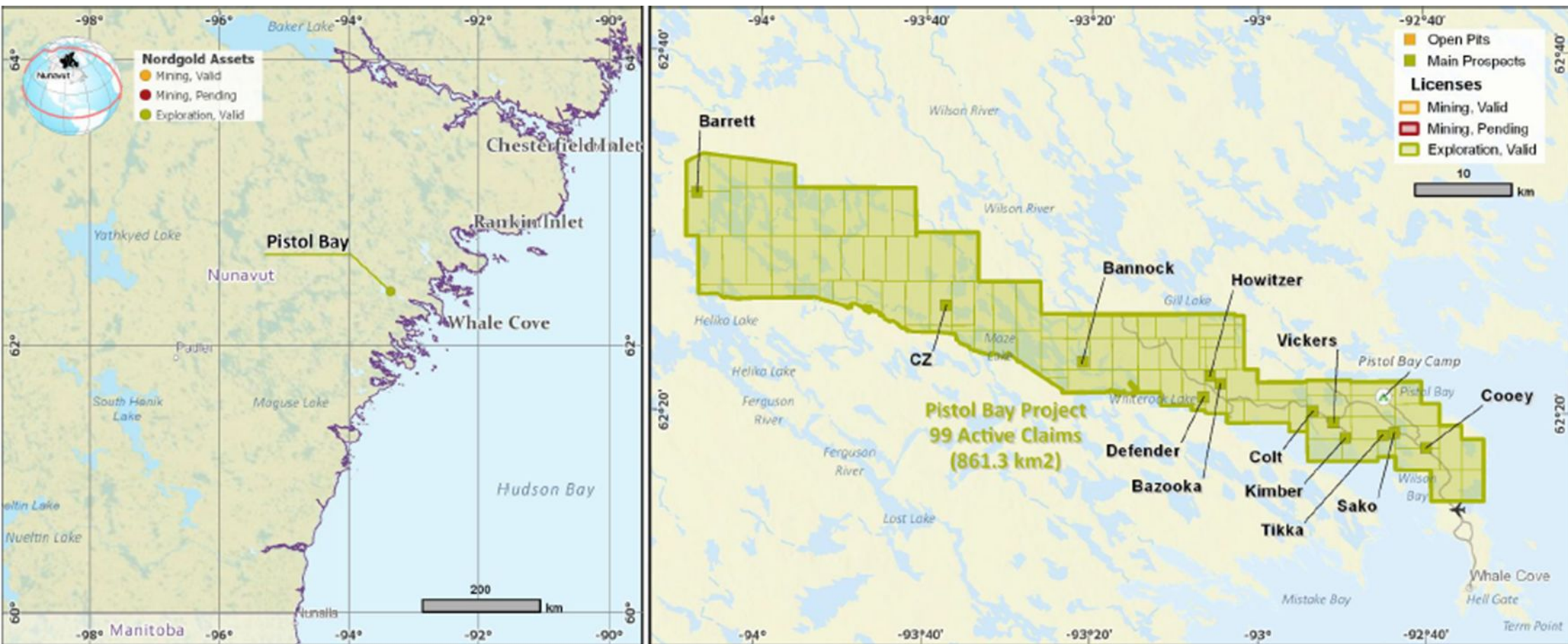


Pistol Bay Project

Challenges and Opportunities

Kivalliq Trade Show
September 24-26, 2018

PISTOL BAY PROJECT - Location

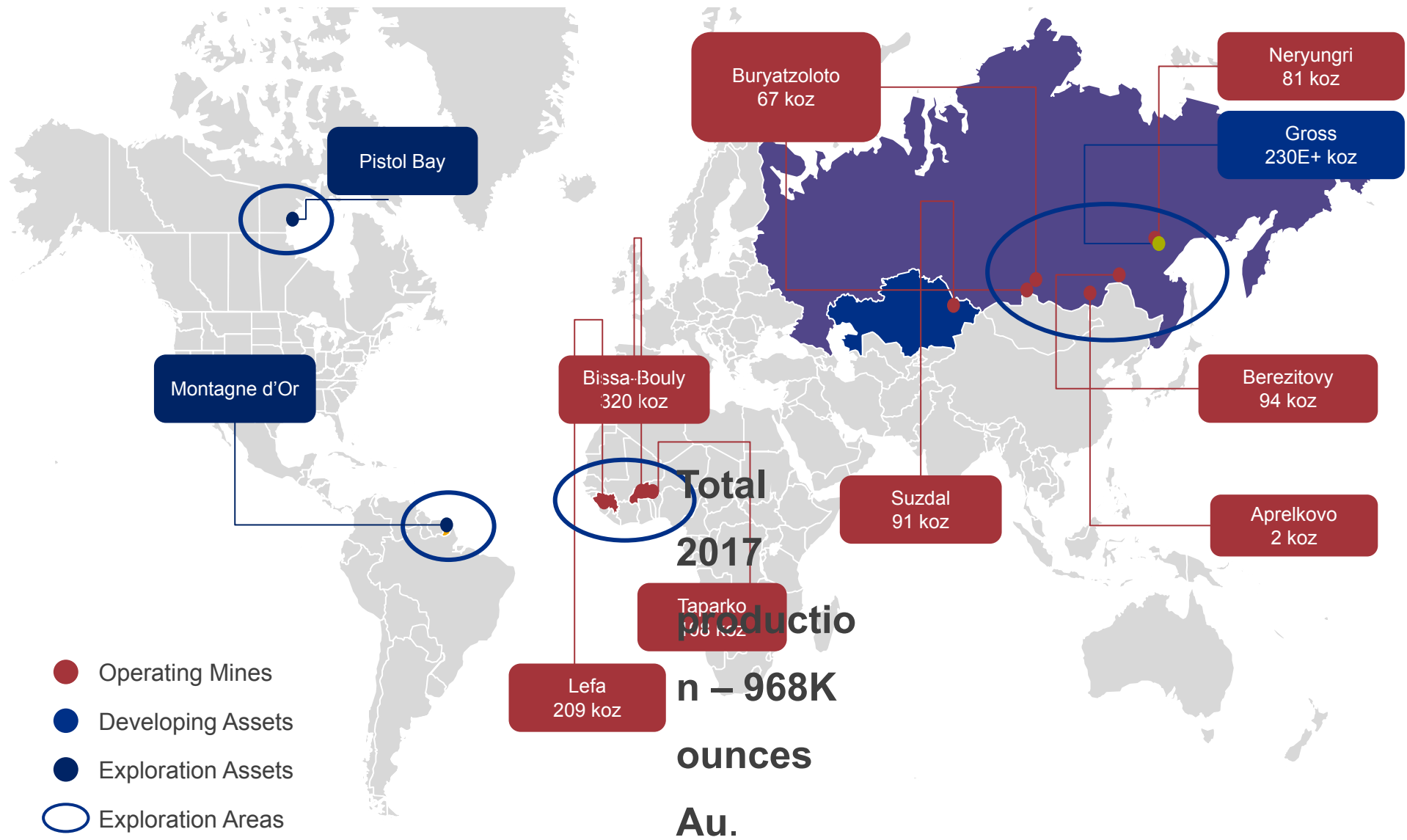


Who is Nordgold?

- **Established in 2007** and held by private investors

- Nordgold employs over **8,000 people and operates 9 mines** (5 in Russia, 2 in Burkina Faso and one each in Guinea and Kazakhstan). Nordgold has **one project in construction phase**, several prospective projects in feasibility study, preliminary economic assessment and advanced exploration phase and a diverse portfolio of early-stage exploration projects and licences in **Burkina Faso, Russia, French Guiana and Canada**
- In 2017, Nordgold produced 968,000 ounces of gold with all-in sustaining costs of US\$905 per ounce,
- Nordgold has a **proven track record** of operational excellence, is focused on **shareholder value**, committed to running **safe, efficient, profitable operations** to generate strong cash flows and **invest in its new opportunities**

Diversified Asset Base Across Four Continents



PISTOL BAY PROJECT – recent history

- **Northquest acquired Mineral Rights on the Pistol Bay Project in 2011 based on results obtained in 1983 to 1989 by Canadian Nickel Company**
- **2011 – Northquest commenced exploration on the Pistol Bay Project**
- **2012 – Excellent results returned from drilling at the Vickers deposit**
- **June 2014 – Nordgold began process of acquiring ownership of Northquest Ltd**
- **October 2016 – Nordgold completed process of acquiring a 100% interest of Northquest Ltd, and 100% of the Pistol Bay Project**

Exploration and Mining – the challenges we face everywhere

Exploration anywhere is a **very complicated and risky business**, and it gets even more complicated as projects move to the development and mining phases

- **Technical**

- are we able to figure out the complex geology and find enough gold (or diamonds or whatever) to make mining economic
- Once we find the gold, can we actually mine it

- **Business**

- Will we be able to find investors to support our work?
- Will the price of gold stay high enough to support development and mining?

- **Social**

- Do the people who are effected by our work support what we are doing?
- How do we ensure that all stakeholders benefit from the project going forward?

Exploration and Mining – the challenges we face everywhere

Permitting

- All jurisdictions have **complex rules** in place to protect the environment and to ensure that local priorities are met.
- Permitting for **exploration** is **usually straight forward**, but for mining it is very complicated and may take many years and millions of dollars to complete.

Social Licence

- **Consultations** with effected communities **must be carried out** frequently, so that people fully understand the company's intentions
- Every effort must be made to **hire locally** whenever possible
- Company's work with communities to provide support to local programs

Environment

- **All** exploration/development must be done in an **environmentally responsible manner**.

Exploration permitting - Nunavut

Before starting to explore in Nunavut a company must:

- Make sure they have the **mineral rights** (from NTI or INAC).
- Permission to **access the land** is required from INAC (for Crown Land), RIO (for Surface Rights IOL) and/or GN and municipality (for Commissioners Land).
- A project proposal must be submitted to the **Nunavut Impact Review Board** (NIRB)
- In addition, the **Nunavut Planning Commission** (NPC) makes sure that the project is in compliance with the pertinent Land Use Plan.
- A work program must be submitted for approval to the **Nunavut Water Board** (NWB) for use of water and disposition of waste,
- A work program must also be submitted for approval to the **Workers' Safety and Compensation Commission (WSCC)**
- Every year, a **full report of activities** must be submitted to the NIRB, NWB, with copies going to other regulators
- Technical reports must be made to INAC (or NTI) to maintain mineral rights.

For mining and development, the process is much more complicated than this.

Local Opportunities and Challenges - Licensing and Permitting

Opportunities

- The **NLCA**, and the settled land claim in Nunavut is a powerful basis for sustainable development
- Nunavut's **regulatory system** should and can ensure that development is carried out so that the **needs of Nunavummiut are met**, the **environment is protected** and investors see the value of spending **scarce investment dollars in Nunavut**
- GN Department of CGS as well as INAC staff has a good understanding of mineral exploration timelines and **need for permits in a timely manner**

Challenges

- Some agencies are actively discouraging investment by setting up strong legal barriers to working in Nunavut.
 - **NPC** is proposing Nunavut-wide land use plan that will ensure that **no development can happen in huge parts of the territory**, particularly in the Kivalliq
 - **KivIA** is making access to IOL challenging, and has been changing rules frequently. **Compliance with new regulations is virtually impossible**
 - **GN Department of the Environment** no longer makes maps of **wildlife movements available to exploration companies**

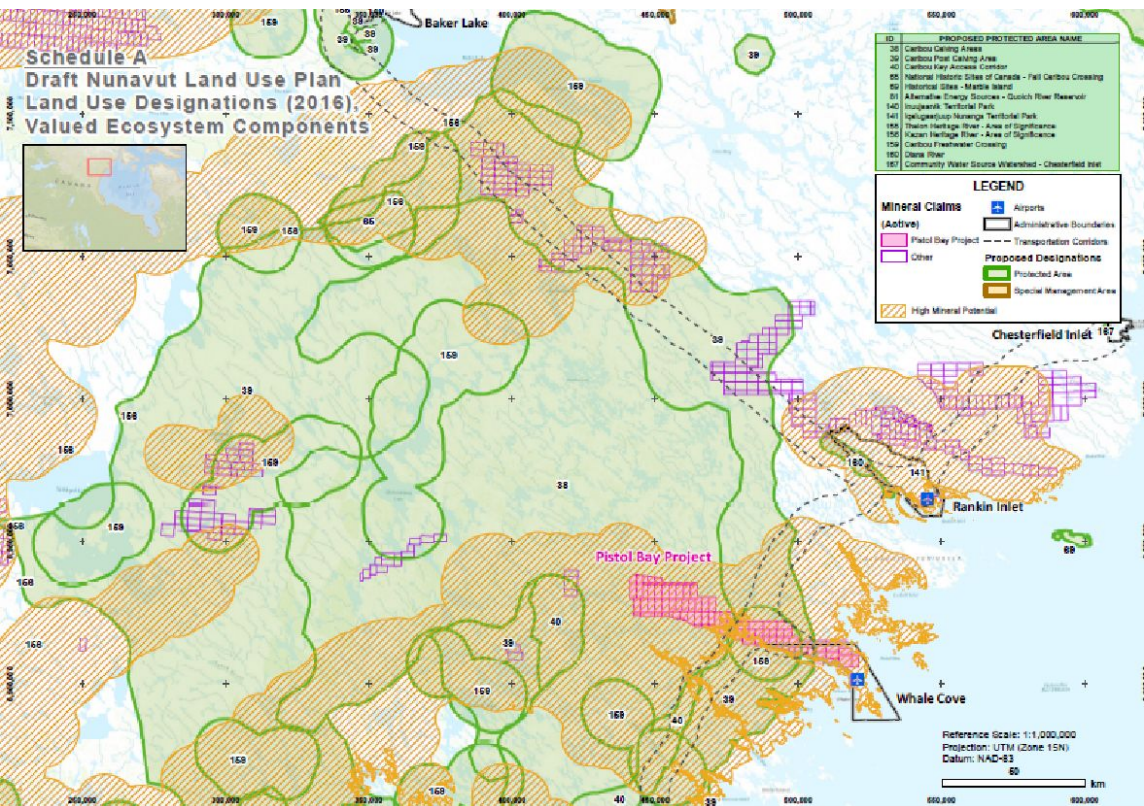
Nunavut Planning Commission - Draft Nunavut Land Use Plan

Challenges

- The plan in its current state will very strongly discourage development in Nunavut, and especially in Kivalliq
- All of the signatories to any LUP (NTI, INAC and GN) have stated their disagreement with the plan

Opportunities

- In the absence of a territory-wide LUP, in the Kivalliq, there is the Keewatin Land Use Plan
- A well thought through LUP can set the stage for responsible development and environmental protection for years to come.
- It is not too late for the NPC start a new plan that will serve the people of Nunavut well



Challenge

- KIA has sent out some **confusing anti-development messages in the recent past**
 - Taking **more than 18 months to renew** an annual access permit
 - Based on concerns about the latest Draft Nunavut Land Use Plan, KIA announcing that they would **not be renewing any land access permits (this policy was recently reversed)**

Opportunity:

- Continue to work with the KIA and especially the Lands Department to support initiatives, share information, and work together.



Social License – Opportunities and Challenges

Challenges

- **Community support** for a project must be earned by putting considerable effort into building and maintaining positive relationships with stakeholders
- It is very easy to lose goodwill
- An important part of building local support is **hiring locally**. Many Nunavut communities lack the capacity to provide skilled labour, and there is **a lot of competition in employers** in Kivalliq for a small number qualified people.

Opportunities

- In our (limited) experience, Hamlet Councils are **willing to support responsible exploration** that is sensitive to local needs
- Local stakeholders can be **powerful allies** in a company's quest to take a project from exploration through development and mining.
- A **positive reputation developed locally** can benefit a company in its activities elsewhere in Canada and throughout the world.
- Once a local **workforce is developed**, it is much cheaper to have locally sourced workers than those who have to be brought in from South
- Support **GN's Prospector and Driller's assistant training programs**
- Encourage GN to investigate **GNWT's Field Assistant Training Program**

Environment: Challenges and Opportunities



Environmental Challenges:

- **Mobile Mitigation Measures** – only used by the KIA. Not approved by INAC and **need industry buy-in** in order to be effective
- INAC has **Caribou Protection Measures**
- GN, Department of Environment does not make accessible, **seasonal movement maps for caribou** – no response from GN
- Restrictive and virtually impossible to comply

Environmental Opportunities:

- ✓ Work with KIA and GN and INAC on caribou issues for the benefit of all

Pistol Bay Project – Challenges and Opportunities

Like most things in life there are Challenges and Opportunities to working in Nunavut.

We believe, however, that all parties want the same thing – that the people of Nunavut are allowed to prosper in their own land.

By working together we can achieve that goal

Questions? Matna

