



## KUULU PROJECT

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### Purpose

The Program purpose is to conduct exploration to assess previously identified gold targets. Exploration activities include geophysical surveys (ground based and airborne), diamond and/or rotary air-blast/reverse circulation drilling, surface geochemical sampling, and geological mapping, and will be based either regionally or out of a temporary camp on the property.

### Location

The Program will occur at a site also known as the Peter Lake Project (the Project), approximately 40 km northwest of Rankin Inlet. The Project is primarily accessible by air. A Right of Way (ROW) is licensed by the Kivalliq Inuit Association (KIA) to support overland transport. The Project is largely located on Inuit-owned land. Some portions of the Project are located on Crown land and will be staked.

### Scope

To execute the Program, approval of the following activities is being sought:

- Constructing and operating a temporary camp for up to 60 people;
- Staking and prospecting;
- Magnetic surveys (airborne and ground), geophysical surveys, boulder and till sampling, geological mapping;
- On land and on ice drilling;
- Mobilization, drill support and access via helicopter and fixed wing aircraft;
- Diesel and jet fuel caches at several locations, and propane cache at the camp site;
- Staging via a regionally accessible airstrip and/or sea lift;
- Overland winter access for camp and drill support;
- Temporary use of regionally available accommodations and support services;
- Archaeological overview and site assessments, where required.

As is typical of new exploration projects, it is expected that the Project will start small and expand based on positive exploration results. Accordingly, the following estimations have been made to support Program planning, permitting and licensing:

- Initial Program will occur in summer 2017, include up to 20 people for a period of 1 month and will involve 2 drills, airborne and ground surveys, staking and possible establishment of a camp;
- Based on results, the Program could expand to include seasonal work from approximately March to November utilizing up to 6 drills and housing up to 60 persons in a camp onsite;



### **Timing**

The Program is planned to commence upon receipt of approvals and is expected to be seasonal, including on ice drilling in spring followed by on land drilling thereafter. Seasonal closure of camp will typically occur from approximately November-March. It is expected that the Program will last up to 5 years.

Over the long term, and pending positive exploration results, it is expected that a defined gold resource could support either an independent mill onsite or continued operation of existing gold mines in the region.

### **Alternatives**

Alternatives to the project have been considered and involve use of regional accommodations in lieu of constructing a new temporary camp, and a no-go decision for the project.

While NxGold will continue to pursue synergies and efficiencies with other operators in the area as well as local businesses, constructing a new temporary camp site is favorable to avoid placing additional stress on existing accommodations in Rankin Inlet.

A no-go decision is not in the interests of NxGold shareholders.

Accordingly, neither of these are favorable alternatives.