

INUIT LAND USE LICENSE
KIVALLIQ INUIT ASSOCIATION
LICENSE NUMBER: KVL111B06

Subject to the terms and conditions in this license and to the terms and conditions and general minimum standards set out in the application for an Inuit Land Use License, authority is hereby granted to:

Northquest Ltd.

To proceed with the land use operation described in the attached application dated:

March 03, 2011

Staking & Prospecting, Till Sampling, Airborne Geophysical Survey
Purpose: _____

WC-01
Location: _____

Rankin Inlet
Dated at: _____ Executive Director:  _____
Gabriel Karlik

This 4th Day of August 2017

August 4, 2017 **October 4, 2018**
Commencement Date _____ Expiry Date _____

This copy is to be signed and retained by the applicant.

Signature of Applicant

Print Name

Position

Date

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This copy is to be signed and returned to the Kivalliq Inuit Association. The License will not become effective until a signed copy is received by the Kivalliq Inuit Association.

Signature of Applicant

Print Name

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Date



ᐅᓃᑦᑕ/ Tel: (867) 645- 5725 ᓇᑲᓄᓂ/ Fax: (867) 645-2348 Toll free: 1-800-220-6581



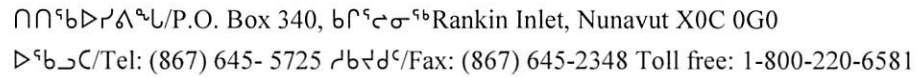
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Kivalliq Inuit Association

ᑲᑲᑦᑦᑦᑦᑦᑦ/P.O. Box 340, ᑲᑲᑦᑦᑦᑦᑦᑦ Rankin Inlet, Nunavut X0C 0G0

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Fisheries

25. The Licensee shall not deposit any deleterious substance into any water body.
26. The Licensee shall not cause any obstruction of any stream.
27. Winter stream crossings shall be removed prior to the expiry of this license or annual break-up, whichever occurs sooner.

Air Traffic

28. Where the licensee's approved Work Plan includes use of helicopters, the license is required to provide to KIA, in advance, the name of the operator, date and route of each flight. The licensee shall provide to KIA daily data detailing all helicopter activities, including flight altitudes.

Wildlife

29. In addition to complying with Schedule "B", the Licensee shall institute a wildlife sighting and incident program and will:
 - a) submit written reports of wildlife sightings and interactions to KIA on a quarterly basis;
 - b) submit a written report to KIA (and others as required by law) detailing any incident that results in the killing or relocation of any wildlife as result of the Licensee's activities, immediately upon occurrence of the incident, together with compensation as follows:

Polar Bear	\$20,000
Grizzly Bear	\$10, 000
Caribou	\$2,500
Musk oxen	\$2,500
Wolf	\$2,500
Wolverine	\$2,500
Fox	\$1,000

- c) subject to law, deliver any valuable parts of wildlife killed as result of the Licensee's activities to the HTO designated by KIA in a timely manner so as to preserve the quality of the wildlife parts.



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ΔΙΓΓΕΛΕΒ-IGLULIGAARJUK-CHESTERFIELD INLET/ 6ΒΓΣΔΕ6-QAMANITTUAQ-BAKER LAKE/ Β6Ρ666-ΚΑΝΓΙΛΙΝΙΟΥ-ΡΑΝΚΙΝ ΙΝΛΕΤ
ΠΡΕΣΕΔ66-ΤΙΚΙΡΑΡΓΙΟΥΑ-ΒΑΛΕ ΚΟΒΕ/ 46666-ΣΑΛΛΙΟΥ-ΚΟΡΑΛ ΧΑΡΒΟΥΡ/ 6Δ666-ΝΑΟΥΑΤ-ΡΕΠΟΥΛΣ ΒΑΥ/ Δ6ΔΔ6-ΑΡΒΙΑΤ

2017 Work Plan

Last updated July 14, 2017

Table of Contents

- 1. Introduction**
- 2. Licences and Permits**
- 3. Camp and Infrastructure**
- 4. 2017 Proposed Work**
- 5. Local Employment and Business Opportunities**
- 6. Wildlife Monitoring and Mitigation**

Appendices:

- 7. Claim Map**
- 8. Proposed Drilling Locations**
- 9. Camp Layout**
- 10. Proposed Sample Sites**
- 11. Spill Contingency Plan**
- 12. Abandonment and Reclamation Plan**
- 13. Letters of support (2)**
- 14. Letter of Authorization from Hamlet**
- 15. Licenses and Permits**

1. INTRODUCTION

The Pistol Bay Project (Project) is found near the Hamlet of Whale Cove in the Kivalliq Region of Nunavut on the west side of Hudson Bay. The claim group covering the project area extends from its eastern boundary approximately 14 km northwest of Whale Cove for some 85 km to the west-northwest. In 2011 Northquest began exploring for gold on the property, which was previously explored by Inco. Nordgold through its Canadian subsidiary Northquest Ltd. is the 100% owner of the Pistol Bay Project. The company's Canadian office is in Toronto, ON.

2. LICENCES AND PERMITS

The Project consists of mineral claims on Commissioner's Land, on Crown Land and Kivalliq Inuit Association Owned surface land.

The company has an Indigenous and Northern Affairs Canada (INAC) Land Use Permit (N20ICC0007) which will expire July 20, 2021, an Agreement of Permission to Occupy from the Government of Nunavut (GN), Department of Community and Government Services which expires August 31, 2019. A positive conformity determination was given by the Nunavut Planning Commission on May 21, 2017.

Northquest is currently applying for an extension and amendment to its Kivalliq Inuit Association (KIA) Land Use Permit KVL111B06 which expired in June 2016.

The company currently holds a Nunavut Water Board (NWB) Class B water licence (2BE-PBP1115) which will expire July 22, 2020. An amendment to the licence was applied for in 2017 as in 2016 it was determined that camp water use exceeded the allowable amount, and with more drill activity, drill water could also exceed the allowable amount. The purpose of the amendment application is to apply for the maximum allowable water usage to avoid exceeding the previously permitted limits.

Copies of all licenses and permits are attached.

3. CAMP AND INFRASTRUCTURE

The Pistol Bay camp has been in place since 2011 and is owned by Henik Lake Adventures Ltd. of Arviat and is located on Commissioner's Land. The camp is a turn-key style Weatherhaven tents and a plywood kitchen. Some of the 2016 structures are owned by Northquest. The camp, which will continue to be used in 2017, is located along the edge of a sandy esker 14 km northwest of the Whale Cove airport. The camp drew drinking and wash water from a nearby pond

See attached map of camp, Figure 4

An alternate camp location was discussed at the February and June 2017 meetings in Whale Cove to solicit advice on possible alternatives to the current camp location. If results of the 2017 exploration program suggest that it would make sense to move to a better location this could take place at a suitable time in the future. An alternative site was suggested by the community which is close by (on Commissioner's Land), is not used by the community as a

fishing lake, and could be better suited if year-round exploration could be considered as the suggested lake does not freeze to the bottom.

Structures:

- Thirteen x 14' x 16' Weatherhaven sleep tents heated with propane
- One 14 x 32' plywood kitchen heated with propane
- One 14' x 16' plywood coreshack heated with propane
- One 14' x 16' Weatherhaven dry heated with propane
- One 14' x 16' Weatherhaven core cutting tent
- One 14' x 16' Weatherhaven storage tent
- One 14' x 20' Weatherhaven office tent heated with propane
- One 8' x 8' plywood generator shack
- Two plywood outhouses
- One heli-pad
- One fuel cache stored in four "Insta berms" equipped with water drains
- Spill response equipment located beside fuel berms and heli-pad

The following structures were added during the 2016 field season:

- Two 14' x 16' Weatherhaven sleep tents heated with propane*
- The kitchen was enlarged to 14' x 48'*
- A new generator shack 8' x 16' was added to house a new generator*
- A plywood shack 8' x 14' was added to the Weatherhaven dry to house water storage tank, hot water tank as well as a clothes washer and dryer*
- A plywood core logging shack 16' x 24' was built*
- A plywood outhouse*

Machinery	<ul style="list-style-type: none"> One Ford F250 pick up Four 500 cc Honda ATV's Two 650 cc Ski Doo snowmobiles One 7.5 kW diesel generator One 15 kW gasoline generator One 50 cc Honda water pump One A Star B2 helicopter One D1 Discovery hydraulic diamond drill Two D2 Discovery diamond drills Two diesel water pumps for diamond drills
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The following machinery was added/replaced during the 2016 field season:

One 500 cc Honda ATV became un-operational; it is

currently on-site

- One 500 cc Honda ATV was acquired*
- One 29 kW generator was acquired*

The following equipment will be added in 2017.

- One Smart Ash portable, multipurpose batch load incinerator*
- One 63HP Kabota Tractor and trailer*

The F250 pick-up truck that has been on-site since 2013 will be utilized to make trips to Whale Cove to deliver garbage and pick up groceries and fuel. As well, it will be utilized to transport all locally hired employees during crew shift changes. It is planned that when the tractor and

trailer arrive on site in 2017, these will be used in place of the F250 pick-up truck to transport fuel and large cargo shipments to the staging area near the camp.

Authorization has been obtained from the Hamlet of Whale Cove to use the landfill for disposal of non-hazardous waste. (*see attached letter of authorization*) A fee will be paid to the Hamlet for this use. An incinerator has been purchased for burning of appropriate waste. Hazardous waste is transported south to an appropriate facility for disposal.

All non-hazardous waste that cannot be burned will be transported to the Whale Cove municipal dump by truck every few days during the program.

All grey-water generated in camp will be dumped into sumps containing five perforated drums and rocks within a pit dug in sand.

Sewage is contained in pits dug beneath the three outhouses.

4. 2017 PROPOSED WORK PLAN

The 2017 exploration program began on June 15 with the camp opening, and activities are expected to continue until late September depending on weather. During the early part of the field season, installing geophysical grids and carrying out geophysical surveys. When the geophysical surveys are complete, the geophysical crew will depart, and will be replaced by a drill crew that will operate one diamond drill until the end of the season. Regional scale glacial till sampling will be carried out throughout the summer. The work planned to take place on IOL Surface will take place in August-September, after the caribou post-calving season.

The exploration crew will vary considerably throughout the field season, and will consist of geologists, geophysical crews, drillers, drill foreman, geotechnicians, geological assistants, core splitters, , helicopter pilots and engineers, camp manager and assistant, cook/medic and assistant, camp labourers/wildlife monitors and drill site labourers. , Once the exploration program is fully operational, at any given time, the number of people at site will vary between 25 and 35 people, with between 7 and 9 residents of Whale Cove being included in this number. Local hires from Whale Cove have been working on the project since 2011 and are generally employed as wildlife monitors, camp manager assistants, core cutters, geological assistants and kitchen assistants. All local hires work a two week in /two week out rotation.

Planned work on Commissioner's Land, Crown Land and Inuit Owned Land, will consist of prospecting, till sampling, geological mapping, ground geophysics and diamond drilling utilizing one drill. These activities are commonly used by exploration companies when exploring for metals and minerals.

In order to say with certainty the location of proposed drill targets, a certain amount of prospecting, sampling and mapping is normally carried out first. Since none of our current technical team has ever worked on the IOL package we seek access to, it will be difficult for us to say at this time exactly where we might like to drill. We are confident, however, that drill targets will be in the vicinity of the CZ prospect shown in the red ellipse in Figure 3. To the best of our current knowledge, CZ is the only mineral target on this IOL package.

Photographs are taken prior to, and post drilling as a record of activities. Drill sites are recorded and all drill casing will be cut to avoid a safety concern. Drill sites are also returned to as close to an original state as possible to minimize the disturbance.

An A-Star B2 helicopter chartered from Custom Helicopters will be used to transport the drill and personnel during the program.

5. FUEL USE AND STORAGE

As of June 15, 2017, a total of 15 drums of Jet A fuel and 15 drums of diesel fuel, two drums of gasoline and 14 drums of fuel suitable for use in drill water heaters were stored at the base camp in a tarpaulin covered fuel berm.

Ninety six full and fifty partially full 100 lb cylinders of propane were also stored at the base camp as of June 15, 2017. An additional 199 drums of Jet A fuel and two hundred 100 lb cylinders of propane were stored at the old barge landing site in Whale Cove and has been moved to camp for consumption. All of the Jet A is stored in tarpaulin covered berms.

Ten drums of waste oil and contaminated fuel as well as thirty-six empty propane cylinders and 694 fully drained fuel drums are temporarily stored at the Whale Cove airport.

The propane tanks will be returned to Churchill and the empty drums will be crushed prior to disposal at the Whale Cove municipal dump. The waste oil and contaminated oil will be sent to an approved disposal facility.

No fuel caches are currently located on IOL, nor is there any plan to locate them on IOL in the foreseeable future. If drilling activities are undertaken, a small amount of fuel will be stored at the drill to allow for the operation of the drill and supporting pumps.

6. EMPLOYMENT AND BUSINESS OPPORTUNITIES

Groceries and vehicle fuel are purchased locally (Whale Cove and Rankin Inlet) and the company enjoys a good relationship with the Hamlet of Whale Cove. Twenty local employees (including those hired by the geophysical contractor) have been hired to support the 2017 exploration program including two students.

The company has sponsored local events (Fishing Derby, Hamlet Days, Canada Day, Nunavut Day) and has purchased a new scoreboard for the arena in Whale Cove.

Consultation in 2016 included two meetings with the Whale Cove Municipal Council. Meetings in 2017 occurred on February 22 and June 14. Hamlet Council, staff as well as KIA and HTO are invited to the meetings in addition to the local MLA and the public. Advice on wildlife movement, timing of activities and possible avoidance and mitigation measures as well as helicopter use (no low level flights) are discussed to ensure a good flow of information to the community and the company. The colour of the helicopter was relayed to the community as well as the request that if the community has any concerns, to relay them immediately to the company for corrective action. Meetings are proposed again following the end of the exploration season to discuss any concerns or future mitigation measures.

Letters of support were provided to the company for the 2017 exploration program from the Hamlet of Whale Cove as well as the Hunters and Trappers Organization (*appended*)

7. WILDLIFE MONITORING AND MITIGATION

The helicopter will be used for all drill moves and crew transfers and will be instructed to strictly avoid low level flights (with the exception of take-off/landing and in case of emergency). Chasing or worrying of wildlife is not tolerated. Should any activities occur that the community feels are of concern, these should be reported to the company. The colour of the helicopter has been made known to the community for identification purposes.

Wildlife activities will be monitored by local wildlife monitors and company personnel for avoidance and mitigation measures. All wildlife sightings will be recorded and reported in the annual report. Harassment of wildlife is not tolerated. All activities will cease if wildlife are in the area and will only resume once they have moved a safe distance away.

Measures have been put into place this year to avoid damaging the tundra by reducing use of ATV's on the tundra.

Nordgold will diligently comply with all terms and conditions of their licences and permits including the Caribou Protection Measures.

No exploration activities will be conducted on IOL during caribou calving and post calving.

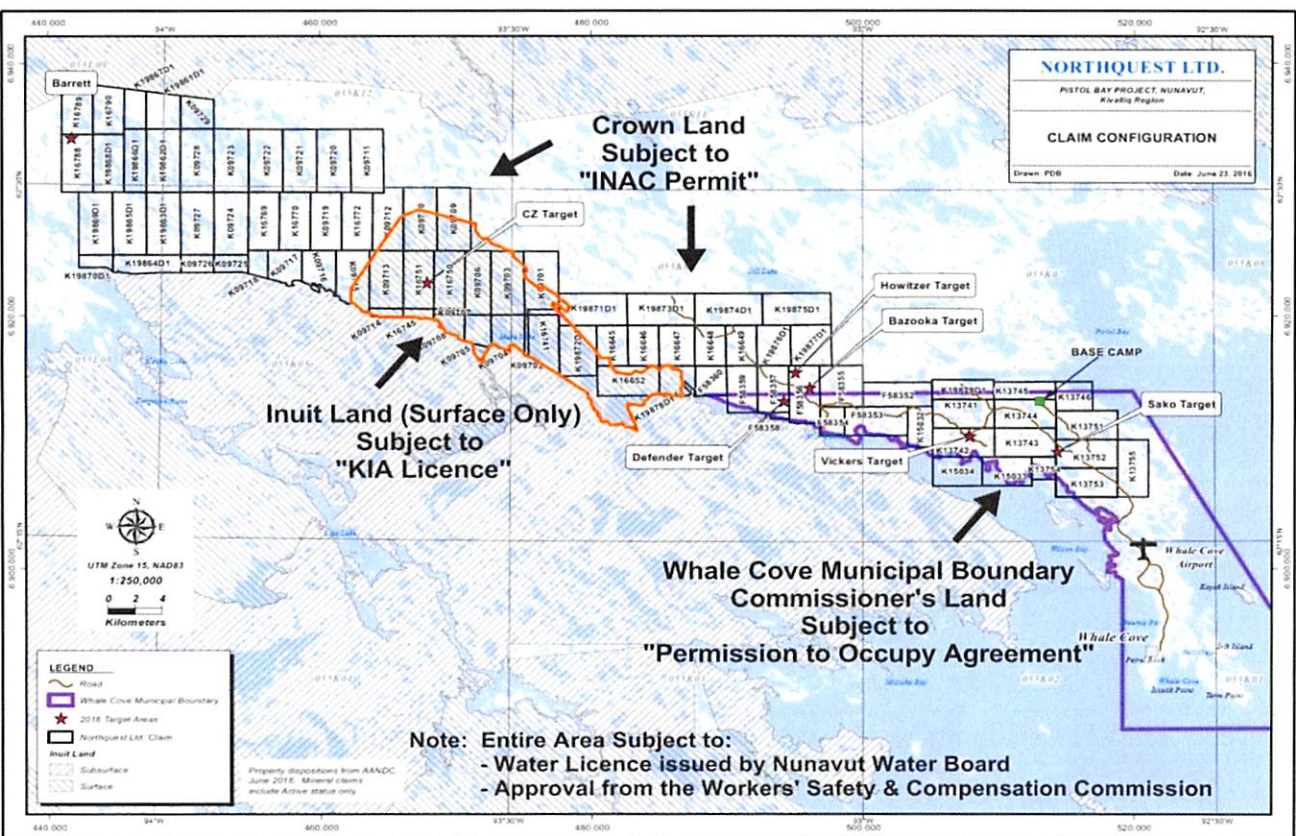


Fig 1 – Nordgold Claim Map showing IOL, Commissioners and Crown Land designations

Fig 2 – Nordgold Claim Map with locations of known prospects

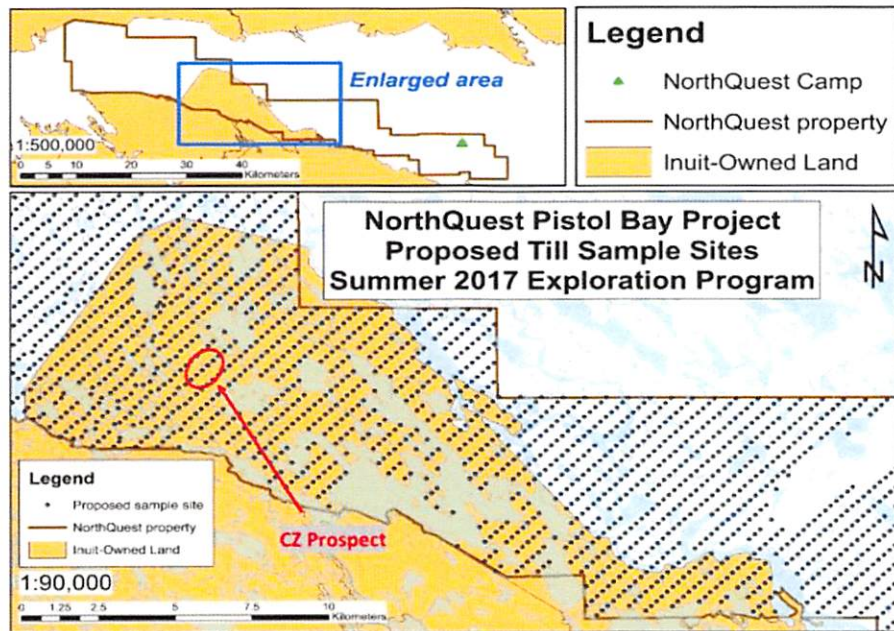


Fig 3 - Inuit Owned Land package showing proposed till sampling locations and location of the CZ Prospect

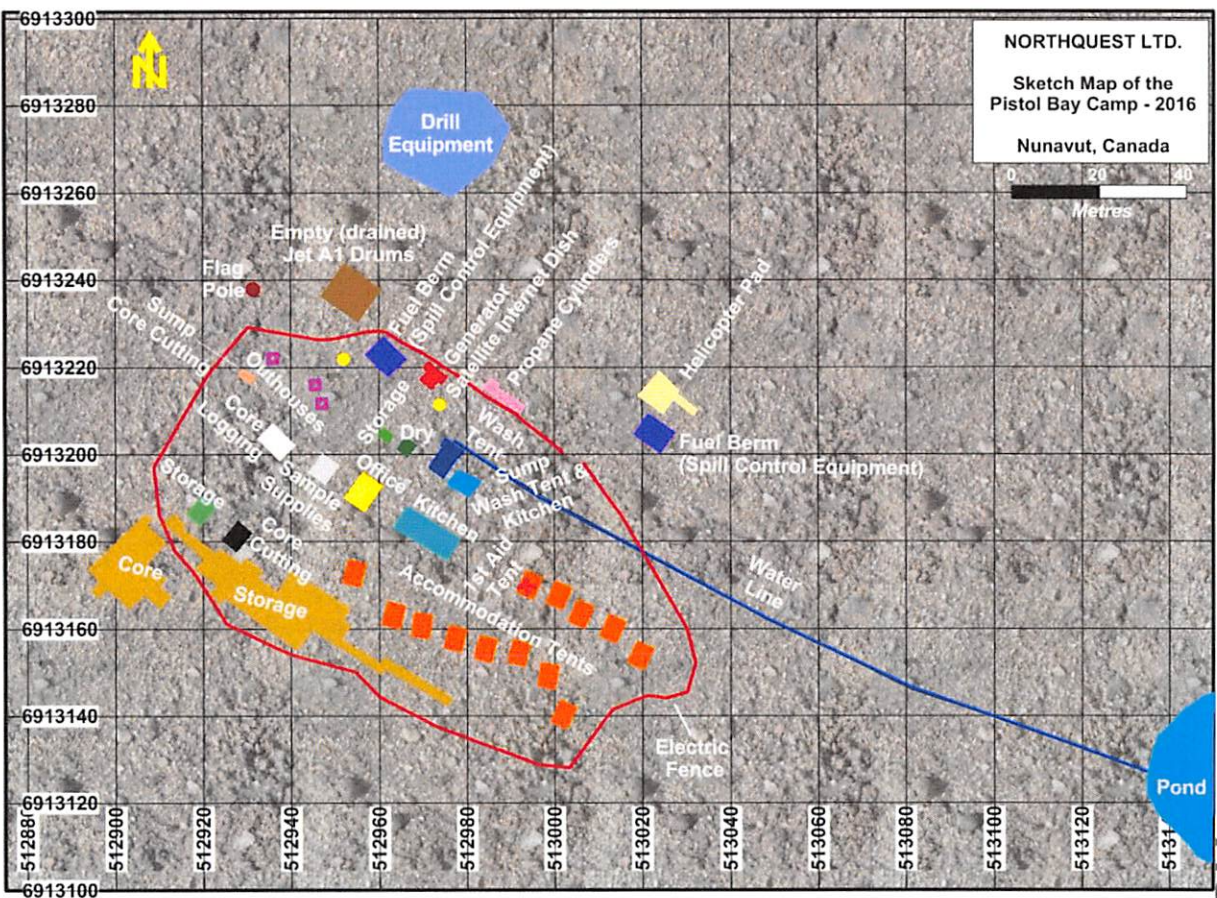


Fig 4 – Sketch Map of the Pistol Bay Camp, 2016