Gibson-MacQuoid Project

Fuel Management Plan

July 2018

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1.0 COMPANY BACKGROUND

North Country Gold Corp. ("NCGC") is Canadian based mineral exploration company that has been actively investing in mineral exploration within Nunavut Territory over the past 25 years. The company and its predecessors (including Committee Bay Resources Ltd.) have conducted more than $100 million of exploration work within the Committee Bay Region. The company has been fortunate to have received positive results from recent mineral exploration programs and has enjoyed enthusiastic support from the people and communities of Nunavut. Auryn Resources Inc. ("AUG") acquired NCGC via a share-based transaction in September of 2015. NCGC remains the operator of the Gibson MacQuoid ("GMB") Project, but is now a 100% owned subsidiary of AUG.

1.1 Company Contact Information

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2.0 PROJECT DESCRIPTION

2.1 Project Authorizations

The GMB Project comprises mineral claims and prospecting permits located on both Crown land and Inuit Owned Land ("IOL," surface parcels). NCGC has the following authorizations in place, or currently under application, to support exploration activities at the GMB Project.

Table 2.1 Gibson MacQuoid Project Authorizations

Organization	Description	Authorization	Issue Date	Expiry Date
Nunavut Planning Commission	Positive Conformity Determination	148480	2017-02-21	N/A
Nunavut Planning Commission	Project Amendment	148787	2018-04-09	N/A
Nunavut Impact Review Board	NIRB File Number	17EN029	2017-05-18	N/A
Kivalliq Inuit Association	Land Use Licence 1	KVL117B04	2017-07-01	2019-06-30
Indigenous and Northern Affairs Canada	Class B Land Use Permit	TBA	TBA	TBA
Nunavut Water Board	Type B Water Licence	TBA	TBA	TBA

2.2 Project Overview

The GMB Project comprises 57 mineral claims and 19 prospecting permits covering an area of 300,207 hectares ("Ha") in the Kivalliq Region of Nunavut.

In 2017, NCGC completed an exploration program consisting of regional till sampling, the collection of high-resolution imagery via Unmanned Aerial Vehicle ("UAV") surveying (drones), and mineral claim staking at the GMB Project. The 2017 exploration activities occurred on mineral claims and prospecting permits on both Crown land and IOL surface parcels, although activities on within IOL was limited to areas outside of the core caribou calving and post calving ranges as the Mobile Caribou Conservation Measures document had not yet been finalized by the Kivalliq Inuit Association ("KIA").

The proposed 2018 GMB Project work plan includes mapping, prospecting, ground geophysical surveys and the collection of detailed till samples, supported from a temporary camp. The 2018 exploration activities will be conducted outside of the designated Caribou Core Calving and Post Calving Ranges and will be completed under strict adherence to the KIA Mobile Caribou Conservation Measures.

The 2018 program will commence no earlier than August 1st, 2018 and will likely be completed in 8 weeks (approximately by September 30th, 2018). The nature of the exploration work proposed is considered extremely low impact, with samplers being dropped off by a helicopter in the morning and picked up at the end of the day. The samplers will travel along their designated sampling route by foot either individually or in small groups of 2-3 people for the duration of the work day. Each sampler will be made aware of the KIA Mobile Caribou Conservation Measures, as well as all the NCGC GMB management plans, including the Corporate and Social Responsibility Action Plan, which outlines the proper procedures to avoid interference with all wildlife, and all other applicable legislation. Samplers will be responsible for filling out an Incidental Wildlife Sighting/Sign Form for all wildlife spotted throughout the work program. All samplers will be in contact with one another when working in an area, as well as with the helicopter pilot and wildlife monitors, to ensure that if required, such as in the event of a herd of caribou moves into the area, they can move to a suitable location for immediate pickup.

The number of personnel required to complete the 2018 GMB program is estimated to be between 30 and 40, for a maximum of 2,400-man day. The 2018 work program will be based out of a small temporary camp situated on one of NCGC's GMB mineral claims on Crown land, outside of the caribou core calving and post calving ranges. A potential location for the camp has been identified, but the location may need to be changed at the start of the program if ground conditions are not suitable. If the location changes, the new location will be provided to all the regulatory authorities, including the Nunavut Planning Commission ("NPC"), Nunavut Impact Review Board ("NIRB"), Indigenous and Northern Affairs Canada ("INAC"), Nunavut Water Board ("NWB") and KIA. The camp is anticipated

to use approximately 5 m3/day. It is anticipated that all personnel, equipment and supplies will be brought to the Project area from Baker Lake with single otter planes to an esker strip. If a suitable esker cannot be identified, a float plane will be utilized. A helicopter will remain on site to move personnel around the Project.

Small Jet fuel caches (less than 4,000 Litres) located on Crown land may be required to support the field activities. Within 10 days (30 days, when possible) of the establishment of any temporary fuel cache INAC and NWB will be notified of the details of the cache including: GPS location, fuel type, container sizes and method of storage. Any fuel stored on the Project will be stored within "Arctic Insta-Berms", or similar products, for secondary containment.

3.0 MANAGEMENT PLAN SCOPE AND OBJECTIVES

NCGC will be required to use and store diesel, aviation fuel, gasoline and propane at the GMB Project to support exploration activities. The *Gibson MacQuoid Project Fuel Management Plan* ("FMP") was developed to document fuel management practices employed at the GMB Project, including at camp, fuel caches and exploration sites. This FMP is one of several management plans established by NCGC designed to minimize pollution, protect the environment and protect the health and safety of all workers, contractors, and the community at large from any effects of its materials and operations.

This FMP describes procedures for the transport, handling, storage, inspection and transfer of fuel products at the GMB Project. This FMP is intended as a living document and will be updated periodically in order to address changes in technology and operational practices. The updated FMP will be submitted to all regulatory agencies as part of the Annual Reports.
The objectives of this FMP are:

- Protect the environment and health and safety of workers, contractors and the general public,
- Identify responsibilities and procedures for all staff and contractors,
- Promote safe handling and use of all types of fuel,
- Provide site specific information about the facilities and contingencies in place,
- Reduce occurrences of fuel spills and contamination,
- Comply with all federal and territorial legislation and guidelines pertaining to transportation, storage, handling and disposal of any type of fuel.

4.0 FUEL TRANSPORT AND STORAGE

Fuel products will be supplied to and stored at the GMB Project in the following configurations:

- Diesel, aviation fuel (Jet A/B) and gasoline will be in 205 litre (L) steel drums.
- Propane will be in 100-pound (lb) cylinders equipped with pressure relief valves.

Fuel products will be shipped via road, rail, barge and/or air to proximal supply hubs, then by fixed wing aircraft equipped with tundra tires or floats to the GMB camp and finally to fuel caches (if required) via helicopter. NCGC personnel will manage and supervise the transport, offloading, storage, transfer and use of fuel at camp and caches.

Regulations outlined in the *Transportation of Dangerous Goods Act*, and other relevant legislation, will be observed at all times during transport.

4.1 Secondary Containment

Drummed fuel (as well as any other hazardous materials) will be stored inside secondary containment located a minimum of 31 metres ("m") from the normal high-water mark of any water body. Fuel drums that are not in use will be stored on their sides in neat rows within the secondary containment with bungs positioned at 3 o'clock and 9 o'clock positions. Drums will be stood upright 1 to 2 days prior to use in order to allow any contaminants to settle.

Secondary containment that drummed fuel will be stored in will be *SEI Industries*[1] *'Insta-berms*[1]*, Exploration Tents*[2] *berms/trays,* or equivalent, designs. These types of berms utilize chemical and fire-resistant fabric (generally polyurethane coated nylon or vinyl coated polyester material) designed for extreme arctic temperatures and puncture resistance. Secondary containment will be capable of holding 110 percent ("%") of the volume of the largest fuel reservoir housed within.

Secondary containment structures will comply with all Federal and Territorial laws, regulations and guidelines.

[1] SEI industries: http://www.sei-ind.com/products/spill-prevention-response

[2] Exploration Tents: http://www.explorationtents.com/spill-containment-berms.html

4.2 Secondary Containment Covers

Secondary containment structures that are exposed to the environment will be covered during periods of inactivity to prevent snow and water collecting inside the containment vessel.

4.3 Management of Accumulated Water Within Containment

Should snow or water accumulate within secondary containment it will be inspected for the presence of any visible sheen of oil or grease before it is discharged. If contaminants are identified within accumulated melt or storm water it will be treated (using a *SEI Industries 'Rain Drain,'* or equivalent, filter) prior to release into the environment.

5.0 FUEL TRANSFER

Electric or hand wobble pumps equipped with filtration devices will be used for the transfer of diesel, jet fuel, and gasoline from their storage containers directly to their end-use fuel tanks. Proper grounding procedures will always be used during fuel transfer while using an electric pump. Cigarette smoking, sparks, open flames, and any potential ignition sources are prohibited within 100 m of any fuel storage site and at all times during fuel transfer.

When transferring fuel, the drum will be stood upright and blocked with the high side at 12 o'clock, the bung at 3 o'clock, and the vent at 9 o'clock to prevent water or dirty fuel from reaching the openings. The standpipe will be placed in a manner so that it will not be able to reach the lowest point in the drum, thus ensuring any contaminants will remain in the drum. Fuel transfer hoses with auto-stop fuelling and 'cam lock' fittings will be used, where possible.

6.0 SPILL KITS

Clearly marked spill kits capable of addressing potential spills (based on the type, location and volume of the fuel cache) will be located proximal to where any fuel product is stored or transferred. See the *Gibson MacQuoid Project Spill Prevention and Response Plan* ("SPRP") for additional details regarding spill kits, spill response and reporting procedures.

7.0 SIGNS, LABELS AND INFORMATION

All fuel drums or containers that are shipped to site will have appropriate Transportation of Dangerous Goods ("TDG") shipping and Workplace Hazardous Materials Information System ("WHMIS") labels in accordance with regulations.

NCGC will ensure all drummed fuel is also labelled with the name of the company ('NCG' or 'NCGC') and the date of delivery to the GMB Project. Signs will be erected at all fuel caches with the same information. In addition, 'No Smoking' signs will be installed at each fuel cache.

MSDS sheets for all fuel and copies of the GMB FMP and SPRP will be located proximal to fuel storage caches as appropriate.

8.0 INSPECTIONS

Drums will be inspected prior to being transported to the Project to identify any defects (i.e. torn, missing, or twisted gaskets, etc.) and a second inspection will be performed upon arrival at camp.

Fuel drums, fittings, transfer pumps and secondary containment will be inspected on a daily basis during operations. Drums will be inspected to identify any damaged or leaks. In the event that a leak is discovered, the substance will either be used immediately or transferred to an undamaged container Secondary containment structures will be inspected for punctures, damage, failures, leaks and presence of water within containment.

Inspections will be documented on internal reports and kept in the site office.

9.0 TRAINING

All on-site personnel will be required to be familiar with this FMP and the GMB SPRP.

Any personnel who are required to handle or store fuel will receive appropriate training, including instruction in the operation and maintenance of fuel transfer equipment. Personnel will be present and carefully supervise fuelling operations and monitor content of receiving vessel during transfer.

Additional training will include, but not be limited to:

- WHMIS training
- Hands-on spill response training exercises
- Standard First Aid

10.0 APPLICABLE LEGISLATION AND GUIDELINES

Acts, regulations and guidelines applicable to the storage, handling and transport of fuel is presented in:

10.1Federal Legislation

- National Fire Code of Canada
- Canadian Environmental Protection Act
- Fisheries Act
- Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations
- Spill Contingency and Reporting Regulations
- CCME Environmental Code of Practise for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products
- Transportation of Dangerous Goods Act
- The Workplace Hazardous Materials Information Systems
- Guidelines for Contingency Planning and Spill Reporting

10.2Territorial Legislation

- Fire Prevention Act
- Nunavut Environmental Protection Act
- Nunavut Waters Act and Regulations
- Nunavut Water and Surface Rights Tribunal Act
- Mines Health and Safety Regulations (Nunavut)
- The NWT and Nunavut Safety Act
- Transportation of Dangerous Good Act