset #2 are presented in table 2.

Table 2 – NCGC Hazardous Waste

Waste Product	Pallets	Drums	Comments
Water and hydrocarbons	13	52	4 drums per pallet (contaminated fuel and contaminated water)
Hydrocarbon contaminated soil	8	32	4 drums per pallet
Incinerator Ash	22	88	4 drums per pallet
Waste Oil	2	6	4 drums per pallet, one pallet only has 2 drums
Calcium Chloride	~6	N/A	Stored within old drill mud tanks on pallets
Used Aerosols	1	3	3 drums on one pallet
Used spill matting	1	1	Partial drum
Used 12V batteries (UN2794)	1	N/A	2 crates (approx. 25 batteries per crate)



Figure 1 – Hazardous Waste being moved to berm located in Quonset #2.



Figure 2 – Securing berm walls.



Figure 3 – Hazardous waste in berm

b) Fuel Containment

The following work was completed on the two fuel storage berms located at Hayes Camp on the eastern side of the airstrip.

- Berms were inspected for any contained water, hydrocarbons or damage.
- Any contained water within the berm was drained out through rain drains with newly installed replacement hydrocarbon filters.
- Any damage to the berm was repaired
- Berms support brackets were inspected, repaired or replaced as necessary.
- Fuel drums inside the berms were inspected for leaks.
- Fuel drums within the berms were reorganized and empty drums were added to the berm to reduce gaps and prevent the cover from collecting and ponding water.
- Berm covers and tie down attachments were repaired.
- Berm covers were installed using used drill rods, anchors and UV resistant polyester rope to ensure durability.
- Rain drains were removed and berm drain valves closed or bungs reinstalled.
- Signs were reinstalled where necessary.

Fuel drums located outside of containment (eg: at the incinerator, 2014 Inspection report Figure 21) were removed and placed inside containment. Drums located on the airstrip (2014 Inspection report Figure 20) contained water and had previously been used to weigh down supplies. Water was treated and drums crushed.

Covered fuel storage drums on individual tents were inspected for presence of water and or residual fuel. Water and fuel contained in berms was removed appropriately as necessary.



Figure 4 – New rain drain filters ready for installation

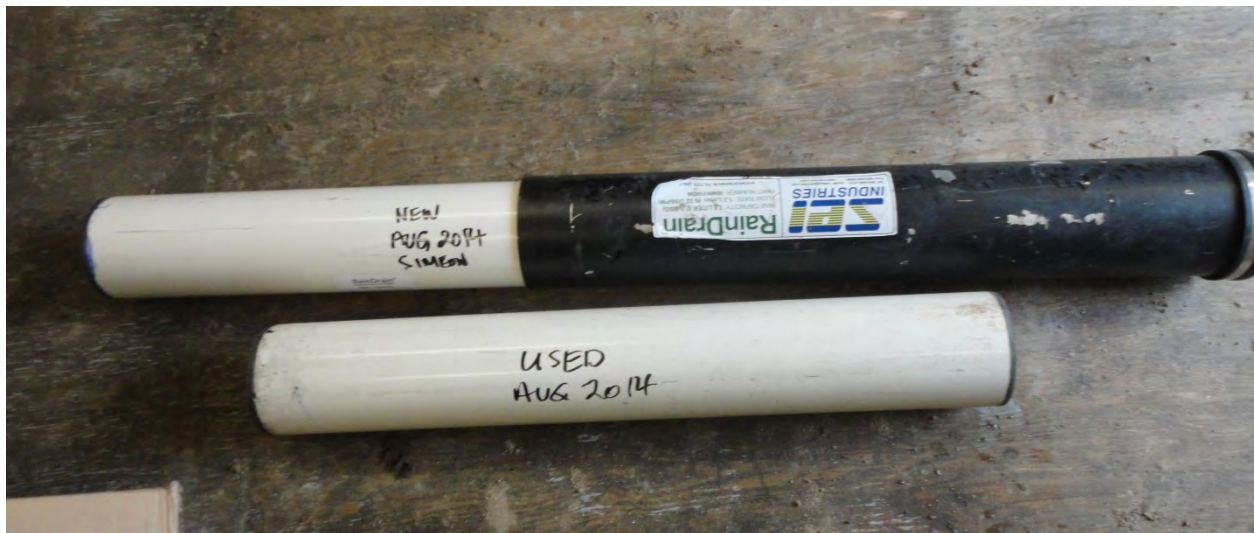


Figure 5 – Rain drain filters replaced.



Figure 6 – Rain Drain filters attached to drain water from berm



Figure 7 – Patching damaged fuel berm



Figure 8 - Waste Oil / Fuel Berm on eastern side of Quonset 1 (Hayes Camp) with cover repaired and reinstalled. This is fuel berm shown in 2014 Inspection report Figure 10. Drill steel and scrap metal Caterpillar track pads have been used to provide additional anchor points to hold cover on in high winds.

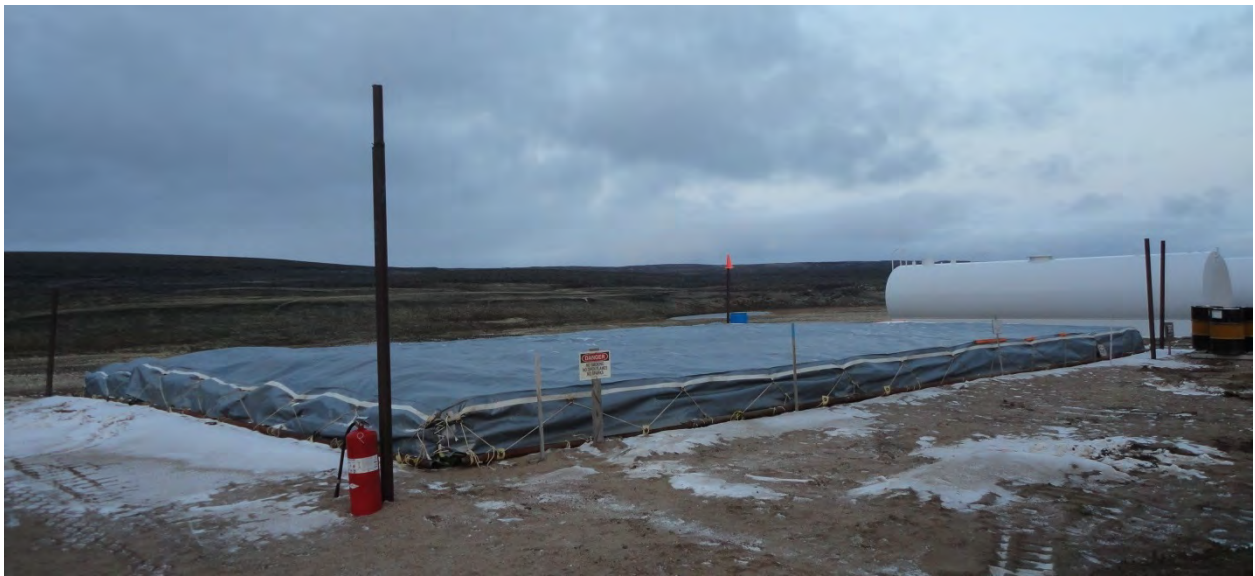


Figure 9 – P50/Jet Fuel cache located between generator and Quonset #1. Drill steel connected along all sides and used for additional anchoring of berm cover. This is fuel berm shown in 2014 Inspection report Figure 26.

c) Erosion Control

Gullies and water channels at Hayes camp were inspected and where necessary remedial measures were implemented to prevent ongoing erosion, and to prevent transport of sediment into Sandspit Lake. This comprised:

- Filling new erosion ruts with sandbags to prevent further erosion
- Creating sand bag dams on steep slopes to reduce the velocity of moving water and prevent further erosion. Dams were constructed using permeable burlap sand bag to minimize ponding of water.
- Silt fences were installed on gentle slopes to collect sediment and prevent entry into Sandspit Lake.



Figure 10 – Erosion control measures implemented (view southwest)



Figure 11 – Erosion control measures implemented (view southeast)

d) Hayes Camp Airstrip

Mr. Lowell Wade., M.Sc., P.Eng., P.Geo., Senior Consultant from SRK Consulting Canada Inc completed a site visit and geotechnical review of the Hayes Camp airstrip on Saturday 6th September 2014. A geotechnical report is presently being prepared to address the issues requested in the 2014 Water Licence Inspection.

Whilst onsite a number of the sand bags along the airstrip were removed to enable ponded water to drain.

e) Other Issues

i. Damaged Building at Airstrip

The power generation shack housing the Hayes Camp generators that was destroyed during the strong wind was removed, salvaged and a new shack constructed. All garbage and debris from the damaged shack was removed.



Figure 12 – Demolished Power Generation Shack



Figure 13 – NCGC staff rebuilding Generator shack. Generators repositioned enable more suitable and wind resistant construction.



Figure 14 – Rebuilt Generator shack. All debris from damaged shack removed. (Same view as 2014 Inspection Report Figure 20)

ii. Large red tank

The large red tank at Hayes Camp is used as a summer camp water storage tank. This tank was labelled “Water” and “H₂O” to prevent any confusion.



Figure 15 – Red tank used to store water at Hayes camp during summer months.

iii. Garbage around incinerator / garbage not emptied

All garbage around the incinerator was cleaned up. Garbage and recycling bins at Hayes camp were sealed and secured in Quonset #2.



Figure 16 – Hayes Camp incinerator. Garbage was sorted and removed. Note: black drum is empty and was stored prior to departure.



Figure 17 – Hayes camp incinerator site.

iv. Garbage in wetlands

All garbage was collected and removed from the wetlands east of the airstrip.

2. Three Bluffs

a) Fuel Containment

The three fuel storage berms located at the Three Bluffs drilling grid were addressed in a similar fashion to berms at Hayes camp

- Berms were inspected for any contained water, hydrocarbons or damage.
- Any contained water within the berm was drained out through rain drains with newly installed replacement hydrocarbon filters.
- Any damage to the berm was repaired
- Berms support brackets were inspected, repaired or replaced as necessary.
- Fuel drums inside the berm were inspected for leaks.
- Fuel drums within the berms were reorganized and empty drums were added to the berm to reduce gaps and prevent the cover from collecting water.

- Berm covers and tie down attachments were repaired.
- Berm covers were installed using used drill rods or 8"x8" timbers as anchors and UV resistant polyester rope to ensure durability.
- Rain drains were removed and berm drain valves closed or bungs reinstalled.
- Signs and marker posts were reinstalled where necessary.



Figure 18 – Two 'Rain Drain' filters attached to Berm 2 (2014 Inspection Report Figure 24) to treat hydrocarbon contaminated water



Figure 19 – Repairing damaged fuel berm



Figure 20 – Replacing damaged support brackets on berm 3 at Three Bluffs.



Figure 21 – Fuel berm 3 at Three Bluffs. The row of fuel drums on the far left was repositioned and additional wall support brackets added to ensure berm stability.

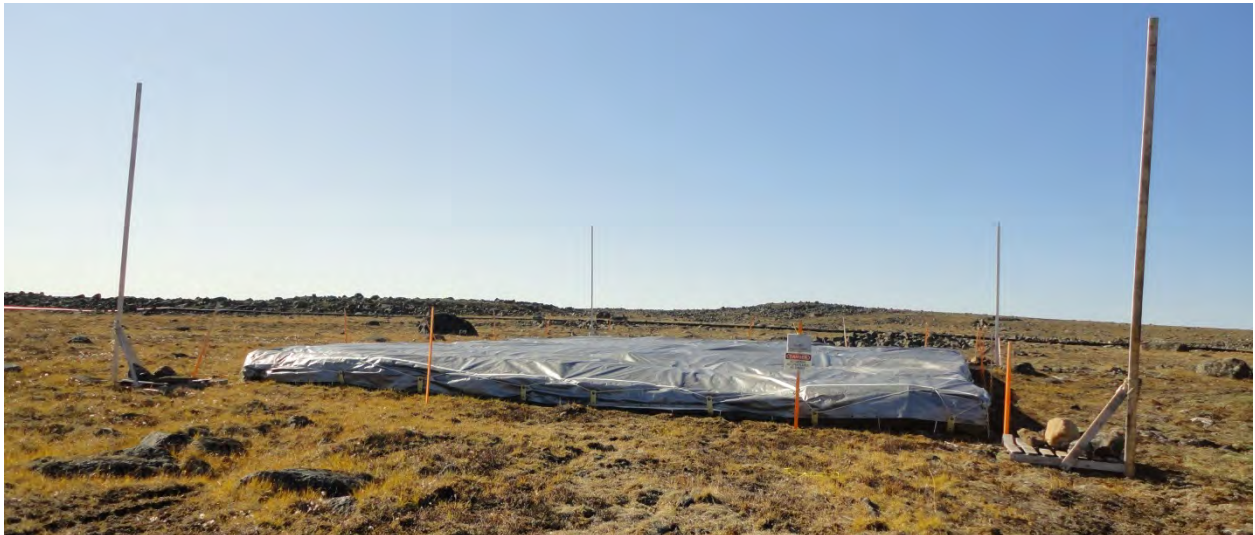


Figure 22 – Covered P50 fuel berm 3 (Three Bluffs – looking west; See 2014 Inspection report Figures 12 and 15).



Figure 23 – Berms 1 and 2 (Three Bluffs)

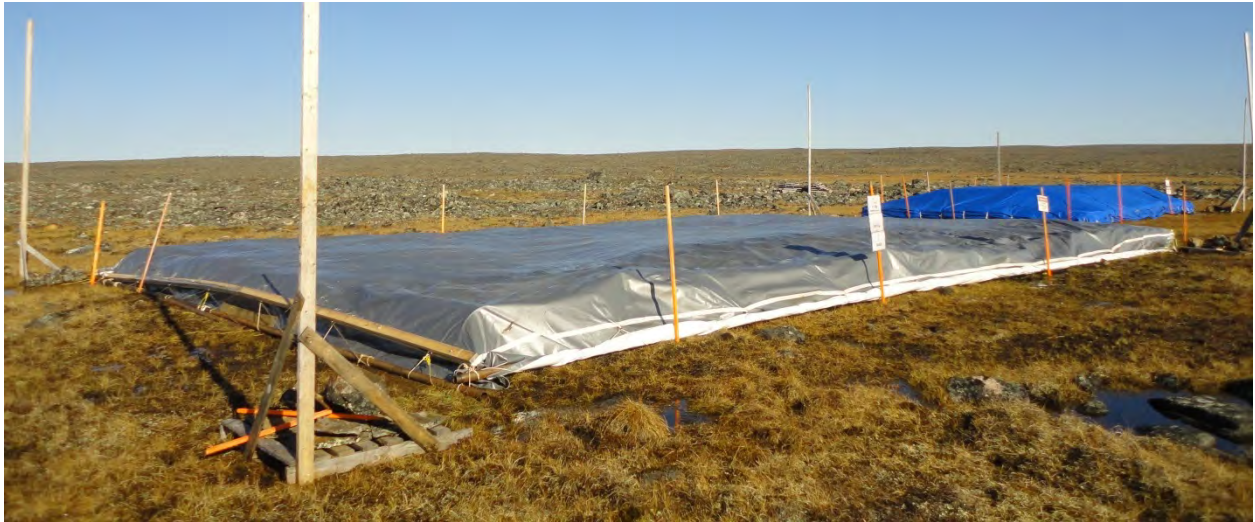


Figure 23 – Berm 2 at Three Bluffs (2014 Inspection report Figures 11, 14, 23, 24, 25).

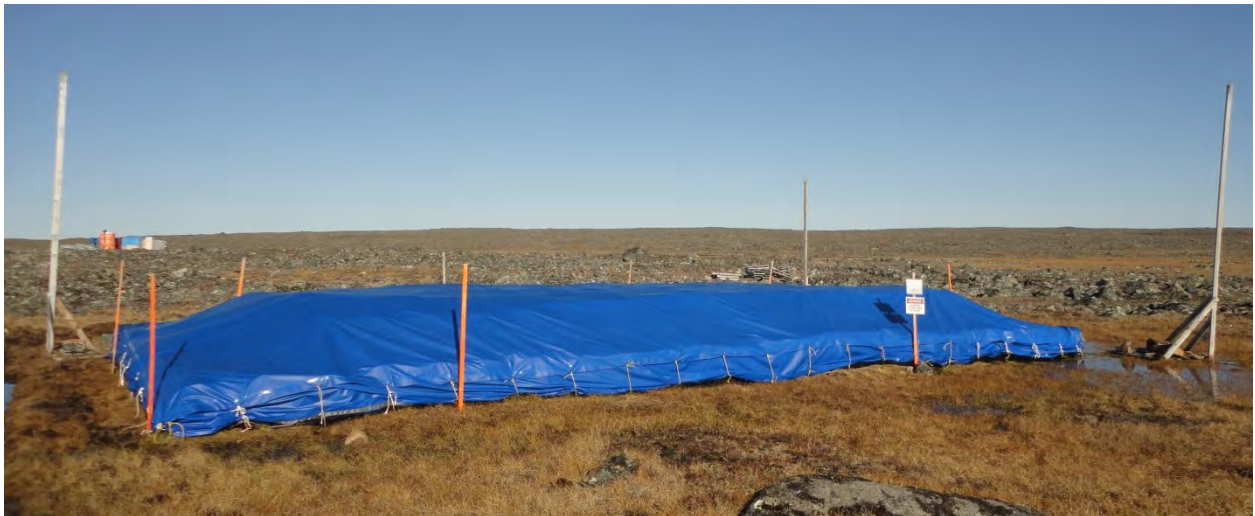


Figure 24 – Fuel Berm 1 at Three Bluffs (2014 Inspection report Figures 11 and 14)

b) Fuel Spill from Berm 2

A spill report was filed with the NWT and Nunavut Spill hotline on the 7th August 2014 (Report Number 14-289; see Appendix 3).

Upon arrival at site the fuel spill was dealt with as a high priority item. Contaminated water within the berm was drained and treated through Rain Drain filters immediately to reduce the risk of further contamination of the tundra vegetation (See Figure 18). Absorbent matting and spill pads were used to absorb hydrocarbons from the surface where possible. Contaminated tundra was then excavated and placed in a sealed, labelled drum which was subsequently backhauled to Hayes Camp and placed within containment in Quonset #2. Holes were then backfilled using local material.



Figure 25 – Contaminated soil being removed from hydrocarbon spill which occurred as a result of Berm 2 overflowing.

c) Other issues

i. Red sea container leaking contamination water out the door

The red sea container (leaking contaminated water out the door) was inspected for the source of contamination. A leaking container of biodegradable drilling additive was identified as the source of contamination and was placed inside suitable containment. Residual drilling additive was removed from the sea container floor and contaminated soil was excavated, placed in a sealed drum and transported back to Hayes Camp and stored within containment in Quonset #2.



Figure 26 – Cleaning up contamination within red sea container



Figure 26 – Removing contaminated soil from door of red sea container.

ii. 2012 spill remediation

All spill pads from the site of the 2012 hydrocarbon spill were removed and transported back to Hayes camp and stored within the a sealed drum, within containment inside Quonset #2.



Figure 27 – Site of 2012 hydrocarbon spill. Absorbent matting was removed. Holes were backfilled to best extent possible within the natural wetland area (See 2014 Inspection Report Figure 28).



Figure 28 – Boiler site. Drums containing soil from 2012 fuel spill removed to Hayes Camp (See 2014 Inspection report Figure 29)

iii. *Fittings on double walled tank at boiler*

The double walled fuel tank at the boiler was inspected and a decision was made to relocate the tank and reconstruct a solid base for the tank. All hoses were removed from the base of the tank. The valve handle was removed and a bung installed to eliminate any risk of accidental discharge.

NCGC will install contained fuel lines that draw fuel from the top of tank prior to re-commissioning of the boiler system.



Figure 28 – Double walled fuel tank at the boiler repositioned on a solid base



Figure 29 – Fuel hoses were removed from the base of the tank, the valve handle removed and a bung installed to prevent any accidental discharge.

iv. Tent Frame Damage

The storage tent at the drillers` laydown at the Three Bluffs drill grid was repaired and secured for winter.



Figure 30 – Damaged storage tent at Three Bluffs drill grid.



Figure 31 – Repaired drill storage tent at Three Bluffs drill grid.

3. Bullion Camp

NCGC completed camp maintenance at Bullion camp during the 2014 program. Damaged tents were repaired wherever possible. One tent was re-roofed. A number of canvasses were removed from the tent frames where the extent of damage was beyond repair.



Figure 32 – Repaired roof at Bullion Camp.



Figure 33 – Repaired tent at Bullion Camp.



Figure 34 – Repaired tent canvas at Bullion Camp.





Figure 35 – Bullion Camp after maintenance.

APPENDIX 1

2014 Water Licence Inspection Report and correspondence



WATER LICENCE INSPECTION FORM

☒ Original
☐ Follow-Up Report

Licensee	Licensee Representative
North Country Gold	-
Licence No. / Expiry	Representative's Title
2BE-CRA1015	-
Land / Other Authorizations	Land / Other Authorizations
Lease # 056J/11-1-2 and 056J/12-1-2	LUP N2009C0018 and N2009C0019
Date of Inspection	Inspector
20/07/2014	Eva Paul
Activities Inspected	
☒ Camp ☐ Drilling ☐ Mining ☐ Construction ☐ Reclamation ☒ Fuel Storage ☐ Roads/Hauling ☒ Other: Drill laydown ☒ Other: Airstrip	

Conditions:			A - Acceptable	C - Concern	U - Unacceptable	NA - Not Applicable	NI - Not Inspected
Water Use	Condition	Comment					
Intake/Screen	NA						
Flow Measure. Device	NA						
Source:	NA						
Water Use:	NA						
Recirculation (y /n)	NA						
Waste Disposal							
Waste Water	U	1					
Solid Waste	U	1					
Hazardous Waste	U	1					
*The number in the comments field will correspond with specific comments provided below.							
Samples taken by Inspector:			Location(s):				
☐ Yes ☒ No							

SECTION 1	☒ Comments (p.1-2)	☒ Non-Compliance with Act or Licence (s.2)	☒ Action Required (s.3)
Bullion Camp and Hayes Camp were both inspected on July 20, 2014, as well as the Three Bluffs drill laydown/fuel storage area. Bullion Camp is weathered; some of the tents have torn. A few doors were open; I secured the doors as well as I could. Hayes Camp appears to have suffered a strong wind: one building at the airstrip is completely torn apart. Trash is blown into the wetlands east of the airstrip. It was noted during the file review that this water licence expires in April 2015; renewal documents should be submitted as early as possible to avoid expiry, and non-compliances addressed to facilitate the renewal process.			
- Waste water, solid waste, and hazardous waste are accumulated in the Hayes lay-down area near camp. It does not appear that waste has been backhauled since my last inspection in 2012. Covers are becoming ripped and blowing off of stored waste. Waste barrels within camp still contain waste. Hazardous waste at the lay-down (waste hydrocarbons, contaminated water etc) is not held in secondary containment. - Two berms at Three Bluffs have collapsed (both berms with grey tarps). Most of the berms' tarps have blown off. These are clearly not being monitored frequently enough. Bullion Camp, where a second berm was used as a cover, has weathered the best of all the berms. Little water was in the berm and all sides were standing. The blue-tarped berm at Three Bluffs was also intact. - It does not appear that any work was done on the airstrip following the 2012 inspection. The sandbags put in place at right angles to the airstrip are still causing pooling and subsidence associated with permafrost melting. Cracks appear across the airstrip; and wash-outs off the sides. - Erosion control measures in place around camp are not being maintained. The drainage channel from camp has changed course and is bypassing the sandbags, allowing sand to be washed into the lake. - In general, the mitigation measures put in place will only be effective if the site is maintained. This includes the berms and the erosion control measures. Regular monitoring is required. The camp was not adequately prepared for a lengthy shut-down. Hazardous waste and camp waste should be removed from site. All fuels should be secured in covered secondary containment, and all garbage, foods and other wildlife attractants removed from site. - Drill site near the fuel berms has not been reclaimed – collars are to be pulled or cut for all drill holes. - The two 35,000L bulk fuel tanks at the airstrip are not to be put into use until they are installed in accordance with Environment Canada's current bulk storage tank regulations. Six full diesel drums were found at the airstrip with no containment. Four barrels were located at the incinerator on a pallet. The fuel tank at the Three Bluffs boiler is not in containment – leaks of the hose will result in a spill. Those materials that are stored in berms are not being monitored; two berms are collapsed, one of which is leaking clearly contaminated water to the tundra (grey tarped berm at the drill lay-down area near the blue-covered berm). I propped up the side with rocks to stop the flow of water, however if the rain continues this will soon overtop again. The airstrip berm is missing a cap, and water is dripping out the corner port. I noted Rain Drain filters around the site; those left with			



any water in the filters over winter must have the filters replaced prior to use. The red sea-can containing drill greases and oils is discharging oil-contaminated water out the door. Without adequate monitoring, those spills that occur are not addressed promptly and there is a failure to implement the spill plan. Remediation of the spill that occurred in 2012 near the boiler at the drill area has not been completed; spill pads are still spread around the area. Excavated areas should be backfilled to prevent water accumulation and permafrost degradation. In addition, all issues identified in the 2013 LUP inspection are to be addressed as committed to in the 2013 annual report.

SECTION 2 ☐ Comments ☒ Non-Compliance with Act or Licence ☐ Action Required

Part C Item 7: Failure to maintain sediment and erosion control measures.
Part D Item 6: Failure to remove and dispose of hazardous waste.
Part E Item 4: Failure to undertake corrective actions with respect to effects on drainage caused by the construction of the airstrip.
Part # Item 12: Failure to maintain containment and runoff control structures.
Part H Item 6(a): Failure to implement the Spill Contingency Plan.
Part I Item 2: Failure to remove waste annually.
Part I Item 9: Failure to reclaim drill holes immediately upon completion of drilling.

SECTION 3 ☐ Comments ☐ Non-Compliance with Act or Licence ☒ Action Required

1. All hazardous waste and kitchen waste are to be backhauled by October 31, 2014.
2. A spill report is to be filed with the Spill Line with respect to the contaminated water spilling from the berm at Three Bluffs.
3. All water accumulated in fuel berms (including small berms for individual tanks) is to be treated and pumped out of the berms. Berms are to be repaired or replaced in order to provide secondary containment. Berms are to be covered to prevent filling with water or snow. This is to be carried out by August 15, 2014.
4. A geotechnical inspection by a qualified engineer is to be carried out of the airstrip. The geotechnical inspection report is to be submitted to the Board with the 2014 Annual Report, along with a covering letter from the Licensee outlining an implementation plan with timelines to respond to the Engineer's recommendations.
5. Erosion control measures throughout the site are to be improved by August 15, 2014, in order to prevent sediment deposition in the lake.
6. All fuel that is not waste to be backhauled is to be located into covered secondary containment by August 15, 2014.
7. Contaminated soil from fuel and oil spills is to be removed, and holes immediately backfilled; this includes the 2012 spill. This is to be completed by August 15, 2014.
8. A report showing the completed actions 3, 5, 7, and 8 (including photographs) is to be submitted to the Inspector by August 31, 2014.
9. Record of waste backhaul is to be submitted to the Inspector by November 15, 2014.
10. Drill sites are to be reclaimed by removing the drill casings and anchors, or cutting and capping them. This work is to be carried in the Licensee's next snow-free period of activity.

Licensee or Representative	Inspector's Name
-	Eva Paul
Signature	Signature
-	Submitted electronically
Date	Date
-	25/07/2014

Office Use Only: Follow-up report to be issued by Inspector ☐ Yes ☐ No

Attached: Appendix 1 - Photos of Inspection

CC: Phyllis Beaulieu, Manager of Licensing, NWB
Erik Allain, Manager of Field Operations, AANDC
Baba Pedersen, Resource Management Officer – Kitikmeot Region, AANDC



Figure 1. Bullion Camp. Berm is intact. Some tents are torn.



Figure 2. Lay-down at Hayes Camp. Building demolished.



Figure 3. Waste area at Hayes. Garbage barrels.



Figure 4. Barrels are no longer sealed.



Figure 5. Waste Hydrocarbons should have been removed from site.



Figure 6. Contaminated water should be removed from site.



Figure 7. Incinerator Ash should be removed from site.



Figure 8. Garbages within the camp were not emptied.



Figure 9. Aerial view of Hayes berms.



Figure 10. Hayes berm collapsed.

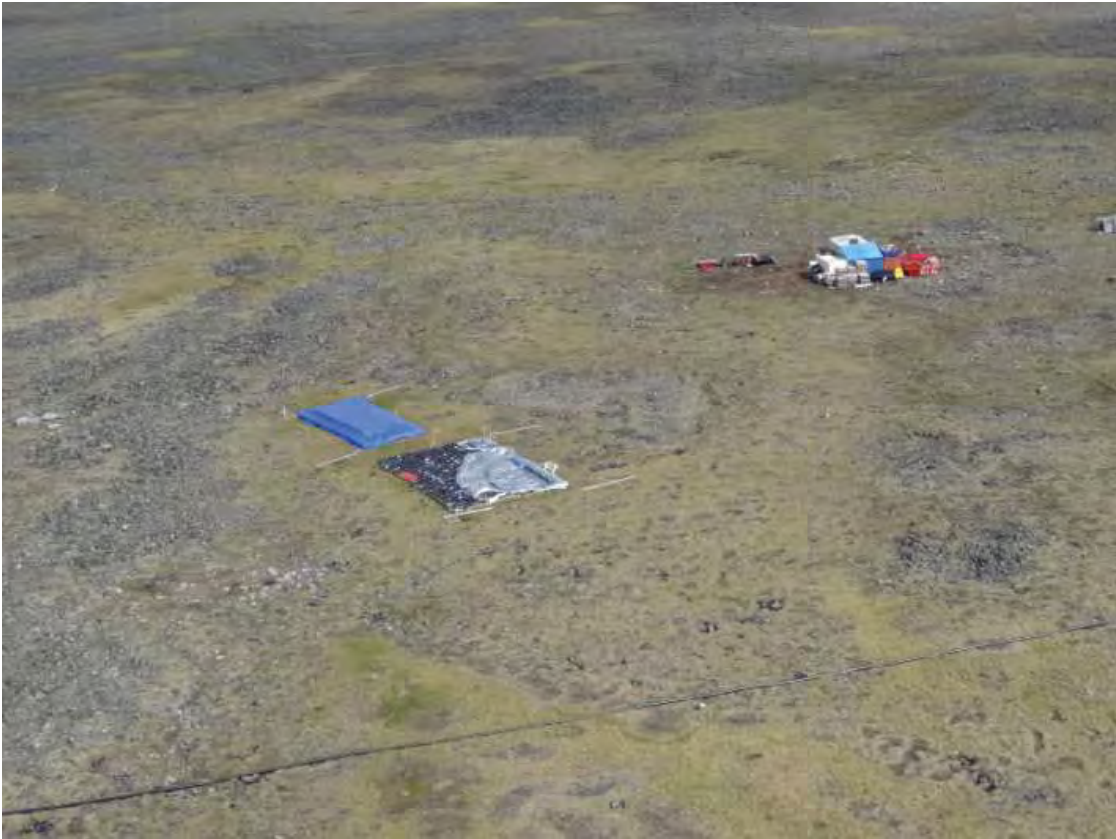


Figure 11. Berms at Three Bluffs.

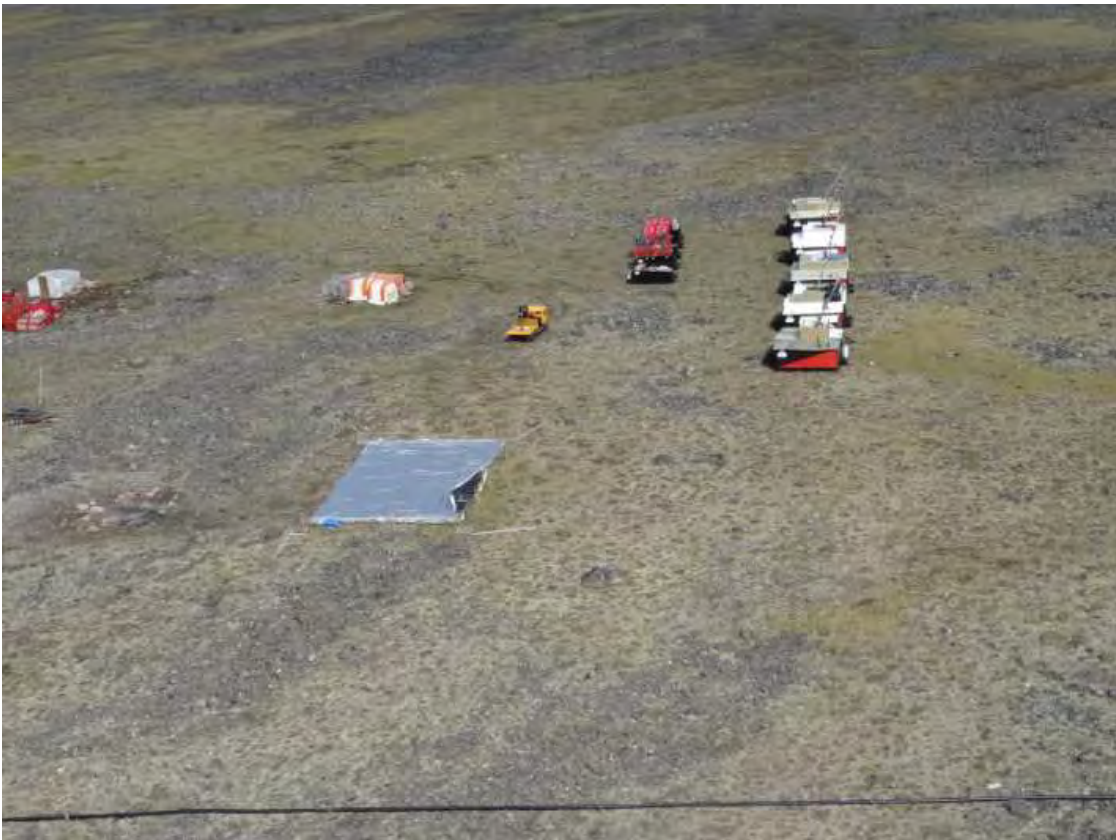


Figure 12. Third berm at Three Bluffs.



Figure 13. Three Bluffs berm 1.



Figure 14. Three Bluffs berm 2.

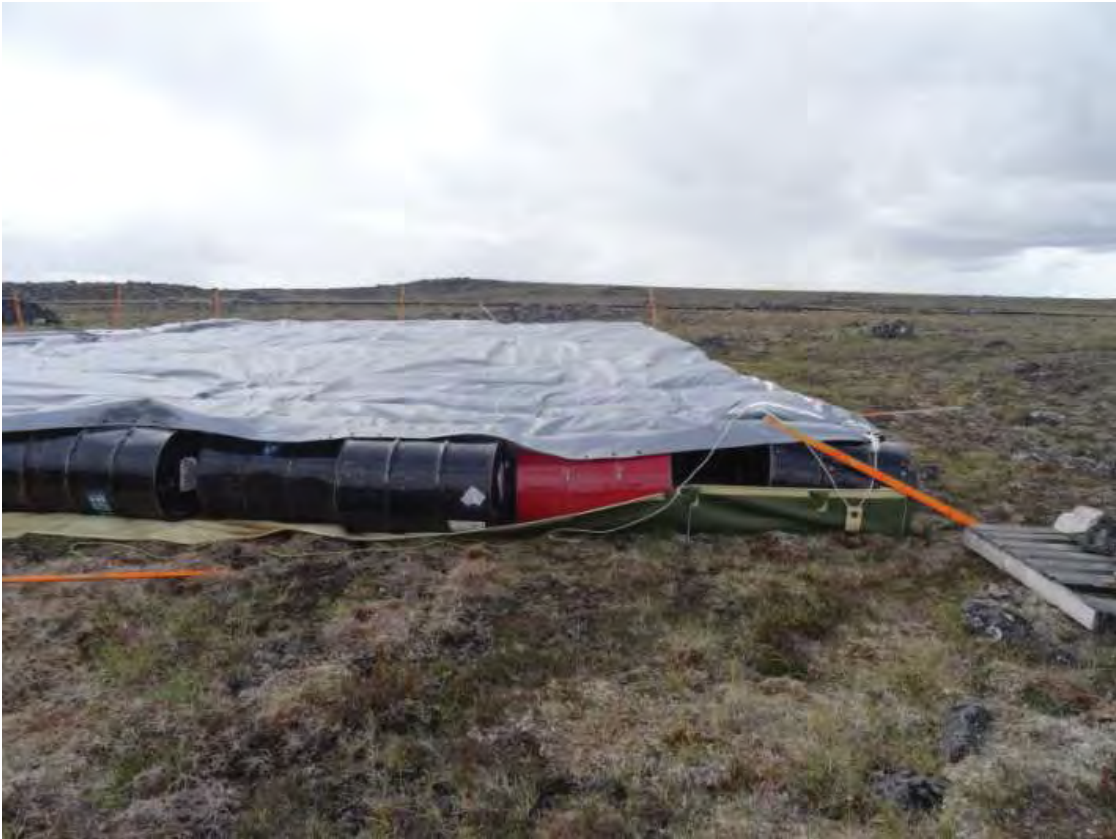


Figure 15. Three Bluffs berm 3.



Figure 16. Pooling/ponding on the side of the airstrip; sediment evident in water flowing down-slope.



Figure 17. Permafrost degradation leading to deterioration of airstrip and sediment in the water.



Figure 18. Camp drainage: original flow on left, new channel on right.



Figure 19. Drill sites require reclamation.



Figure 20. Full diesel barrels at the airstrip.



Figure 21. Barrels out of containment at the incinerator.



Figure 22. While tank may be double-walled, the hoses and valves are not. Secondary containment is required.



Figure 23. Contaminated water in Three-Bluffs berm 2.



Figure 24. Collapsed side of Three Bluffs berm 2, leaking contaminated water.



Figure 25. I propped up the side for a temporary fix. More precipitation will cause further overflow of contaminated water.



Figure 26. Hayes Camp berm; corner dripping. No obvious contamination at this time.



Figure 27. Sea-can leaking oil-contaminated water; there is water coming into the sea-can and flowing through.



Figure 28. 2012 spill at the boiler. Spill pads are still widespread and holes have not been backfilled.



Figure 29. Covered drums of assumedly contaminated material at the boiler. Berm is destroyed, and barrel contents are exposed.



August 7th, 2014

VIA EMAIL

Eva Paul
Water Resources Officer
Aboriginal Affairs and Northern Development Canada
Nunavut Regional Office
PO BOX 100
IQALUIT, NUNAVUT XOA0H0

RE: 2014 Water License Inspection (Ref: 2BE-CRA1015)

Dear Ms. Paul,

North Country Gold Corp. ('NCG', 'the company') wishes to formally acknowledge receipt of AANDC's water license inspection that was carried out on the company's Committee Bay Project (Water License 2BE-CRA1015) the 20th July 2014.

NCG has reviewed AANDC's inspection report and is presently in the process of preparing necessary supplies and equipment, and engaging consultants and service companies to complete a field program designed specifically to address and remedy deficiencies identified, and action requested by AANDC. This field program will address both the 2014 '*Water license inspection report*' that you issued on 25th July 2014, and the '*Environmental inspection report*' issued by Mr. Baba Pederson to NCG in October 2013. Key action items are listed in tables 1 and 2 (attached).

NCG intends to initiate a field program at the Committee Bay Property sometime between the 11th and 18th of August (subject to the availability of aircraft). Whilst NCG acknowledges that expedient action is required to address high priority action items, the company respectfully requests that AANDC allow minor revisions to the mandated deadlines given the logistical and planning requirements necessary to complete a safe and effective stand-alone program in this remote location.

- NCG asks that the August 15th deadlines for high priority action items requested in the 2014 '*Water license inspection report*' (Section 3, Items 3, 5, 6, 7 - Fuel spills, repairing and covering fuel berms, and erosion control) be extended to 31st August. NCG personnel, once onsite, will be tasked with immediately addressing high priority action items.
- NCG requests that the reporting deadline be extended to the 30th September 2014. This will enable NCG to complete all field based remedial work.
- NCG also requests that the backhaul of hazardous waste and kitchen waste (action items 1 and 9) be deferred until such time as the company next constructs its permitted 5200 foot ice airstrip and is able to remove waste using heavy lift freight aircraft (C130



Hercules or equivalent). NCG's Hayes Camp gravel airstrip presently only facilitates small single/twin otter aircraft with limited cargo capacities and payloads which are not a practical means of moving large quantities of material.

In the interim, NCG proposes that all hazardous waste products be moved from their present location and stored in secondary containment within one of the two quonset structures at the site. This will provide protection from snow, rain and wind until such time as waste can be backhauled.

NCG would like to reiterate that we acknowledge the identified deficiencies and remain committed to rectifying and maintaining the terms and conditions of all of the company's applicable licenses. We trust that these minor amendments to the requested action plan are reasonable and will be found acceptable in light of timing constraints and logistical challenges. We look forward to your positive response to our proposed amendments prior initiating our work plan.

NCG remains committed to maintaining good working relationships with all regulatory bodies.

Yours sincerely,

North Country Gold Corp.

Simeon Robinson, P.Geo.
Project Manager

cc:

Baba Pedersen, Resource Management Officer – Kitikmeot Region, AANDC
Phyllis Beaulieu, Manager of Licensing, NWB
Erik Allain, Manager of Field Operations, AANDC
Tracey McCaie, Manager of Land Administration, AANDC
Peter Kleespies, Vice President - Exploration (NCG)
Jo Price (NCG)



Table 1 – 2014 AANDC requested “Action items” and NCG proposed work plan

Item #	Action Item	Requested time line	NCG Action plan
2014: Item 1	All hazardous waste and kitchen waste to be backhauled	October 31, 2014	Waste to be moved from present location and placed in secondary containment within existing quonset structure by 10th September 2014 . Backhaul pending ice airstrip and larger aircraft.
2014: Item 2	A spill report is to be filed with the Spill line with respect to the contaminated water spilling from the berm at Three Bluffs		A Spill report was filed with the NT-NU 24 hour spill line on the 7 th August 2014.
2014: Item 3	All water accumulated in fuel berms (including small berms for individual tanks) is to be treated and pumped out of the berms. Berms are to be repaired or replaced in order to provide secondary containment. Berms are to be covered to prevent filling with water or snow.	August 15, 2014	Once onsite, personnel inspect and repair all secondary fuel containment as warranted. Water will be removed from containment structures and treated prior to discharge. Fuel drums will be inspected and leaking drums rectified. All secondary containment covers will be repaired and secured. This will occur by 31st August 2014 .
2014: Item 4	A geotechnical inspection by a qualified engineer is to be carried out on the airstrip. The geotechnical inspection report is to be submitted to the Board with the 2014 Annual Report, along with a covering letter from the licensee outlining an implementation plan with timelines to respond to the Engineer's recommendation		NCG is presently engaging a geotechnical engineer. A site visit by a geotechnical engineer is tentatively planned for early September 2014 .
2014: Item 5	Erosion control measures throughout the site are to be improved in order to prevent sediment deposition into the lake.	August 15, 2014	Once onsite, personnel will inspect and repair erosion control measures. Silt fences and or sand bags will be established where necessary to prevent sediment deposition into the lake. This will be completed by 31st August 2014 .
2014: Item 6	All fuel that is not waste to be backhauled is to be located in covered secondary containment.	August 15, 2014	Once onsite, all fuel will be located in secondary containment by 31st August 2014 .
2014: Item 7	Contaminated soil from fuel and oil spills is to be removed, and all holes immediately backfilled (including 2012 spill).	August 15, 2014	Once onsite, hydrocarbon spills will be addressed according to NCG Spill plan. Hydrocarbon contaminated soils will be removed and holes will be backfilled. This will be completed by 31st August 2014 .
2014: Item 8	A report showing the completed action items 3, 5, 7 to be submitted to the inspector by the 31 st August 2014.	August 31, 2014	NCG requests that the deadline for a detailed remedial action report be extended until 30th September 2014 .
2014: Item 9	Record of waste backhaul to be submitted to inspector	November 15, 2014	Waste to be moved from present location and placed in secondary containment within existing quonset structure by 10th September 2014 .
2014: Item 10	Drill sites are to be reclaimed by removing the drill casings and anchors, or cutting and capping them.	Within licensee's next snow free period of activity.	This will be completed during next operating season.



Table 2 – 2013 AANDC requested “Action items”

- **Bullion Camp**

Issue	Action required	Comments
Six structures have sustained extensive weather damage	Structures need to be repaired and secured	All damaged tent canvasses will be removed. Frames will be secured.

- **Hayes Camp**

Issue	Action required	Comments
Garbage around the incinerator	Garbage needs to be cleaned up and disposed of.	All garbage on site will be collected and removed or incinerated as appropriate.
Valve on large red tank is unsecure	Valve needs to be covered and locked	Please note that this tank is for water storage only.
Water is accumulating on top of cover of secondary containment and pulling cover off	Cover needs to be secured. Any water in berm to be treated to remove any hydrocarbons then discharged	All secondary containment structures will be inspected and repaired as necessary. Water will be removed from containment structures and treated prior to discharge. Fuel drums will be inspected and leaking drums rectified. All secondary containment covers will be repaired and secured to prevent water pooling on cover.

- **Three Bluffs drill grid, fuel cache and drill laydown**

Issue	Action required	Comments
Tent frame weather damaged	Tent needs repair	Tent structure will be repaired.
Fuel cache has large pool of standing water on cover	Water needs to be drained off	All secondary containment structures will be inspected and repaired as necessary. Water will be removed from containment structures and treated prior to discharge. Fuel drums will be inspected and leaking drums rectified. All secondary containment covers will be repaired and secured to prevent water pooling on cover.
Fuel cache has part of cover blown off.	Cover needs to be secured	All secondary containment structures will be inspected and repaired as necessary. Water will be removed from containment structures and treated prior to discharge. Fuel drums will be inspected and leaking drums rectified. All secondary containment covers will be repaired and secured to prevent water pooling on cover.

Simeon Robinson

From: Eva Paul <Eva.Paul@aandc-aadnc.gc.ca>
Sent: August-10-14 5:06 PM
To: Robinson, Simeon
Cc: Allain, Erik; Contact, Jo Price; Kleespies', 'Peter; Licensing Department; McCaie, Tracey; Pedersen, Baba; Phyllis Beaulieu; licensing@nunavutwaterboard.org
Subject: RE: 2BE-CRA1015 Inspection of July 20 2014

Hi Simeon,

Thank you for this document and the prompt response from NCG with respect to the action items identified in the 2014 inspection report. By way of this e-mail I acknowledge and approve your request to amend the deadlines as follows:

- Item 1 - Hazardous waste to be moved from present location and placed in secondary containment within the quonset - may be carried out by **September 10th**.
- The work required for items 3,5,6, and 7 by August 15th may be extended to **August 31st**.
- The report required by item 8 may be extended to **September 30th**, and will also include a description (*including type and quantity of waste*) and photographs of the fulfilment of Item 1.

I cannot, however, waive the requirement to backhaul hazardous waste. This condition forms part of the licence, and NCG is now in the second year of contravention. This item may be deferred until an agreed-upon date this coming winter, however, it is to be undertaken prior to the expiry of the licence.

- NCG is to determine a date, prior to the expiry date of the existing licence, by which all hazardous waste will be removed from site and a report with records of backhaul submitted to the Inspector.

Regards,

Eva Paul

Water Resources Officer | Agent des ressources en eau
Aboriginal Affairs and Northern Development Canada | Affaires autochtones et Développement du Nord Canada
Nunavut Regional Office | Bureau régional du Nunavut
Building 969, PO Box 2200 | Édifice 969, CP 2200
Iqaluit, NU X0A 0H0

Phone | Tél. : 867-975-4548
Cell | Mobile: 867-222-6490
Fax | Téléc. : 867-979-6445
Eva.Paul@aandc-aadnc.gc.ca

>>> "Simeon Robinson" <simeonr@northcountrygold.com> 8/8/2014 4:55 PM >>>

Hi Eva,

Please find attached to this email a letter detailing NCG's proposed work plan to address the deficiencies and respectfully request minor amendments to timeframes noted in your inspection report of the Committee Bay Project.

APPENDIX 2

2013 Environmental Inspection Report and correspondence



October 24, 2013

North Country Gold
220 – 9797 45th Ave
Edmonton, AB T6E – 5V8

RE: Land Use Permit # N2009C0018 Hayes Camp and Drill Laydown Area & Fuel Cache

On July 25, 2013, I conducted Field Inspections at the above mentioned locations. A copy of my Environmental Inspection Report and 2 Photo Sheets are attached.

Issues identified during the Inspection:

This LUP expired on March 20, 2013 but I do acknowledge that your application for renewal has already been submitted to AANDC.

As per photo sheet #1 of the Hayes Camp, there was some garbage found around the Incinerator that needs to be cleaned up and disposed of, the valve on the large red tank is unsecure and needs to be covered or locked, and the secondary containment on 1 of the 2 fuel caches needs attending to as water has accumulated on top causing other areas to be exposed. The covered secondary containment for individual drums behind each structure is very nice thank you.

As per photo sheet #2 of the Drill Laydown area and Fuel Cache, 1 Tent Frame is weather damaged and needs repairing and 1 Fuel Cache has a large pool of standing water that needs to be drained off and the other Fuel Cache has had part of the cover blown off and a section of the containment wall has collapsed from the support strings coming off.

The above deficiencies need to be fixed and “before” and “after” photos shall be provided to me to show compliance. These sites will be Inspected again in 2014 to ensure compliance.

Please do not hesitate to contact me should you have any questions or concerns.

Koana,

Baba Pedersen
Resource Management Officer
Aboriginal Affairs and Northern Development Canada
P.O. Box 278
Kugluktuk, NU X0B – 0E0
Phone 867-982-4306
Fax 867-982-4307
Email baba.pedersen@aandc.gc.ca

cc. Land Administrator, AANDC, Iqaluit, NU

(E) N 7009 C0018



25 JULY 2013



HAYES CAMP



N 66° 39' 34.3"

W 91° 33' 10.3"

(#2) N8009C0018



25 JULY 2013



PALE LAYDOWN & FUEL CACHE



N 66° 32' 30.9"

W 91° 26' 27.7"



ENVIRONMENTAL INSPECTION REPORT

Permittee: (complete name and address)

NORTH COUNTRY GOLD

220-9797 45TH AVE, EDMONTON, AB T6E-5V8

		Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	N2009C0018	20 MARCH 2013	16 JULY 2011
Quarrying Permit No.			
WATER LICENCE	2BE-CRA1015	1 APRIL 2015	
Contractor:		Subcontractor:	

Location(s) Inspected:

#1 - HAYES CAMP N 66°39'34.3" W 91°33'10.3"

#2 - DRILL LAYDOWN/FUEL CACHE N 66°38'30.9" W 91°26'37.7"

Current Stage of Operation:

IN - ACTIVE

Program Modifications Approved:

Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable

	Operating Condition	#1	Aspect Inspected	#2	
A	Location as Permitted	A		A	
B	Timing as Permitted	A		A	
	Equipment as Approved				EXPIRED LUP APPLICATION FOR RENEWAL
D	Methods & Techniques				ALREADY SUBMITTED
E	Facilities	A		U	WEATHER DAMAGE
F	Erosion				
G	Chemicals, Waste	U		A	GARBAGE AROUND WRECKER
H	Wildlife & Fisheries Habitat				INCINERATOR
I	Ecological Resource				
K	Fuel Storage	U		U	SECONDARY CONTAINMENT
L	Brush Disposal				NEEDS ATTENDING TOO
M	Matters Not Inconsistent				
N	Water Engineering				
O	Water Supply				
P	Restoration				
Q	Quarrying Methods				
R	Sections 12 to 19 T.L.U.R.				
S					
T					

Surveillance Network Program

Explanatory Remarks (attach page 2, if required)

AT BOTH LOCATIONS THE COVERED SECONDARY CONTAINMENT NEEDS ATTENDING TOO FOR STANDING WATER AND TIE DOWN STRINGS HAVE COME OFF

Page 2 attached ☐ Yes ☒ No

Representative's Signature

BP.

RMO Initials

Inspector's Signature

Representative's Title

District Mgr. Initials



October 24, 2013

North Country Gold
220 – 9797 45th Ave
Edmonton, AB T6E – 5V8

RE: Land Use Permit # N2009C0019 (associated with Water Licence 2BE-CRA1015) Boullion Camp

On July 25, 2013, I conducted a Field Inspection at the above mentioned location. A copy of my Environmental Inspection Report and 2 Photo Sheets are attached.

Issues identified during the Inspection:

This LUP expired on March 20, 2013 but I do acknowledge that your application for renewal has already been submitted to AANDC.

As per photo sheet #2, at least 6 structures in the camp have sustained extensive weather damage. These must all be repaired and all structures must be secure. You shall provide me with “before” and “after” photos of your repairs to ensure compliance.

As per photo sheet #1, all fuel stored on site is in Covered Secondary Containment, thank you very much for this. That is how we require all Secondary Containment that is unattended for more than 24 hours at a time.

Please do not hesitate to contact me should you have any questions or concerns.

Koana,

Baba Pedersen
Resource Management Officer
Aboriginal Affairs and Northern Development Canada
P.O. Box 278
Kugluktuk, NU X0B – 0E0
Phone 867-982-4306
Fax 867-982-4307
Email baba.pedersen@aandc.gc.ca

cc. Land Administrator, AANDC, Iqaluit, NU

(E1)

N7009C0019

25 JULY 2013

BOULDER CAMP



P 66° 23' 48.8"

W 93° 07' 42.9"

#27 N 2004 C0019



25 JULY 2013



BOULDER CAMP



N 66° 23' 42.8"

W 93° 07' 42.9"



ENVIRONMENTAL INSPECTION REPORT

Permittee: (complete name and address)

NORTH COUNTRY GOLD

220-9797 45TH AVE, EDMONTON, AB T6E-5V8

		Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	N2009C0019	20 MARCH 2013	
Quarrying Permit No.			
WATER LICENCE	28E-CRA1015	1 APRIL 2015	
Contractor:		Subcontractor:	

Location(s) Inspected:

BOULLION CAMP
N 66°23'48.8" W 93°07'42.9"

Current Stage of Operation:

IN - ACTIVE

Program Modifications Approved:

Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable

	Operating Condition	Aspect Inspected			
A	Location as Permitted	A			
B	Timing as Permitted	A			
	Equipment as Approved				EXPIRED LUP APPLICATION FOR RENEWAL ALREADY SUBMITTED
D	Methods & Techniques				
E	Facilities	U			EXTENSIVE WEATHER DAMAGE
F	Erosion				
G	Chemicals, Waste				
H	Wildlife & Fisheries Habitat				
I	Ecological Resource				
K	Fuel Storage	A			COVERED SECONDARY CONTAINMENT
L	Brush Disposal				
M	Matters Not Inconsistent				
N	Water Engineering				
O	Water Supply				
P	Restoration				
Q	Quarrying Methods				
R	Sections 12 to 19 T.L.U.R.				
S					
T					

Surveillance Network Program

Explanatory Remarks (attach page 2, if required)

AT LEAST 6 STRUCTURES HAVE EXTENSIVE WEATHER
DAMAGE, THESE ALL NEED TO BE REPAIREDPage 2 attached ☐ Yes ☒ No

Representative's Signature

Inspector's Signature

RMO Initials

Representative's Title

District Mgr. Initials



via email

31st December 2013

Baba Pederson
Resource Management Officer
Aboriginal Affairs and Northern Development Canada
PO BOX 278
Kugluktuk, Nunavut, X0B0E0

RE: 2013 Land use permits inspections: N2009C0018 (Hayes Camp) and N2009C0019 (Bullion Camp)

Dear Mr. Pederson,

On behalf of North Country Gold Corp. ('NCG', 'the company') I would like to acknowledge the receipt of your field inspection reports for Land Use Permits N2009C0018 (Hayes Camp) and N2009C0019 (Bullion Camp) dated October 24, 2013.

NCG acknowledges that the following issues need to be rectified:

- Bullion Camp**

Issue	Action required	Comments
Six structures have sustained extensive weather damage	Structures need to be repaired and secured	Scheduled for 2014

- Hayes Camp**

Issue	Action required	Comments
Garbage around the incinerator	Garbage needs to be cleaned up and disposed of.	Scheduled for 2014
Valve on large red tank is unsecure	Valve needs to be covered and locked	Please note that this tank is for water storage only. This will be addressed in 2014.
Water is accumulating on top of cover of secondary containment and pulling cover off	Cover needs to be secured. Any water in berm to be treated to remove any hydrocarbons then discharged	Scheduled for 2014. NCG will address this issue so that it does not reoccur.

North Country Gold Corp.

EDMONTON CORPORATE OFFICE:
SUITE 220-9797 45TH AVENUE | EDMONTON | AB | T6E 5V8
PHONE: 780-437-6624 | FAX: 780-439-7308

VANCOUVER OFFICE:
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PHONE: 604-646-4524 | FAX: 604-646-4526

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- **Three Bluffs drill grid, fuel cache and drill laydown**

Issue	Action required	Comments
Tent frame weather damaged	Tent needs repair	Scheduled for 2014
Fuel cache has large pool of standing water on cover	Water needs to be drained off	Scheduled for 2014. NCG will address this issue so that it does not reoccur.
Fuel cache has part of cover blown off.	Cover needs to be secured	Scheduled for 2014. NCG will address this issue so that it does not reoccur.

Unfortunately NCG was unable to address the deficiencies noted in your report during the latter portion of the 2013 field season. The company plans to address these issues during the 2014 field season, and as requested will document remedial actions taken and provide you with before and after photos. NCG will notify you once the details and schedule for the 2014 work program are finalized.

Please do not hesitate to contact myself (email: simeonr@northcountrygold.com; telephone 780-616-9459) should you have additional questions or concerns.

Yours sincerely,

Simeon Robinson
Project Manager
North Country Gold Corp.

cc:

Jo Price – North Country Gold Corp.
Phyllis Beaulieu – Nunavut Water Board
Wynter Kuliktana – Kitikmeot Inuit Association

North Country Gold Corp.

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APPENDIX 3

NT-NU Spill Report



NT-NU SPILL REPORT

OIL, GASOLINE, CHEMICALS AND OTHER HAZARDOUS MATERIALS

EMAIL: spills@gov.nt.ca

REPORT LINE USE ONLY

REPORT LINE USE ONLY									
N	RECEIVED AT SPILL LINE BY		POSITION		EMPLOYER		LOCATION CALLED		REPORT LINE NUMBER
			STATION OPERATOR				YELLOWKNIFE, NT		(867) 920-8130
LEAD AGENCY ☐ EC ☐ CCG ☐ GNWT ☐ GN ☐ ILA ☐ INAC ☐ NEB ☐ TC					SIGNIFICANCE ☐ MINOR ☐ MAJOR ☐ UNKNOWN			FILE STATUS ☐ OPEN ☐ CLOSED	
AGENCY		CONTACT NAME			CONTACT TIME		REMARKS		
LEAD AGENCY									
FIRST SUPPORT AGENCY									
SECOND SUPPORT AGENCY									
THIRD SUPPORT AGENCY									