



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.