REMEDIAL ACTION UNDERTAKEN
IN RESPONSE TO 2012
NWB WATER USE INSPECTION REPORT

COMMITTEE BAY PROJECT

NWB LICENCE NUMBER: NWB-2BE-CRA1015

AANDC LAND USE PERMITS: N2009C0018 and N2009C0019

KITIKMEOT INUIT ASSOCIATION PERMITS: KTL306C031 and KTL305C004

AANDC COMMERCIAL LEASES: 056J/11-1-2 and 056J/12-1-2

AANDC QUARRY PERMIT: 2011QP0048

August 2012

Distribution:

- ☐ Nunavut Water Board (1)
- ☐ North Country Gold Corp. (2)

File: NCG_CBay_RemedialActionReport–NWBInspectionAugust2012.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 the Eastern Kitikmeot region of Nunavut Territory. The company presently holds title to more than 531,000 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 (CGP) 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 licences for the CBP:

Organization	Description	Permit Numbers
Nunavut Impact Review Board	Project Reference Number	07EN021
Aboriginal Affairs and Northern Development Canada (AANDC)	Land Use Permits	N2009C0018
		N2009C0019
Kitikmeot Inuit Association	Land Use Licence	KTL306C031
		KTL305C004
Nunavut Water Board (NWB)	Water Licence	NWB-2BE-CRA1015
AANDC	Commercial Leases	Lease 065J/11-1-2
		Lease 065J/12-1-2
AANDC	Quarry Permit	2011QP0048

INTRODUCTION

NCGC's CBP was inspected by Aboriginal Affairs and Northern Development Canada (AANDC) Water Resources Officer Eva Paul between the 8th and 9th of August 2012. This inspection includes a review of NCGC's infrastructure at Hayes camp, the Three Bluffs drilling area, Bullion Camp, Ingot camp and satellite fuel caches at West Plains and Dore.

The August Water Inspection Report highlighted a number of issues that required immediate attention. This included:

1. HAYES CAMP
    a. All oils and lubricants to be stored in secondary containment

2. THREE BLUFFS DRILL AREA, CACHE AND LAY DOWN
    a. Hydrocarbon spill at boiler to be managed in accordance with spill contingency plan: Contaminated soil removed immediately, water pumped from puddles into a berm and treated and ongoing monitoring
    b. All oils and lubricants to be stored in secondary containment

3. DORE CACHE
    a. 7 full and 2 empty fuel drums to be removed

4. INGOT CAMP
    a. All hazardous waste to be backhauled

b. Backfill latrine pit

5. GENERAL
    a. Submission of plans and drawings:
        i. Construction drawings for engineered project infrastructure per Part E (8) of the water licence
        ii. Quarry development plan per Part E (9) of the water licence.

This report describes actions taken to remedy the abovementioned deficiencies.

1. Hayes Camp

- *Oils/lubricants are to be stored in secondary containment by August 31, 2012.*

The sea container located at the northern end of Quanset 1 was lined with an impermeable Layfield GeoLiner giving spill containment capacity of >400 litres. All oils, lubricants, fuel additives, and radiator fluids previously located within the central camp workshop have now been consolidated and moved to this sea container for storage.

Before	*After*
	

2. Three Bluffs

- *Spills are to be managed according to the spill contingency plan. Contaminated soil is to be removed immediately. Contaminated water should be pumped from puddles into a berm and treated. This may require monitoring and repeating.*

Ground contaminated by the hydrocarbon spill approximately 10m east of the boiler has been addressed and is now being monitored. All visually contaminated soil was shovelled from between the rocks and placed into empty drums inside a berm. These drums have been sealed for the winter, and will be relocated to camp in the spring for hazardous waste storage and backhaul off site.

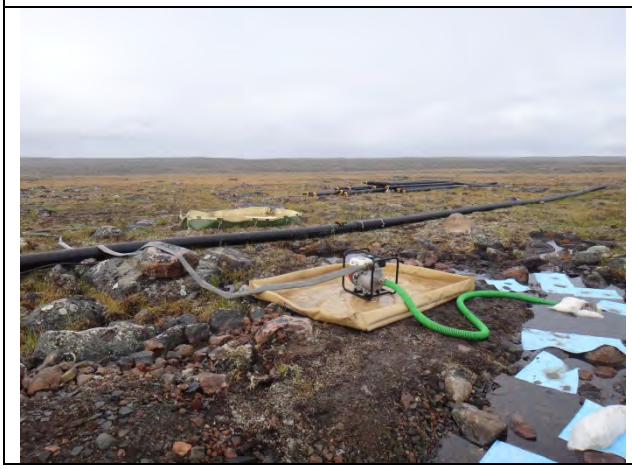
Contaminated water was pumped through a water pump from puddles on August 19 and 25. Water was pumped from puddles into a berm containing spill matting, and absorbent pillows. From the berm, water was then drained and filtered through a Rain Drain to remove contaminants.

Absorbent matting, pillows and noodles have been placed at the spill site after pumping to absorb any further hydrocarbons. NCGC is presently monitoring the area affected by the hydrocarbon spill.

Photos of the spill site before, during and after cleanup are provided below.

Before

During



After	
	

- *Oils/lubricants are to be stored in secondary containment, and flammable/explosive products should be stored in an appropriate cabinet.*

All hydrocarbon based oils and lubricants found within the drillers' lay-down area at Three Bluffs were reorganized and placed into multiple insta-berms within the sea-can. This was completed on August 19, 2012. NCGC plans to line entire sea container with an impermeable GeoLiner in the next season. A flammables/explosives cabinet will be sourced for the 2013 program.

Before	*After*
	

3. Dore Camp

- *Barrels are to be removed, and a brief report including photographs to be provided to the inspector by August 31, 2012.*

All fuel barrels were removed via helicopter on August 12, 2012. They were relocated to Bullion Camp and placed within the existing covered fuel storage berm.

Before	*After*
	

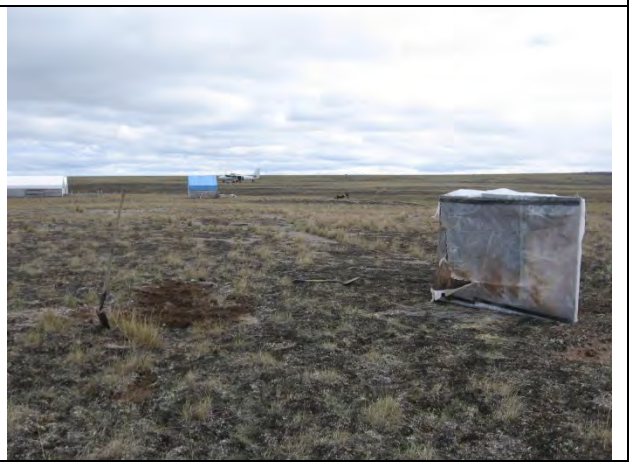
4. Ingot Camp

- *All hazardous waste should be backhauled*

All hazardous waste was removed from Ingot Camp on August 14, 2012 and relocated to Hayes Camp for proper sorting and eventual backhaul offsite. The latrine pit was also backfilled.

Before	*After*
	

- *Backfill latrine pit*

Before	*After*
No 'Before' photo was taken.	

5. General

a. Drawings prepared by engineering company JDS Energy and Mining of the Hayes Camp Esker Airstrip can be found as Appendix 1. All quarrying and earthworks were completed by JDS Energy and Mining.
b. The quarry development plan is attached as Appendix 2

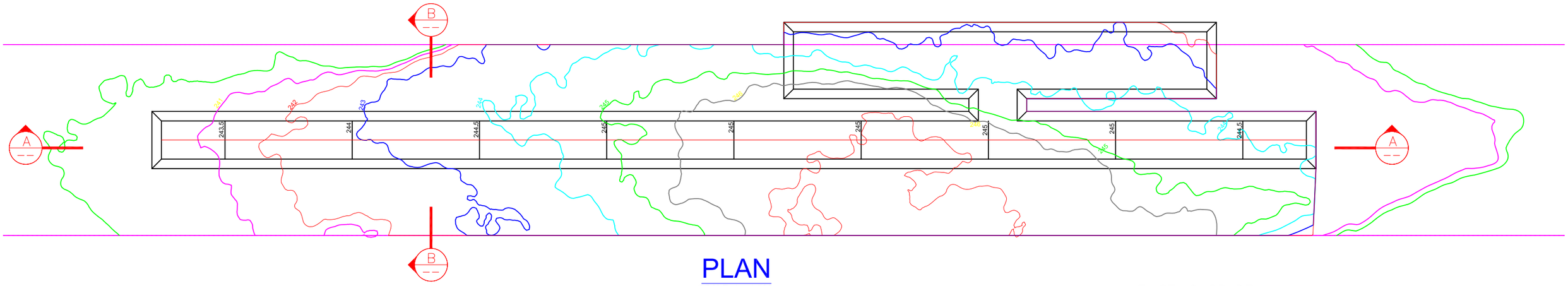
ADDITIONAL WORK REQUESTED

Additional work noted in the inspection report has been tabulated below with present status and timeframe required.

Direction	Status	Timeframe
Establishment and marking of water monitoring station at CRA1	Station has been established and water sampling equipment is onsite	Sample to be taken prior to demobilization from Hayes camp 2012
Discharge Point of WWTS requires further erosion control measures prior to discharge. Notify inspector of measures prior to further discharge	Research to be conducted	Prior to discharge
Incinerator log to be implemented. Log to include nature of waste, date/time, initials of person responsible, inspection of ash	Ongoing development of SOP	Prior to 2013 season
NCGC to find out what instrument permits open burning	Resolved, see Appendix 3	
NCGC to provide proof as hazardous waste generator, and provide documentation of proper disposal of hazardous waste (manifests, disposal certificates)	Ongoing	Accompany 2012 Annual Report
Flammables/explosives to be stored in appropriate cabinet	Sourcing	For 2013 season
Review of NCGC spill contingency plan	Ongoing	Accompany 2012 Annual Report
Development of system to manage human waste at Three Bluffs drill area	Ongoing	For 2013 season
Drill cuttings to be managed /sumped appropriately	Ongoing development of SOP	For 2013 season
Grease trap to be installed at Bullion camp		Prior to operation of camp 2013
Red/blue drum at Bullion camp with unknown liquid to be filtered through rain drain prior to release	Complete	
Water in berm at Bullion camp to be treated prior to release	Complete	

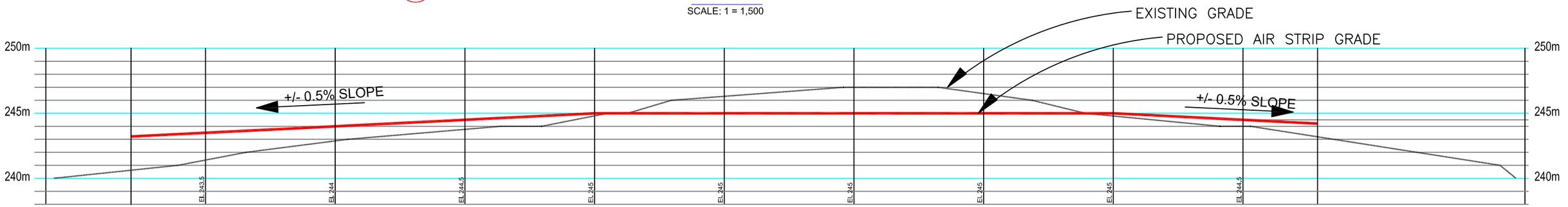
Appendix 1

Drawings for Hayes Camp Esker Airstrip



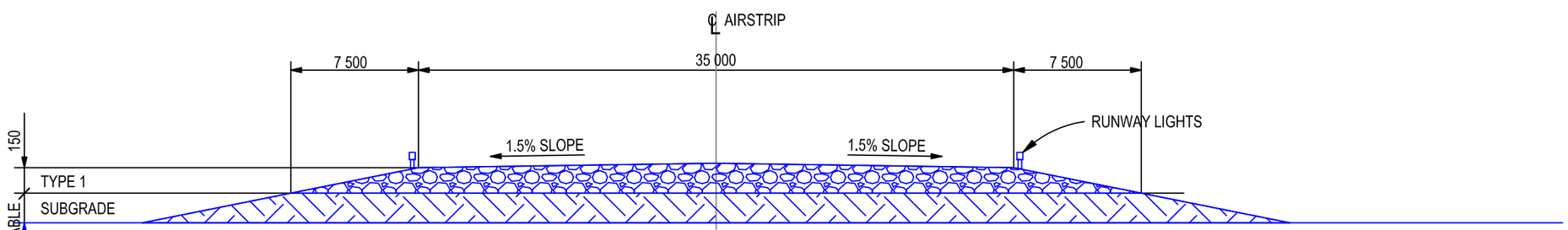
PLAN

SCALE: 1 = 1,500



SECTION A

HORIZONTGAL SCALE: 1 = 1,500
VERTICAL SCALE: 1 = 15,000



FILL TYPE	MATERIAL	ESTIMATED QTY. REQ'D.
TYPE 1	19mm CRUSHED GRAVEL	4,050 m^3
SUBGRADE	SUBGRADE FILL 300mm SCREEN	VARIABLE

SECTION B

HORIZONTGAL SCALE: 1 = 15,000
VERTICAL SCALE: 1 = 150,000

DWG. NO. | REFERENCE DRAWINGS

PROJECT | PROCESS | CIVIL | MECH. | STRUCT. | PIPING | SERVICES | ELECT. | INSTR.

NO	DESCRIPTION	BY	DATE

ISSUE

PROJECT | PROCESS | CIVIL | MECH. | STRUCT. | PIPING | SERVICES | ELECT. | INSTR.

NO	DESCRIPTION	BY	DATE

REVISIONS

SECTION:		
SCALE:	AS NOTED	
DESIGN. BY	R. M.	Nov 23 10
DRAWN BY:	B.W.	Nov 23 10
CHECK. BY		
APP. BY:		

JDS Energy & Mining Inc.

NORTH COUNTRY GOLD THREE BLUFFS
BUFFALO AIRSTRIP GENERAL LAYOUT
PLAN AND SECTION

FILENAME:	PROJECT NUMBER	DRAWING NUMBER	REV.
		41-10-001	A

Appendix 2

North Country Gold Corp. – Quarry Management Plan

Quarry Development Plan
North Country Gold Corp.
Three Bluffs Gold Project

April 2011

Location

North Country Gold Corp.'s Hayes Camp is located at Latitude 66°39'31"N and Longitude 91°33'11"W, approximately 220 km SSW of Kugaaruk and 235 km WSW of Repulse Bay within the Eastern Kitikmeot region of Nunavut. As part of the overall plans for the 2012 – 2016 seasons, North Country Gold submitted a quarry permit application to make enhancements to the infrastructure at the existing camp, including: extensions to the camp facilities; grading and lengthening of the airstrip; and the development of a road to the Three Bluffs gold deposit. Three borrow areas were identified in the applications to regulatory authorities (Figure 1).

Quarry Material Characterization

Proposed Borrow Areas 1 and 2 are located on a low lying terrace associated with a large esker complex and containing mixed glacial and beach sediments. Material at both these locations is covered by up to 10cm of organic material mixed with fine silts and sands. Quarry material comprises immature, poorly sorted, quartz rich sands with common seams containing intermixed sub-angular to rounded boulders and cobbles. All material is quartzo-feldspathic in nature. Cobbles and pebbles are predominantly granitic in composition.

Proposed Borrow Area 3 occupies a low lying hill representing a residual glacio-fluvial terrace. Material at this location comprises very poorly sorted glacial till with sub-angular to sub-rounded boulders with diameter of 0.6-1.5m and a matrix of poorly sorted sand, pebbles and cobbles. All material is quartzo-feldspathic in nature and appears to be derived from a distal granitic source.

Erosion Control Measures

Erosion control reduces the potential for erosion. It is the primary way to prevent permafrost degradation and sediment transport. Sediment control reduces the potential for eroded soil being transported and deposited outside the quarry area.

North Country Gold will protect the natural ground surface by:

- Maintaining natural drainage channels;
- Maintaining, as much as possible, natural vegetative cover;
- Avoiding traffic over natural terrain as much as possible;
- Avoiding generating standing water; and,
- Avoiding draining existing water bodies.

Erosion Control

North Country Gold will use sand bags as mitigation measures to prevent and control erosion. Sand bags will be used along the length of the airstrip during construction in areas where runoff and drainage create the potential for washout. Construction of the airstrip will not be completed in one field season, therefore it will be important to have measures in place to keep materials used in the airstrip construction from being washed out during freshet and storm events. The use of sand bags will:

- Reduce water flow velocities in channels and ditches;
- Reduce run-off erosion;
- Allow water to collect and sediment to settle out; and,
- Are easy to construct and re-usable.

Sediment Control

Silt fences will be erected in drainages near the quarry locations as well as along the roadways to the quarry areas.

Silt fences:

- Filter sediment from run-off;
- Aid in water ponding so that coarse sediment settles out; and,
- Are effective for sheet flow erosion.

If scouring occurs, sand bags will be used to reduce the velocity of the runoff and the silt fences will be erected. These mitigation measures will allow sediment to drop out and reduce the potential for the migration of sediments toward the lake.

Additional erosion control measures will be employed if needed.

Surface Drainage

Drainage patterns are not expected to be impacted or altered as a result of quarrying activities at Hayes camp. North Country Gold has noted that during freshet and heavy storm events, natural drainages are active with water. However, at other times, smaller events and naturally ponding water infiltrates the esker surface.

The quarry areas were selected based on material needs, proximity to infrastructure to be constructed and environmental considerations, including surface drainage. The Hayes camp and airstrip are situated on an esker along a lake. Natural drainage flows along this esker toward the lake from a number of points. Quarrying activities will be conducted in a manner that avoids these drainage areas and does not impact the natural movement of the water. As well,

no steep areas will be created from the removal of quarry material and thus runoff scouring of slopes is not anticipated to occur.

As a precautionary measure, silt fences will be erected in all drainages.

Water Management Procedures

It is important to keep water from ponding in the quarried areas of esker, sand and gravel material. Moving water is an effective erosive agent of frozen soils that, in the permafrost terrain, becomes thermal erosion. Spring freshet releases large volumes of water quickly over the frozen ground surface. Ponded water can lead to thermal degradation of frozen ground. Thermally degraded ground is more susceptible to erosion. In the event that ponding of water does occur, the following measures will be undertaken:

- Water will be pumped out of the quarried areas carefully, and will be directed along the natural drainages that have erosion control measures erected; or,
- Water will be drained off by the creation of a ditch which will direct water from the pond downslope away from the quarry area. The ditch would be monitored.

If, during the removal of quarry material, ice is encountered, quarrying activities will cease and the material will be replaced to ensure that preferential drainage areas are not created. A record will be kept of ice encounters and the sites will be monitored. A new location will be chosen for quarrying.

If water quality is a concern, due to TSS, water will be collected in a sump and pumped through a form of “filters” before release overland toward the natural drainages.

Monitoring Activities

The quarry areas will be monitored during:

- Construction;
- Freshet;
- Following storm events; and,
- During ground bird migration and nest selection.

Drainages will be walked and visually inspected regularly. Water samples will be collected in the event that there are concerns with regard to elevated TSS.

Prior to beginning quarrying activities, a survey will be conducted to ensure that there will be no disturbance to ground nesting birds.

Closure and Remediation Methods

Quarry areas will be reclaimed as soon as they are no longer in use. Material within the quarry area will be sloped to encourage drainage from the quarry area toward natural drainages. Material will be built up in any areas where there is a concern or risk of ice melting, should ice be encountered during quarrying activities. If needed, quarry areas will be covered and capped to insulate ground ice and promote permafrost aggradation.

Quarry areas will be monitored following remediation and closure. The expectation is that the areas will stabilize and over time, in the eskers, revegetation will occur naturally.

563400 563600 563800 564000 91°33'W 564200 564400 564600 564800 91°32'W

7394800 7394500 7394200 7393900 66°39'30"N

N

Kugaaruk
(220 km)

Proposed Hayes Camp and Airstrip Commercial Lease Boundary
Total Area = 42.48 ha

Airstrip length = 900.00m / 2952.76ft

Borrow Area 1
Area = 0.40 ha

Area of Quarry Permit
5000m^3 of 3/4 crush required
Total Area = 33.34 ha

Repulse Bay
(235 km)

Borrow Area 3
Area = 1.24 ha

Proposed Road to Three Bluffs

Borrow Area 2
Area = 0.49 ha

Proposed 30ft Bridge
Location Placement

Rankin Inlet
(430 km)

Legend

- Spill Kit
- Airstrip
- Borrow Area
- Buildings
- Water
- Electrical
- Levelled Pad
- Proposed Road to Three Bluffs
- Area of Quarry Permit
- Proposed Road Commercial Lease Boundary
- Proposed Hayes Camp and Airstrip Commercial Lease Boundary
- 1m Contours

NORTH COUNTRY GOLD CORP

CL-1-3

PROPOSED QUARRY PERMIT - BORROW PIT LOCATIONS

0 50 100 200
Meters

November 2010
Edmonton, AB

Projection:
NAD83, UTM Zone 15

Appendix 3

Supporting documentation for open burning of untreated wood and large pieces of cardboard

P.O. Box 119
Gjoa Haven, NU X0B 1J0
Tel: (867) 360-6338
Fax: (867) 360-6369

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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File: 2BE-CRA1012/D4

August 31, 2012

Simeon Robinson, Project Manager
North Country Gold Corp.
Suite 220, 9797-45 Avenue
Edmonton, Alberta
T6E 5V8

Sent via e-mail: Simeonr@northcountrygold.com

Subject: Licence No. 2BE-CRA1015; Part D Conditions Applying to Waste Disposal

Dear Simeon,

As advised by North Country Gold (NCG or the Licensee) and requesting clarification on the above Licence condition and requirements, the NWB is aware that the Inspector has requested information identifying the Licensee's authority to conduct open burning in accordance with the NWB's Licence and any applicable terms and conditions issued by the Board. At the outset, I must point out that in contrast to some older NWB Licences, the Licence in question, 2BE-CRA1015, does not include a general condition prohibiting open burning, unless authorized by the Board. Rather, it is a term of the Licence that prohibits the open burning of specified waste types such as plastics, coated wiring, treated wood, Styrofoam, etc. Part D, Item 4 of Licence 2BE-CRA1015 reads:

> The Licensee shall not open burn plastics, wood treated with preservatives, electric wire, Styrofoam, asbestos or painted wood, to prevent the deposition of waste materials of incomplete combustion and/or leachate from contaminated ash residual, from impacting any surrounding waters, unless otherwise approved by the Board in writing.

In addition, the Licensee, by way of the Waste Management Plan[1] filed with the Board in association with the 2010 licence amendment application, indicated that their waste management plans included open burning of untreated wood, cardboard etc. The section of the Plan reads:

> All wastes will be separated/sorted and disposed of as follow:
> - Combustible wastes – will be incinerated in the incinerator on site. See the Incineration Guidelines for more information on what cannot be burned in the current incinerator.

[1] North Country Gold Corp., Three Bluffs Project, Waste Management Plan, November 2010

- Untreated wood and large pieces of cardboard - will be burned in a controlled open burn according to the GN Municipal Solid Wastes Suitable for Open Burning Guidelines.
- Scrap metal – will be removed from site and taken to Rankin Inlet and/or Churchill, MB for disposal.
- Non-combustible inert wastes – will be removed from site and taken to Rankin Inlet.
- Non-combustible waste oil and oily rags – will be shipped from site in a sealed drum and taken to Rankin Inlet where they will be sent south via air or barge. See the Hazardous Materials Management Plan for more detail and information.
- Hazardous Wastes – see the Hazardous Materials Management Plan

Having reviewed this Plan, and the comments received on the overall Application, the Board is aware of the limited controlled open burning planned to take place at the site. As the Licence does not contain a prohibition on open burning of these materials and the Board has been advised of the Licensee's plans for open burning, it is the NWB's view that no further Board authorization or amendment to the terms or conditions of the existing Licence terms are required to authorize the Licensee to conduct open burning of the materials specified in the Waste Management Plan. The Board does however note, that open burning of the waste types prohibited under the Licence, Part D, Item 4, is not acceptable and would constitute a contravention of the Licence. As with the incineration residues, ashes and non-combustible residues are to be collected for shipment and disposal off-site at an approved facility.

Should the Licensee, AANDC and the Inspector have questions, comments or require follow up with respect to this matter, please contact myself at Ph. (780) 443-4406 or the Manager of Licensing, Phyllis Beaulieu at licensing@nunavutwaterboard.org , or Ph.(867) 360-6338 x27.

Sincerely,

David Hohnstein, C.E.T.
Director Technical Services
Nunavut Water Board

Cc. Jo Price, M.Sc., P. Geol., NCG
Eva Paul, AANDC
Andrew Keim, AANDC