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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File: 2BE-CRA1015/Amend No.1

May 11, 2011

Jo Price, M.Sc., P.Geol.
North Country Gold Corp.
Suite 220, 9797-45th Ave.
Edmonton, AB
T6E 5V8
Email: jop@northcountrygold.com

RE: LICENCE NO. 2BE-CRA1015 Type 'B' – Amendment No.1

Dear Ms Price:

Please find attached, Amendment No.1 to Licence No. 2BE-CRA1015 Type "B", issued to North Country Gold Corp. (NCG) by the Nunavut Water Board (NWB) (**Motion 2011-04-L02**) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada and the Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

The NWB notes that, among others, there is a NIRB Decision, File No.07EN021 which includes terms and conditions intended to mitigate any potential impact to the environment as per section 12.4.4 (a) of the Nunavut Land Claims Agreement. The Nunavut Planning Commission stated that a conformity review is not required for this amendment.

The NWB recommends that the Licensee consult the comments received by interested persons¹. This information is attached for your consideration.

Sincerely,



Thomas Kabloona
Nunavut Water Board Chair

TK/kk/ip

Enclosure: Licence No. **2BE-CRA1015 - Amendment No.1**
Comments - EC, GN-CLEY, INAC, KIA

Cc: Distribution – Kitikmeot

¹ Environment Canada, dated February 21, 2011; Government of Nunavut Department of Culture, Language, Elders and Youth, dated January 21, 2011; Indian and Northern Affairs Canada, dated February 21, 2011; Kitikmeot Inuit Association, dated February 15, 2011.

LICENCE AMENDMENT No. 1

Licensee:	NORTH COUNTRY GOLD CORP.
Licence No:	2BE-CRA1015 Type "B"
Licence Issued:	April 1, 2010
Amendment No.1 issued	May 11, 2011
Licence Expiry:	April 1, 2015

Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters* and the *Nunavut Surface Rights Tribunal Act*, with respect to the application for amendment dated December 22, 2010, made by North Country Gold Corp. (NCG), the Nunavut Water Board hereby grants the following Licence amendment.

Licence Background

The Licence issued April 1, 2010 with an expiry date of April 1, 2015 shall be amended to include the following terms and conditions, with respect to use of water and deposit of waste during camp operations and activities related to exploration that include prospecting, geological mapping, geophysical airborne surveys, trenching and diamond drilling on land and ice, to allow North Country Gold Corp. for the increase of quantity of water use at the Sandspit Lake in area of Hayes main camp and local lakes in area of Ingot, Bullion, and Crater secondary camps, Committee Bay Project within the Kitikmeot and Kivalliq Regions, Nunavut, generally located at latitude: 66° 39' 30" N, longitude: 91° 33' 1" W and within supporting three (3) secondary Ingot, Bullion and Crater camps.

DECISION

In its amendment application, North Country Gold Corp. requested an extension of the licence term to 2021. Taking into account that the Licence was recently issued in 2010 with an expiration date in 2015, the NWB requires that North Country Gold Corp. demonstrate that it can consistently adhere to the terms and conditions of the licence and maintain compliance prior to further extensions of the licence term. With additional proposed infrastructure additions and continuing advancement in exploration, it is anticipated that other amendments will be required prior to the expiry of the current Licence and that NCG Corp. may apply for the renewal and requested licence term at that time. The NWB has therefore decided not to extend the licence term at this time.

Water use

The total volume of water authorized under the current Licence is 218m³/day for both camp operations and drilling requirements. The Licensee has requested an increase in water use for the proposed Hayes Camp expansion, from 4m³/day to a total of 50m³/day (including water use for

the secondary support camps currently located at Bullion, Ingot and Crater). The amendment application indicated that water use for drilling would remain at the estimated 35m³/day/drill, however an extra 35m³/day was being requested to add a seventh drill bringing the total water use for drilling purposes to 245m³/day. Reverse circulation drills (2) are also being used for the project, however there is no water use associated with this type of drilling.

There were no comments received during the review period with respect to the amount of water use being requested or the manner in which it would be used. INAC did make note that the Licensee had not indicated water use requirements for the three supporting camps currently identified in the Licence. North Country Gold Corp. confirmed through follow-up correspondence that the amount requested for the Hayes Camp expansion would be adequate to cover the supporting camps as well, from their respective water sources. Taking into account the information presented in the application, the Board has included, under Part C, Item 1 of this amendment, an increase in water use to a total of 295m³/day.

Sewage Discharge

The Licensee has proposed the installation and operation of a Sanitherm Inc. Membrane Bioreactor Wastewater Treatment System (WWTS) for the treatment of greywater and sewage at the Hayes Camp. Effluent discharge and regulated effluent quality are considered to be an important aspect of a continuous discharge treatment system. The Licensee did not provide proposed effluent quality, nor were there recommendations provided by interested persons and submissions received during the review period. The NWB has included effluent quality criteria for the Wastewater Treatment System effluent based on the generally accepted interpretation of Table 4.1 of the *Guidelines for the Discharge of Treated Municipal Wastewater in the Northwest Territories, 1992* (1992 Guidelines) and to be consistent with similar licences with sewage treatment systems and discharges to a lake receiving environment. As the discharge from the WWTS is directly entering a small lake, and no fisheries presence/absence data has been provided for this assessment, a monitoring station has been included at the discharge of the first small lake to the second lake to determine potential impacts to the larger lake.

With respect to information contained in the Operating and Maintenance Plan for the Wastewater Treatment System (O&M Plan), it was noted that sodium hypochlorite (12% Bleach solution) may be used for either disinfection (sec 4.2.8) or cleaning (page 7 of the Peak Operating, Maintenance and Training Manual, Appendix A of the O&M Plan). The Peak Manual indicates on page 10, that a Trojan UV Disinfection system would be used for final disinfection of the effluent. Given that the use of chlorine may be required in the maintenance of the system, it should be noted that Environment Canada strongly discourages the use of chlorination for disinfection due to the toxicity of chlorine residuals and the possible formation of chloramines compounds. In addition, Note (f) to Table 4.1 of the 1992 Guidelines considers the receiving waters and indicates that treated effluents need not ordinarily be disinfected where the protection of public health has not been identified as an issue. Due to the issues associated with the use of chlorine for disinfection, the NWB encourages the use of the UV disinfection system and only the use of chlorine (sodium hypochlorite or bleach) when necessary in the maintenance of the treatment system. Downstream monitoring of residual chlorine levels is therefore required under Part J, Item 9 and Part D, Item 11.

Operating and Maintenance Plan for Wastewater Treatment System

The submitted Amendment application included an Operating and Maintenance Plan entitled “*Operating and Maintenance Plan Membrane Bio-Reactor Wastewater Treatment System*”. The Board has approved the Plan under Part E, Item 7 of this amendment. As indicated in the prior section on sewage discharge, there is a clarification needed with respect to the use of sodium hypochlorite (bleach) for the disinfection of the effluent from the treatment system. The Licensee is required to review plans on an annual basis under Part B, Item 3 and provide an addendum to the plans complete with a revision table. The O&M Plan is to be reviewed with the above clarification in mind and an addendum submitted prior to commissioning of the treatment system.

Clear-Span Bridge and Construction Activities

The Licensee has identified that there is a requirement for the installation of a thirty (30) metre clear span bridge in order to connect the Hayes Camp with the proposed all-weather road. The Licensee is directed to the Fisheries and Oceans Canada (FOC), Operational Statement for the installation of Clear-Span Bridges, version 3.0 or newer. This operational statement also includes the definition of High Water Mark, which is used extensively throughout this Licence.

The NWB also recommends that the Licensee contact FOC with the project proposal and work summary in order to confirm with FOC if additional authorizations are required for the work. Part E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS has been amended to include conditions addressing the construction and operation of the clear-span bridge with respect to sediment and erosion control measures to be implemented prior to, during and following construction. This amendment does not take into account the proposed all-weather road that will eventually be constructed between the Hayes Camp and the Three Bluffs Deposit/Hercules all-weather airstrip. Further consultation with FOC is recommended for the installation of the proposed bridge crossing of the Hayes River, to access the new-proposed all-weather Hercules airstrip and any additional water crossings required along the final route, when determined.

Spill Contingency Plan

The application included a revised Spill Contingency Plan entitled “*Spill Prevention and Response Plan, North Country Gold Corp.*” revised November, 2010. The Board has accepted the revision to the approved Spill Contingency Plan and notes that the approval of the plan extends only to those work regions covered under the scope of the 2BE-CRA1015 Licence.

The Licensee is required, under Part H, Item 2, to update the Plan by submitting to the Board an Addendum to the Plan, within thirty (30) days of issuance of this amendment. The Addendum shall include the INAC Manager of Field Operations updated contact information: phone (867) 975-4295 and fax (867) 979-6445. In section 5.3 Emergency Contact List-spill Reporting and Response, the EC 24-hr pager number should be removed as it is no longer in service.

Abandonment and Restoration Plan

The revised Abandonment and Restoration Plan entitled "*Abandonment and Reclamation Plan, North Country Gold Corp.*" revised November, 2010", has been found acceptable, and approved by the Board under this amendment. The approval extends only to work regions covered under the scope of 2BE-CRA1015.

The Licensee is required to submit to the Board, an Addendum to the Plan within thirty (30) days of issuance of this amendment to include the updated contact information for INAC, Manager of Field Operations (Ph. (867) 975-4295 and fax (867) 979-6445. Also, in section 4 regarding Emergency Contact Information, the EC contact number should be changed to (867) 975-4644, as the 24-hr pager number is no longer in service and should be removed.

The plan submitted for the All-Weather Road should be re-submitted as part of the overall A&R Plan upon completion of the detailed plans for construction, which in addition, may include the Hayes River crossing and the All-Weather Hercules Airstrip planned for construction in late 2011-12.

Detailed Exploration Plan and Schedule, Archaeology and Paleontology, Fuel Management, Hazardous Waste Management and Waste Management Plans

The Amendment application included the following submissions as supplementary information, prepared November, 2010:

- *Detailed Exploration Plan and Schedule Committee Bay Project, Three Bluffs Deposit;*
- *Archaeology and Paleontology Plan North Country Gold Corp.;*
- *Fuel Management Plan North Country Gold Corp.;*
- *Hazardous Waste Management Plan North Country Gold Corp.;* and
- *Waste Management Plan North Country Gold Corp.*

The Licensee is encouraged to provide to the Board, for information purposes, any future revision of those Plans.

Other Comments Received

The NWB received comments on the amendment application from Environment Canada (EC), Government of Nunavut Department of Culture, Language, Elders and Youth (GN-CLEY), Indian and Northern Affairs Canada (INAC) and the Kitikmeot Inuit Association (KIA).

In its submission, EC noted that the raw sewage should only be burned with incineration equipment designated for this type of waste. EC recommends the use of an approved incinerator for the disposal of combustible waste. EC's Technical Document on Batch Waste Incineration should be consulted for appropriate incinerator technologies². The Proponent should ensure that silt fences/curtains are installed down gradient of any bridge construction activities, in order to

² The Technical Document for Batch Waste Incineration is available from the Environment Canada website at the following link: <http://www.ec.gc.ca/gdd-mw/default.asp?lang=En&n=F53EDE13-1>

prevent sedimentation during construction. The Proponent shall ensure that silt fences/curtains are installed down-gradient of any quarrying activities. The Proponent shall ensure that quarry activities do not result in the contamination of groundwater.

INAC noted that issued for construction drawings for all project infrastructures (i.e., airstrip improvements, camp pad extensions, bridge crossings, all-weather road, and new airstrip), stamped by a qualified engineer should be provided to the Board prior to their construction. Also, as-built plans and drawings (stamped by a qualified engineer) should be provided to the Board within ninety (90) days of completing construction undertakings. Prior to developing any quarries, a Quarry Development Plan should be submitted to the Board. As a minimum, this plan should address the geochemical and physical characterization of approved aggregate material sources, erosion control measures, surface drainage and water management procedures, monitoring activities, and reclamation methods.

The GN-CLEY did not object to the application. It was stated that there are six (6) known archaeological sites within the project extents, and it is the proponent's responsibility to ensure that no paleontological or archaeological sites are disturbed in the course of their activities.

KIA expressed no concerns with the application at the time of submission.

AMENDMENT NO.1

The Licence, (Page 5), shall be amended to indicate the following:

Quantity of Water Not to Exceed: **TWO HUNDRED AND NINETY FIVE (295) CUBIC METRES PER DAY**

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

Amend Item 2 to include:

"Wastewater Treatment System (WWTS)" means the package treatment system design utilizing a Membrane BioReactor for the treatment of sewage and greywater at the Hayes Camp as described in the Amendment Application dated December 22, 2010 and the accompanying "Operating and Maintenance Plan, Membrane Bio-Reactor Wastewater Treatment System", February 10, 2011.

PART C: CONDITIONS APPLYING TO WATER USE

Amend Item 1 The Licensee shall obtain all water for domestic camp use for the Hayes Camp at Sandspit Lake and for Bullion, Ingot or Crater secondary camps at the local nearby small lakes. Domestic water use shall not exceed fifty (50) cubic metres per day. Drill water shall be obtained from local static ponds created along the Hayes River system proximal to the drilling targets as outlined in the application and shall not exceed two hundred and forty five (245) cubic metres per day, or as

otherwise approved by the Board in writing. The total volume of water for the purposes of this Licence shall not exceed two hundred and ninety five (295) cubic metres per day.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

Amend Item 8 The Licensee shall dispose of all Greywater in a sump located a distance of at least thirty one (31) metres above the ordinary high water mark of any water body, at a site where direct flow into a water body is not possible and no additional impacts are created, unless otherwise approved by the Board in writing. Upon commissioning of the Waste-Water Treatment System, (“WWTS”), the Licensee shall direct all Greywater to the WWTS, unless otherwise approved by Board in writing.

Amend Item 9 The Licensee shall contain all Toilet Wastes in latrine pits or treated using chemical, portable or composting toilets. Latrine pits shall be located at a distance of at least thirty one (31) metres above the ordinary high water mark of any water body, treated with lime and covered with native material to achieve the pre-existing natural contours of the land prior to abandonment. Upon commissioning of the Waste-Water Treatment System, (“WWTS”), the Licensee shall direct all Toilet Wastes to the WWTS, unless otherwise approved by Board in writing.

Insert Item 10 The Licensee shall discharge effluent from the WWTS to the small lake located west of the Hayes Camp, or as otherwise approved by the Board in writing, in such a manner to prevent surface erosion at the point of discharge and downstream.

Insert Item 11 All effluent being discharged from the WWTS shall meet the following effluent quality standards:

Parameter	Maximum Concentration of Any Grab Sample
BOD ₅	80 mg/L
Total Suspended Solids	100 mg/L
Fecal Coliform	1 x 10 ⁴ CFU/100mL
pH between	6 and 9
Oil and Grease	5 mg/L and no visible sheen
Residual Chlorine	0.1 mg/L

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

Insert Item 7 The Board has approved the Plan entitled “Operating and Maintenance Plan, Membrane Bio-Reactor Wastewater Treatment System”, February 10, 2011.

- Insert Item 8 The Licensee shall submit to the Board for review within thirty (30) days prior to construction, issued for construction drawings for all engineered project infrastructures (i.e., airstrip improvements, camp pad extensions, bridge crossings) stamped by a qualified Engineer. As-built plans and drawings stamped by a qualified Engineer shall be submitted to the Board within ninety (90) days of completing construction undertakings.
- Insert Item 9 The Licensee shall submit to the Board for review within thirty (30) days prior to developing any quarries, a Quarry Development Plan. At a minimum, this plan should address the location, geochemical and physical characterization of the proposed aggregate material sources, erosion control measures, surface drainage and water management procedures, monitoring activities, and closure and reclamation methods.
- Insert Item 10 The Licensee shall maintain a minimum of thirty one (31) metres large undisturbed buffer zone between the periphery of quarry sites and the high water mark of any water body. The Licensee shall not excavate and/or remove material from the quarry beyond a depth of one (1) metre above the high water mark or above the groundwater table, to prevent the contamination of groundwater. The quarrying shall be in accordance with all applicable legislation and industry standards including the *Northern Land Use Guidelines, Pits and Quarries* (INAC, 2010).
- Insert Item 11 Sediment and erosion control measures shall be implemented prior to and maintained during the construction and operation where necessary to prevent entry of sediment into water.
- Insert Item 12 The Licensee shall ensure that all containment and runoff control structures are constructed and maintained to prevent escape of wastes to the surface or groundwater systems.
- Insert Item 13 The Licensee shall limit any in-stream activity including crossing/fording to low water period. Machinery fording the watercourse to bring equipment required for construction to the opposite side is limited to a one-time event (over and back) and should occur only if an existing crossing at another location is not available or practical to use. In-stream activity is prohibited during fish migration.
- Insert Item 14 The Licensee shall only use rock for construction that is determined to be non-acid generating and non-metal leaching.
- Insert Item 15 The Licensee shall, for the purposes of clear span bridge installation, ensure that all activities remain outside of the natural channel width by the placement of abutments, footings or armoring above the ordinary high water mark so that there is no restriction to the natural channel processes.
- Insert Item 16 With respect to construction or other earthworks where direct or indirect flow into a water body is possible, the deposition of debris or sediment into or onto any

water body is prohibited. These materials shall be disposed a distance of at least thirty one (31) metres from the ordinary high water mark in such a fashion that they do not enter the water.

- Insert Item 17 All surface runoff during the construction of any facilities, where flow may directly or indirectly enter a water body, shall meet the following Effluent quality limits:

Parameter	Maximum Average Concentration (mg/L)	Maximum Concentration of Any Grab Sample (mg/L)
Total Suspended Solids	50.0	100.0

- Insert Item 18 The Licensee shall ensure that all construction of engineered structures is supervised and field checked by an appropriately qualified and experienced Engineer in such a manner that the project specification can be enforced and, where required, the quality control measures can be followed. The Licensee shall maintain and make available at the request of the Board and/or an Inspector, all construction records of all engineered structures.

PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

- Amend Item 1 The Licensee shall implement the approved Plan entitled “Spill Prevention and Response Plan, North Country Gold Corp.” revised November, 2010,
- Amend Item 2 The Licensee shall, within thirty (30) days of issuance of this amendment, submit an Addendum to the Plan that updates the version of the plan approved under Part H, Item 1, to address the following:
- Include the quarry and construction activities’ spill response;
 - Include the updated contact information for INAC as follows: INAC Manager of Field Operations, phone 867 975-4295, fax 867 979-6445; and.
 - Replace the EC 24-hr pager number with the EC contact number of 867-975-4644.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION PLANNING OR TEMPORARY CLOSURE

- Amend Item 1 The Board has approved the Plan entitled “Abandonment and Reclamation Plan North Country Gold Corp.”, revised November, 2010. The “Abandonment and Reclamation Plan All Weather Road North Country Gold Corp” should be resubmitted as part of the overall Abandonment and Restoration Plan once final plans have been submitted.

Insert Item 11 The Licensee shall submit to the Board, within thirty (30) days of issuance of this amendment, an Addendum to the Plan that addresses the following:

- a. Include the quarry activities;
- b. Include the updated contact information for INAC as follows: INAC Manager of Field Operations, phone 867 975-4295, fax 867 979-6445; and
- c. Replace the EC 24-hr pager number with the EC contact number of 867-975-4644.

Insert Item 12 All culverts shall be removed and the drainage opened up to match the natural channel. Measures shall be implemented to minimize erosion and sedimentation.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

Insert Item 8 The Licensee shall, at a minimum, maintain Monitoring Stations at the following locations:

Monitoring Station	Description	Status
CRA-1	Water supply for the Hayes Camp at Sandspit Lake	Active-Volume
CRA-2	Wastewater Effluent discharged from the Bioreactor Wastewater Treatment System (WWTS)	Active-Volume and Effluent Quality
CRA-3	Monitoring Station located at the discharge of the first small receiving lake to the second lake.	Active – water quality

Insert Item 9 The Licensee shall sample the effluent discharging from the WWTS, monitoring Station CRA-2 prior to being released into environment in order to provide confirmation of effluent quality as required by Part D, Item 11, and at Monitoring Station CRA-3, for the following parameters:

Biochemical Oxygen Demand – (BOD ₅)	Fecal Coliform
Total Suspended Solids (TSS)	pH
Oil and Grease (and visual)	Residual Chlorine

Insert Item 10 The Licensee shall conduct toxicity testing to demonstrate Non-Acute Toxicity of the effluent discharged from the WWTS, at a point of entry into the Lake west of Hayes Camp, to be conducted in accordance with the following test procedures and carried out once annually during open water season:

- i. Acute lethality to Rainbow Trout, *Oncorhynchus mykiss* (as per Environment Canada's Environmental Protection Series Biological Test Method EPS/1/RM/13); and

- ii. Acute lethality to the crustacean, *Daphnia magna* (as per Environment Canada's Environmental Protection Series Biological Test Method EPS/1/RM/14).

All remaining terms and conditions of the Licence 2BE-CRA1015 Type 'B' dated April 1, 2010 still apply.

This Licence Amendment 1 issued and recorded at Gjoa Haven, NU May 11, 2011.

Approved by,



Thomas Kabloona
Nunavut Water Board Chair