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						
	Trai cii os	, 2022				
Staking & Prospe Purpose:	1	- ·	eophysical Survey			
	WC-	01				
Location:						
Rankin Ir Dated at:	llet Execut	ive Director:	abriel Karlik			
4 th This Day of	August		17			
Commencement Date	August 4, 2017		October 4, 2018			
This copy is to be sign	ed and retained b	y the applican	t.			
Signature of Applicant	Print Name	 Position	 Date			

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March 03, 2011						
Staking & Prospe Purpose:				_		
Location:		WC-01				
Rankin In	l et E	xecutive Director:	Gabriel Karlik			
4th This Day of	August		17 20			
Commencement Date	August 4, 20	17 Expiry Date	October 4			
This copy is to be sign License will not becom Kivalliq Inuit Associati	ne effective u	ned to the Kivall Intil a signed cop	iq Inuit Assoc oy is received	ciation. The by the		
Signature of Applicant		Positi	on	Date		



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Kivalliq Inuit Association

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LICENSE – TERMS AND CONDITIONS

Compliance

- 1. The Licensee shall comply with all applicable regulations, laws and orders of the federal, territorial or other governing body, and with the terms of this License, including its Schedules. The Licensee shall deliver to KIA a copy of any written notice of non-compliance received by the Licensee. The Licensee shall use the licensed lands only for the activities permitted by KIA.
- 2. The Licensee shall obtain and maintain such licenses, permits or approvals from the federal, territorial or other governing bodies as may be necessary to enable the Licensee to undertake the permitted activities on the lands. In particular, the Licensee shall obtain and maintain any applicable authorizations or approvals as may be required by the Nunavut Planning Commission, Nunavut Water Board, Nunavut Impact Review Board and/or the Nunavut Wildlife Management Board. Prior to issuing this License, KIA has made no inquiries and makes no representation as to whether or not the licensed activities require approval by any of those bodies. Upon request by KIA, the Licensee shall provide written evidence of compliance with this provision.
- 3. The Licensee shall permit KIA reasonable access to the licensed lands for the purpose of inspecting from time to time the condition of the lands and compliance with this License.
- 4. KIA has closed IOL's within calving grounds from May 1 to July 31, and allows activities after July 31 subject to guidelines which implement mobile conservation measures for wildlife. This License is subject to the mobile conservation measures attached as Schedule "B". Failure to comply may result in immediate termination of this License.

Fees

5. The Licensee shall pay all fees and other amounts required under this license on the first of each month, in advance and without abatement or deduction. Without prejudice to any other rights or remedies, KIA shall have the right to charge interest on overdue amounts at a rate equal to the prime rate established from time to time by the Bank of Canada, plus 2% per annum, calculated and compounded monthly.



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∩∩56トイム%b/P.O. Box 340, b↑50 σ 56 Rankin Inlet, Nunavut X0C 0G0 トちっC/Tel: (867) 645- 5725 とけるは/Fax: (867) 645-2348 Toll free: 1-800-220-6581

- 6. If the Licensee continues its operations after the end of the term of this License without execution and delivery of a new license, the Licensee will be considered to be conducting its operations on a month to month basis at a monthly fee equal to 1/6th of the pro-rated annual fee and shall be subject to the covenants and conditions hereof.
- 7. If the Licensee continues in occupation of the licensed lands for the purpose of undertaking environmental remediation or reclamation or otherwise complying with this License but without otherwise continuing its operations, it shall nonetheless be required to pay the license fees stipulated herein and compliance with all other provisions hereof.
- 8. The Licensee shall pay any reasonable costs of all inspections that KIA deems necessary to monitor compliance with this License.

Insurance

9. The Licensee shall at all times during its occupation of the lands obtain and maintain insurance in such amounts and form acceptable to KIA. The insurance shall be enforceable by any party named as insured or additional insured thereunder and shall be primary to any other insurance available to KIA. The insurance shall not be subject to cancellation, reduction, amendment or non-renewal without at least thirty days advance written notice to KIA. Proof of insurance shall be provided prior to commencement of this License.

Damages & Indemnity

- 10. All persons and property of the Licensee or those for whom the Licensee is responsible at law shall be entirely at the risk of the Licensee and KIA shall have no liability for any loss or damage, unless caused by the negligence of KIA or those for whom KIA is responsible in law. Any damage or injury to lands, property or the environment caused by the Licensee or those for whom the Licensee is responsible at law shall immediately upon notice given either verbally or in writing by KIA, be repaired, rebuilt, replaced and restored by the Licensee to the entire satisfaction of KIA.
- 11. The Licensee shall at all times indemnify and save harmless KIA, its agents, contractors, employees, directors and members, from and against all claims and demands, loss, costs, damages, actions, suits or other proceedings by whomsoever made, based upon or attributable to this License or any actions taken or things done by the Licensee or those for whom the Licensee is responsible in law.



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Plans

12. The Licensee shall submit to the KIA for its approval, no later than September 30th in each year of the term, a Work Plan detailing the proposed operations on the licensed lands for the upcoming calendar year, together with an Environmental Action Plan detailing the Licensee's plans for reclamation of the licensed lands. Such Plans shall be subject to the approval of KIA and will be deemed to be incorporated into and form part of this License. Only those activities conducted pursuant to an approved Work Plan are permitted.

Assignment

13. The Licensee shall not assign or transfer this License without the prior written consent of KIA.

Default

- 14. Except as set out in Schedule "A", the Licensee shall have 30 days from the date of receipt of written notice identifying a default of any of its obligations hereunder to remedy such default, failing which KIA may, without prejudice to any other rights or remedies, cause to be performed any such obligations and all expenses incurred and expenditures in so doing, plus a sum equal to 15% thereof representing KIA's overhead, shall be treated as fees hereunder, payable immediately.
- 15. In the event that the Licensee fails to remedy any default within the time permitted under this License, this License may be terminated by KIA.

Security Deposit

16. The Licensee shall submit to KIA, upon execution of the License, a security deposit in accordance with Schedule "C". If the Licensee breaches any of the terms and conditions of this License and fails to remedy such breach within the time permitted, KIA may, without prejudice to any other rights, apply the security deposit to any loss, damage or costs caused by such breach.



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Voluntary Termination

- 17. This License may be cancelled by either party upon 90 days notice in writing to the other party.
- 19. All obligations of the Licensee for the payment of fees and other amounts hereunder and the Licensee's obligations with respect to the environment, shall survive the termination of this License.

Socio-Economic

20. The Licensee shall establish and implement with respect to the permitted activities under this License preferential practices designed to maximize the employment, training and economic opportunities for Inuit and Inuit firms of the Kivalliq Region. Such practices shall be in keeping with those which are required of the Licensee pursuant to the most recent Inuit Impact and Benefit Agreement entered into by the Licensee with respect to any other project undertaken by the Licensee in the Kivalliq Region.



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SCHEDULE "A"

General Standards.

- 1. The Licensee shall not conduct its operations on any lands not covered by this license.
- 2. The Licensee shall contact KIA at least 48 hours prior to the commencement of licensed activities.
- 3. The Licensee keep all combustible garbage and debris in a covered metal container until disposed of and shall burn all combustible garbage and debris in a suitable container. All non-combustible garbage and debris shall be removed to disposal location(s) approved by KIA.
- 4. All sewage shall be deposited into a sump or removed from the lands.
- 5. The Licensee shall not bury any metal wastes without the consent of KIA.
- 6. The Licensee shall locate all camps on gravel, sand or other durable land. No permanent structures shall be erected without the prior written consent of KIA.
- 7. The Licensee shall keep the lands clean of garbage and debris at all times.
- 8. The Licensee shall have available for viewing a summary of this license (in form and content acceptable to KIA) in a conspicuous place on the lands.
- 9. The Licensee shall give to KIA a final plan within 60 days of the expiry of this License, showing all areas within the lands actually used in its operation.
- 10. At the completion of its operations or expiry or termination of this License, the Licensee shall remove all buildings, equipment and materials placed or erected on the lands by or on behalf of the Licensee, unless otherwise authorized by KIA.
- 11. All archaeological site and burial grounds must be avoided and left undisturbed. Should a site be encountered, the Licensee shall have it flagged and reported immediately to KIA and CLEY.
- 12. The Licensee shall not use any equipment except of the type, size and number listed in the accepted application.



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Ground Disturbance

- 13. All operations shall be carried out so as to minimize surface disturbances.
- 14. All disturbed areas must be restored in a manner acceptable to KIA.
- 15. The Licensee shall not use surface vehicles to move drill rigs or other equipment or supplies without the prior authorization of KIA. The use of any vehicles off approved routes is prohibited.

Fuel and Chemical Storage

- 16. The Licensee shall not place any petroleum storage containers within 30 meters of the normal high water mark of any water body.
- 17. The Licensee shall not allow any petroleum or chemical products to spread to surrounding Lands or into water bodies
- 18. All petroleum brought onto the Property by or on behalf of the Licensee shall be kept in approved containers marked with the Licensee's name, or within a bermed area.
- 19. The Licensee shall report all spills immediately to KIA and appropriate governmental authorities.
- 20. The Licensee shall dispose of all combustible waste and waste products by incineration or removal.

Drilling

- 21. All drill fluids must be disposed of into a properly constructed sump or a naturally occurring, contained depression and drill fluids should be recycled wherever possible.
- 22. Drill sumps shall not be located within 30 metres of any water body unless otherwise authorized by KIA.
- 23. All drill sumps must be restored to the natural surrounding contours of the land prior to expiry of this license.
- 24. Disturbance of vegetation from deposit of drill fluids/cuttings shall be restricted to the area of the sump and the ground prepared for re-vegetation upon abandonment.



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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 breakup, 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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Environmental

- 30. The Licensee shall not move any equipment or vehicles without prior testing the thickness of the ice to ensure the lake is in a state capable of fully supporting the equipment or vehicles.
- 31. The Licensee shall construct and maintain winter roads with a minimum of ten (10) centimeters of packed snow at all times during this land use operation.

Alcohol

32. Alcohol and non-prescription narcotics are strictly prohibited from being used transported, trafficked, exchanged, given, stored on or being in any way present on the licensed lands.

Carving Stone

33. If carving stone is discovered within the licensed lands, the Licensee shall clearly mark the occurrence, notify KIA and, if it is in an amount determined by KIA to be suitable for the exercise of Inuit rights under Article 19 of the Nunavut Land Claims Agreement, shall take reasonable steps to make such carving stone available to Inuit.



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Schedule "B"

MOBILE CONSERVATION MEASURES GUIDELINES



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Schedule "C"

SECURITY DEPOSIT



KIA KVL111B06 INAC N2016C0007 NWB – 2BE-PBP1520 NPC File # 148526

2017 Work Plan Last updated July 14, 2017



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- 6. Wildlife Monitoring and Mitigation

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- 8. Proposed Drilling Locations
- 9. Camp Layout
- 10. Proposed Sample Sites
- 11. Spill Contingency Plan
- 12. Abandonment and Reclamation Plan
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- 14. Letter of Authorization from Hamlet
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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 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

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 with 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. WILDIFE MONITORING AND MITIGATION

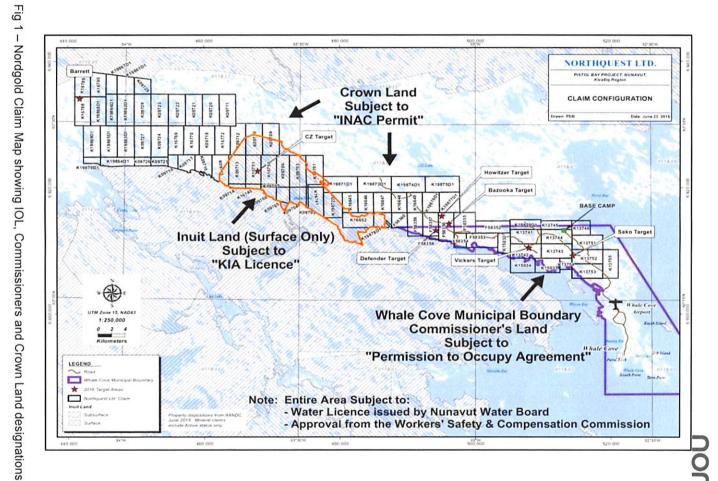
The helicopter will be used for all drill moves and crew transfers and will be instructed to strictly avoid low level flights (with the exception of take-off/landing and in case of emergency). Chasing or worrying of wildlife is not tolerated. Should any activities occur that the community feels are of 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.



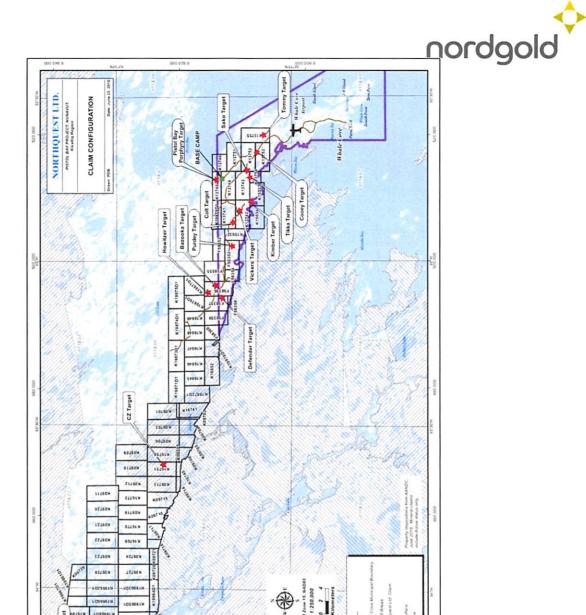


Fig 2 - Nordgold Claim Map with locations of known prospects



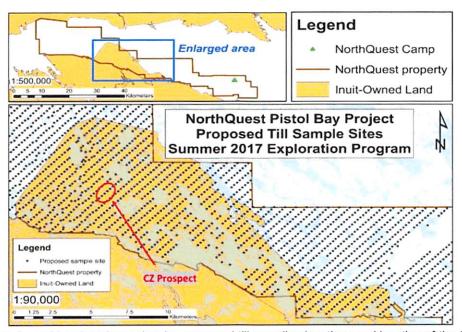


Fig 3 - Inuit Owned Land package showing proposed till sampling locations and location of the CZ Prospect

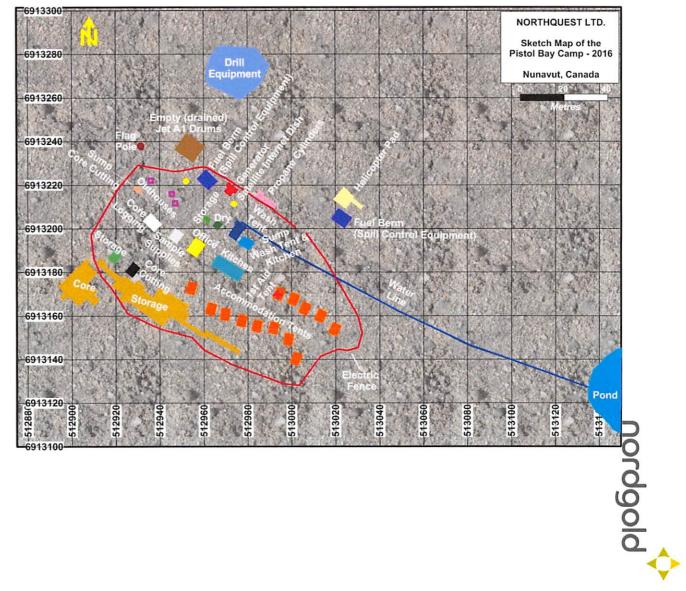


Fig 4 - Sketch Map of the Pistol Bay Camp, 2016