



Committee Bay Project

INAC Commercial Lease: 056J/11-1-2, 056J/12-1-2
INAC Land Use Permit: N2014C0002, N2014C0005
Kitikmeot Inuit Association: Land Use Permit KTL314C003
NIRB Project Reference Number: 07EN021
NWB Licence: 2BE-CRA1520

Annual Report

2016

North Country Gold Corp.
November 2016

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2.0 **DISTRIBUTION**

Organization	Distribution Email
Indigenous and Northern Affairs Canada (INAC)	landsmining@aandc.gc.ca
Environment Canada (EC)	enviroinfo@ec.gc.ca
Government of Nunavut – Department of Environment (GN-DOE)	environment@gov.nu.ca
Kitikmeot Inuit Association (KIA)	landsofficerkia@qiniq.com
Nunavut Impact Review Board (NIRB)	info@nirb.ca
Nunavut Water Board (NWB)	licensing@nunavutwaterboard.org

3.0 **BACKGROUND**

Auryn Resources Inc. ('Auryn') is a Canadian based junior mineral exploration company focused on the acquisition and development of prospective mineral projects in established mining districts globally. North County Gold Corp. (NCGC) is a wholly own subsidiary of Auryn as of September 25th 2015 and is the 100% owner of The Committee Bay Project (CBP). Auryn's management team is highly experienced with an impressive track record of success in discovery and development, including the advancement of two gold projects located in West Africa and Mexico.

Auryn's exploration strategy for the Committee Bay Project is to identify additional deposits within the Committee Bay Belt via regional grassroots exploration and further drill-testing of previously identified gold prospects. Innovative and cost-effective exploration techniques also form a large part of the exploration strategy for the CBP. A track mounted Rotary-Air-Blast ('RAB') drill is used to this end and to minimize environmental impact.

The CBP is made up of mineral claims and leases located on Crown Land and surface and sub-surface Inuit Owned Lands (IOLs) which are subject to the Nunavut Land Claims Agreement (NLCA). See Table 1 for NCGC permits and licences for advanced exploration activities on the CBP.

Organization	Description	Permit/Licence #
Nunavut Impact Review Board (NIRB)	Project Reference Number	07EN021
Indigenous and Northern Affairs Canada (INAC)	Land Use Permit (Bullion camp)	N2014C0002
	Land Use Permit (Hayes camp)	N2014C0005
Kitikmeot Inuit Association	Land Use Licence for IOL (Ingot/Crater camps)	KTL314C003
Nunavut Water Board (NWB)	Water Licence	2BE-CRA1520
Indigenous and Northern Affairs Canada (INAC)	Commercial Leases	Lease 065J/11-1-2
		Lease 065J/12-1-2

Table 1: NCGC Permits and Licenses

4.0 **PROJECT DESCRIPTION**

A land package of 279 mineral claims and 57 mineral leases currently comprise the CBP. This land package lies within a corridor of greenstone belt originating at Committee Bay continuing for approximately 300 km to the southwest towards Agnico Eagle's Meadowbank Mine, within the Eastern Kitikmeot region of Nunavut Territory. The location and distance to local communities can be seen in Figure 1.

The CBP covers approximately 380,000 hectares and encompasses the Three Bluffs gold deposit, more than five advanced gold targets and a number of significant gold anomalies.

Auryn operates four permitted camp sites, though Crater camp is no longer in use and undergoing reclamation. There are also a number of fuel and equipment caches and drill sites across the CBP. Camp and infrastructure locations are presented in Table 2.

Site	UTM Coordinates (NAD 83)			Latitude	Longitude
<i>Name</i>	<i>Zone</i>	<i>Easting (m)</i>	<i>Northing (m)</i>	<i>D°M'S"</i>	<i>D°M'S"</i>
Hayes Camp	15 N	564,613	7,394,173	66°39'30" N	091°32'11" W
Bullion Camp	15 N	494,850	7,363,850	66°23'39" N	093°06'55" W
Ingot Camp	15 N	516,500	7,386,100	66°35'40" N	092°37'34" W
Crater Camp *	16 N	420,290	7,474,040	67°22'19" N	088°51'24" W
Three Bluffs Drill Area	15 N	569,153	7,392,660	66°38'42" N	091°26'12" W
West Plains Cache	15 N	479,650	7,342,810	66°12'19" N	093°27'02" W

Table 2: Camps and caches within the Committee Bay Project

* Crater camp buildings, fuel and infrastructure have been removed.

4.1 Camps

4.1.1 Hayes Camp

Hayes Camp is centrally located within the Committee Bay Project, 335 km northeast of Baker Lake, 400 km north of Rankin Inlet and 220 km south of Kugaaruk and provides accommodation for up to 100 people. The camp is supported by a 914 m (3,000') graded esker airstrip and a permitted, seasonally prepared 1,585 m (5,200') winter ice airstrip which is constructed on the adjacent Sandspit Lake. Mobile equipment and earthmoving equipment, power generators, a dual chambered incinerator, fuel and oils are stored at Hayes Camp. Quarrying operations occur at Hayes Camp on a seasonal campaign basis.

4.1.2 Bullion Camp

Bullion Camp is a small, 20 to 40 person camp used to support seasonal exploration campaigns in the southern portion of the project. This camp is supported by a short 320 m tundra airstrip, a small generator and a small drummed fuel cache.

4.1.3 Ingot Camp

Ingot Camp may accommodate up to 10 people, and is used to support seasonal exploration campaigns in the central southern portion of the project. This camp is supported by a 230 m tundra airstrip. A small generator and limited quantities of fuel may be stored at this camp when active.

4.1.4 Crater Camp

All buildings, fuel and equipment were removed from the Crater Camp site in 2012 as part of ongoing reclamation activities.

4.2 Caches

4.2.1 Three Bluffs drill area and cache

The Three Bluffs drill area and cache is located approximately 5 km east-southeast of Hayes Camp. This area encompasses the Three Bluffs gold deposit and contains only drill core trays at this time.

4.2.2 West Plains cache

The West Plains cache comprises drilling equipment including drill rods, core trays, drill setup timbers and a survival tent.

4.3 Three Bluffs gold deposit

The Three Bluffs gold deposit is located approximately central to the CBP, 220 km south of Kugaaruk, 235 km west of Repulse Bay and approximately 300 km northeast of Agnico Eagle's Meadowbank Mine.

The Three Bluffs gold deposit mineral resource¹ comprises:

- *An indicated mineral resource of 4.316 Mt at an average grade of 4.91 g/t Au (683,000 oz)*
- *An inferred mineral resource of 5.520 Mt at an average grade of 5.43 g/t Au (965,000 oz)*

This includes a high grade subset comprising²:

- *An indicated mineral resource of 1.853 Mt at an average grade of 8.42 g/t Au (501,729 oz)*
- *An inferred mineral resource of 3.354 Mt at an average grade of 7.16 g/t Au (772,179 oz)*

Three Bluffs occupies a portion of a much larger scale mineralized structure referred to as the Walker Lake Trend. Work to date has outlined high-grade mineralization along the 4km long Walker Lake Trend with local vertical depths in excess of 500m.

Auryn strongly believes that continued exploration has excellent potential to increase its mineral resources at Three Bluffs. Future exploration work at the Three Bluffs is expected to continue and may include diamond core drilling.

4.4 Regional Prospects

The CBP encompasses a number of other high grade gold targets in addition to the Three Bluffs gold deposit. These prospects include Anuri, Muskox, West Plains, and numerous others (Figure 2). Prospecting, geophysics, and limited drilling have been used along the Committee Bay Greenstone Belt to identify these highly prospective areas.

¹ Please see Technical Report on the Three Bluffs Gold Project, Nunavut, Canada, August 20, 2015 filed on www.sedar.com. Resource estimation was completed in accordance with Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Estimation of Mineral Resource and Mineral Reserve Best Practice Guidelines and is reported in accordance with National Instrument 43-101. Mineral resource reported at 1.35 g/t block cut-off grade for material considered amenable to open pit mining and above 2.5 g/t block cut-off grade for material amenable to underground mining.

² Please see www.aurynresources.com

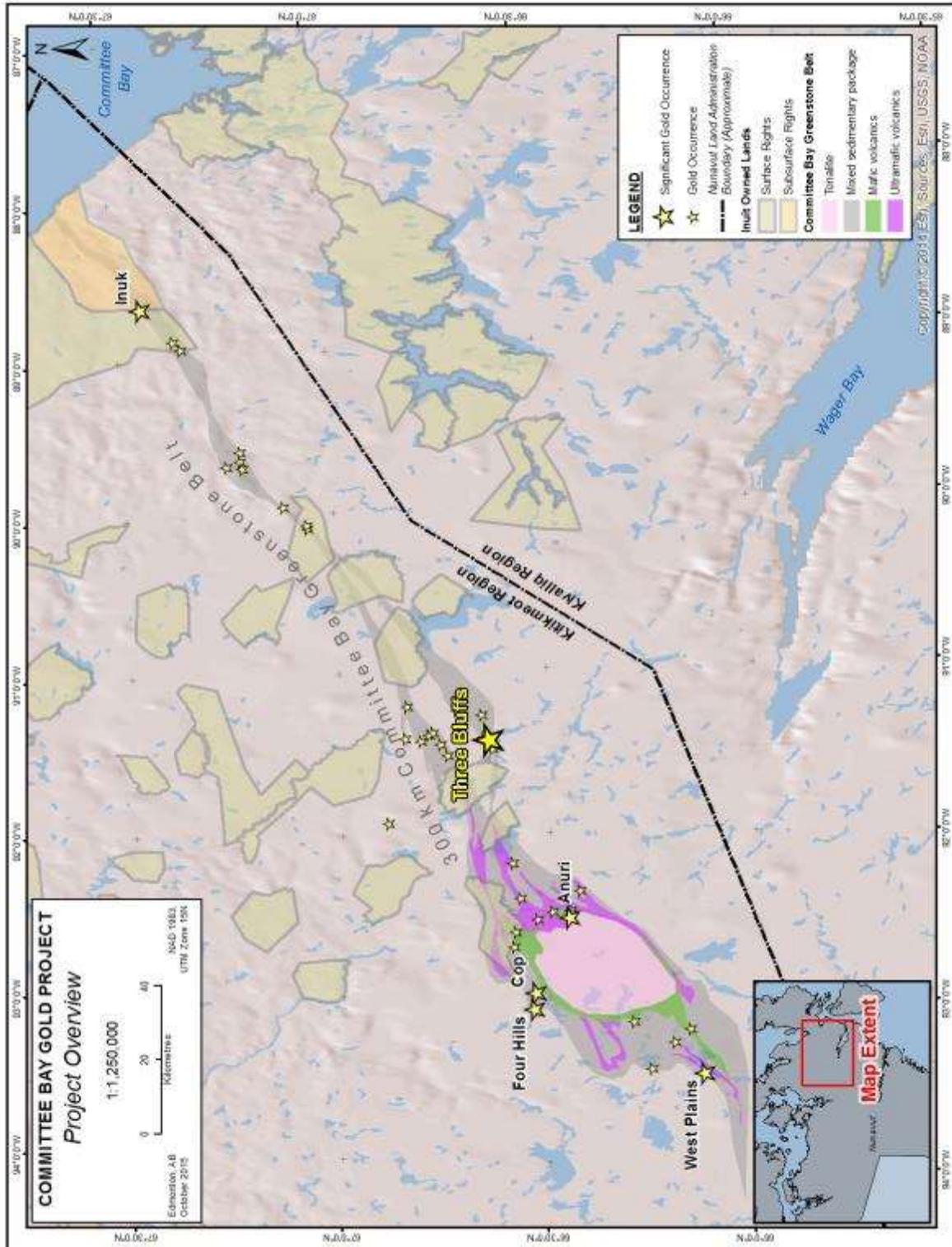


Figure 2: Committee Bay Project Mineral Occurrences

5.0 2016 WORK ACTIVITIES

Work conducted during 2016 at the CBP commenced with a spring fuel mobilization in conjunction with site cleanup, backhauling waste material and scrap metal, and the staking of 136 new mineral claims. The 2016 exploration program comprised regional till sampling, an airborne magnetics/EM survey, mapping/prospecting, collection of high resolution imagery via Unmanned Aerial Vehicle (UAV) surveying as well as an extensive drilling program. Site maintenance and remediation efforts are a continual aspect of exploration programs at the CBP. Activities occurred on mineral claims and leases on both crown and Inuit Owned surface lands.

5.1 Mineral Exploration Activities

5.1.1 RAB and Diamond Drilling

Track-mounted RAB drilling was used at the CBP in a continuing effort to reduce drilling cost and environmental impact while providing exceptional sampling coverage of prospective areas identified by an intensive exploration potential analysis. Sixty-two RAB holes totalling 9,947 metres were drilled at the West Plains, Anuri, and MuskoX prospects (Figure 3). Diamond drilling was also conducted at Antler and Three Bluffs (Figure 4). No drilling occurred on Inuit Owned Lands ('IOL'). A breakdown of drill coverage is summarized in Table 3 with the drill collar and drill waste locations listed in Appendix 1.

Prospect	# of Holes (RAB)	Total Metres Drilled (RAB)	# of Holes (Diamond)	Total Metres Drilled (Diamond)
MuskoX	34	5,690.7		
Anuri	7	1,255		
West Plains	21	3,001.3		
Three Bluffs			5	2,799.57
Antler			2	891.54

Table 3: 2016 RAB and Diamond Drilling Activity

The RAB drilling resulted in some very positive findings such as large moderate grade intercepts including 13.71 m at 1.91 g/t gold (Hole 16ARR003). The diamond drilling at Three Bluffs demonstrated the mineralized system extends to depth and remains open representing further potential in the deposit. The diamond drilling also had some very positive intercepts including a 1 m zone at 10.95 g/t gold (Hole 16TB148) and a 23 m zone at 2.5 g/t gold (Hole 16TB147).

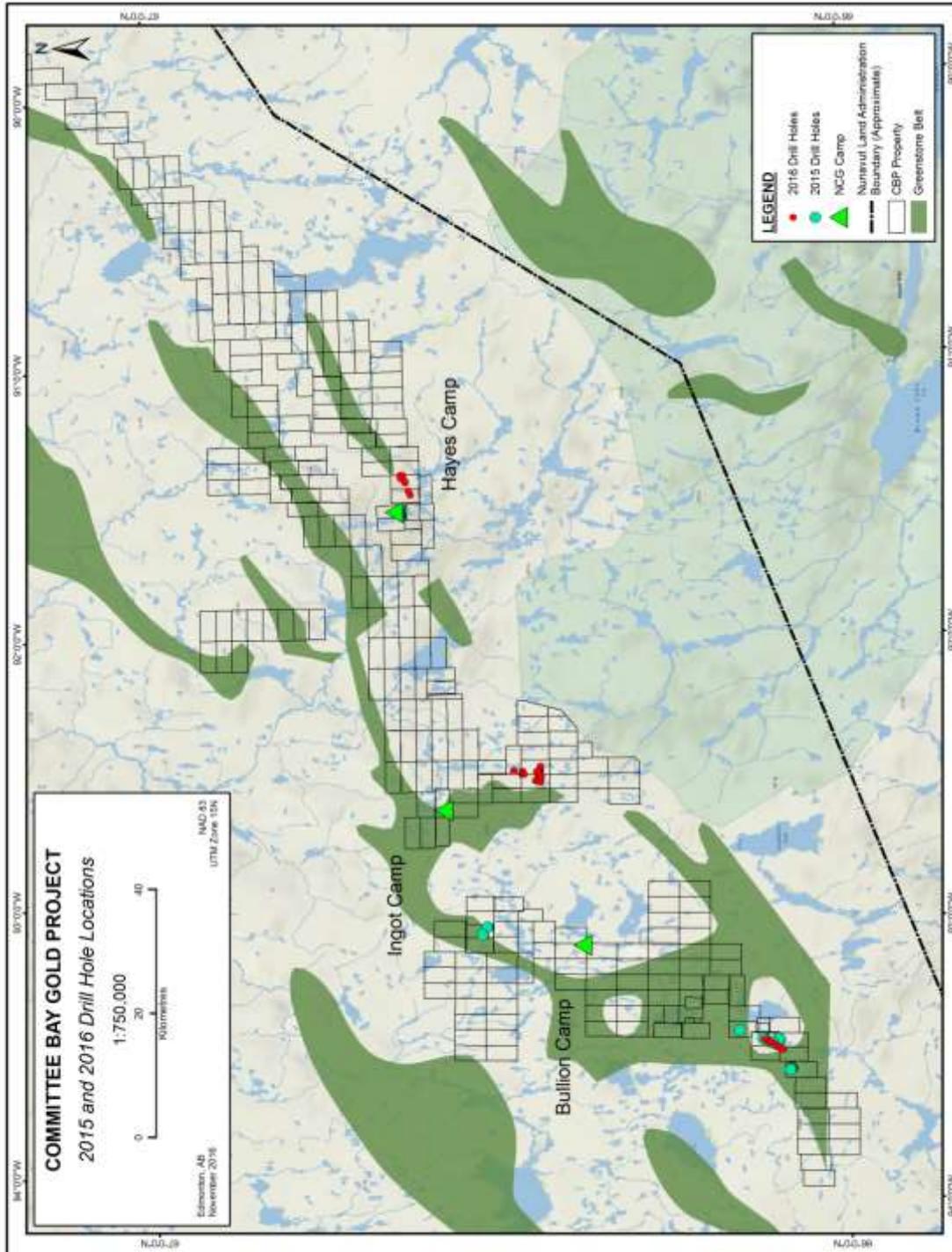


Figure 3: 2015 and 2016 Drill Hole Locations



Figure 4: Diamond Drill Set Up on Pad

5.1.2 Till Sampling

An extensive till geochemical sampling program comprising 5,160 samples was performed during the field season in 2016 to identify anomalous zones for further exploration and potential drill targets (Figure 5). The till sampling survey covered a vast region of the property and filled in un-sampled areas between previously known targets. The survey identified 17 new gold anomalies in the till requiring follow up testing in the 2017 field season.

5.1.3 Geological Mapping

A boulder mapping program of ~1,000 line km was also completed during the 2016 field season. A new high grade boulder train was discovered trending north-south parallel to the Anuri structure which was drilled in 2016. The top 5 highest grade samples collected within the boulder train included 45.9 g/t Au, 41.5 g/t Au, 33.3 g/t Au, 14.55 g/t Au, and 12.65 g/t Au.

5.1.4 Aerial Drone Imagery

An aerial drone survey was flown during the 2016 field season to provide high resolution imagery and digital terrain models covering the entire CBP (Figure 6). Approximately 3,500 km² of imagery and digital elevation data was collected at a resolution of approximately 10 cm.

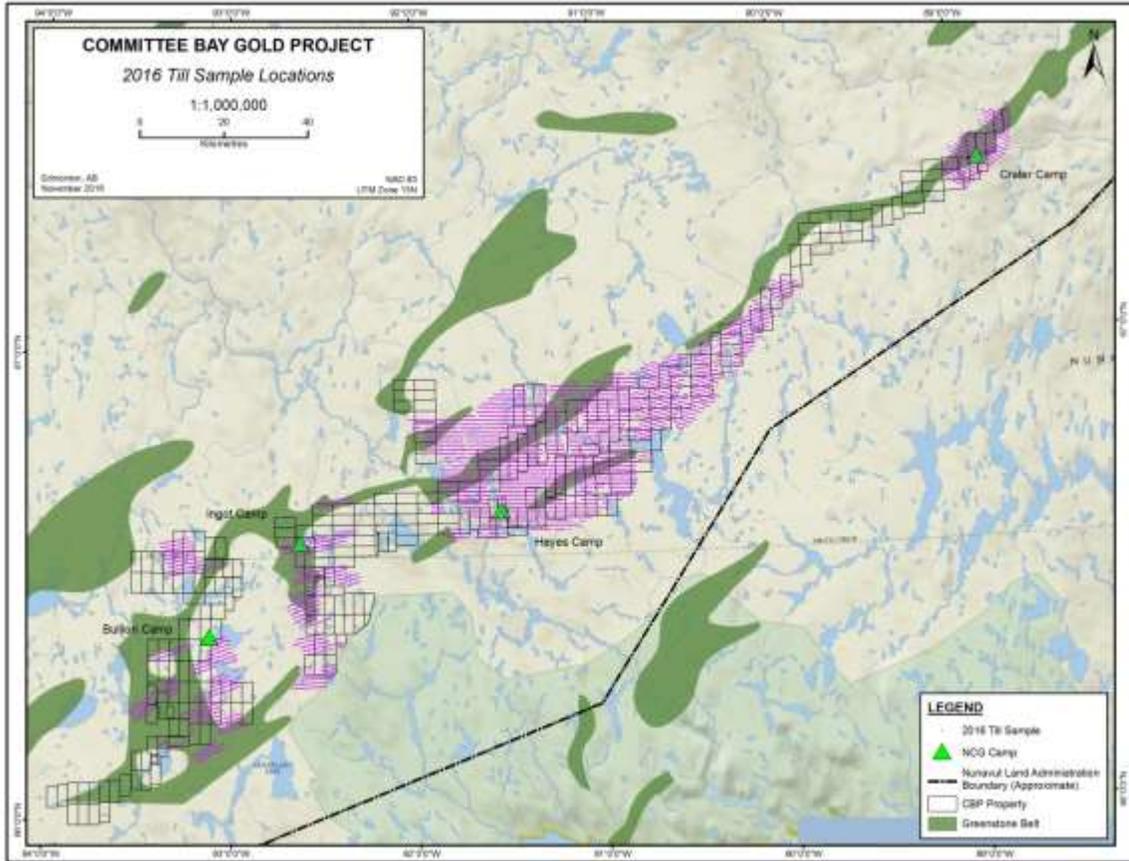


Figure 5: Till Sampling Coverage

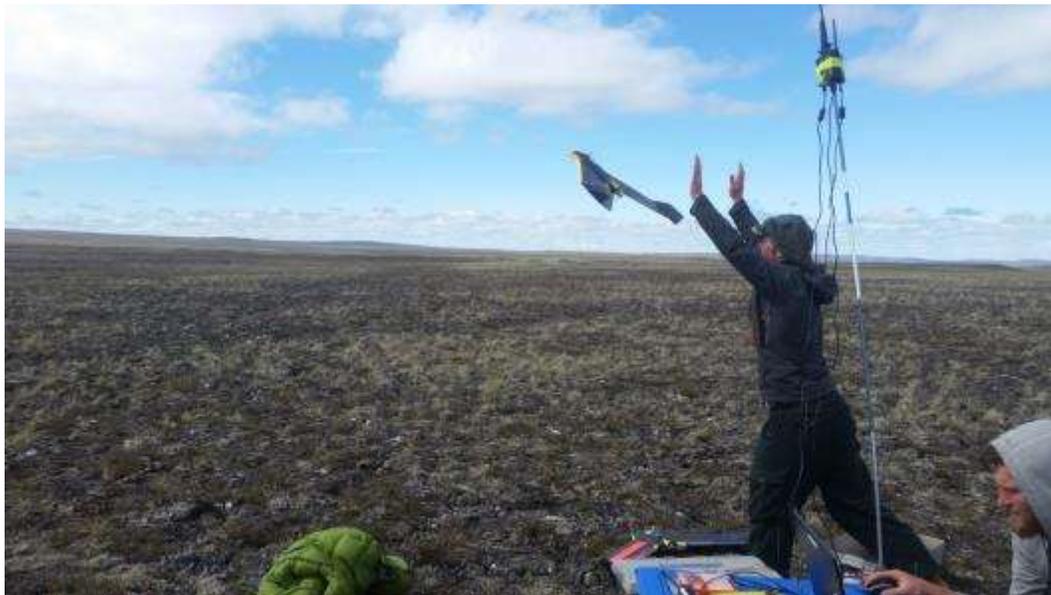


Figure 6: UAV Taking Off

5.1.5 Aerial Magnetics Gradiometer and Resolve Survey

The airborne magnetics gradiometer and Resolve survey (electromagnetics) was flown between April 12 and June 12, 2016. A total of 6,584.8 line-km were flown (5,979.3 km of traverse lines at 50 - 200 metre spacing and 605.5 km of tie lines at 500 – 2,000 metre spacing). The results from the survey will be analysed in conjunction with geochemical and geological information to identify high quality targets for future exploration and drilling. The total magnetics results can be seen in Figure 7.

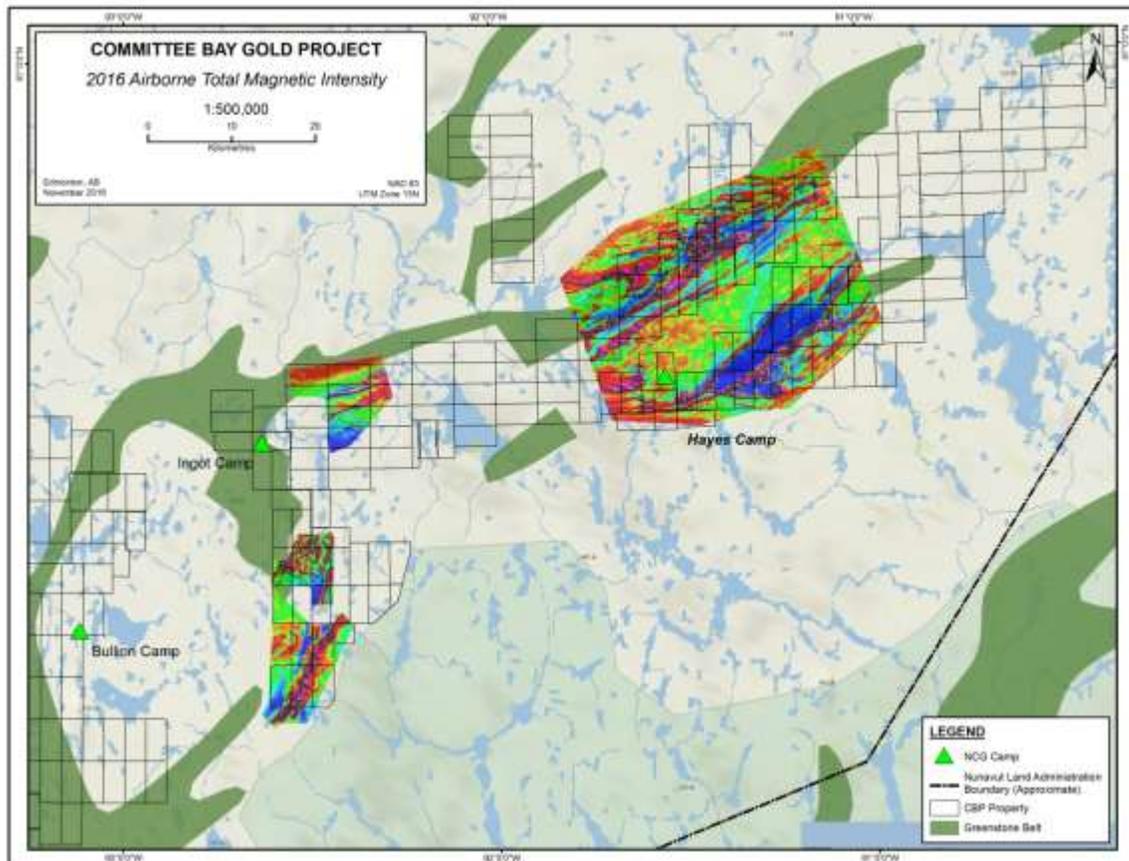


Figure 7: 2016 Airborne Total Magnetic Intensity

5.2 Other Work Activities

Other work activities comprised non-exploration activities that occurred at the CBP during the 2016 field season and include mobilization and waste backhauling, remediation work and new claim staking. The backhauling records are attached in Appendix 2.

Hayes Camp

- Inspection and general maintenance of the camp infrastructure and equipment.
- Hazardous waste products were sorted, consolidated and stored in secondary containment within a covered quonset structure ready for back haul.

- Fuel containment was inspected, repaired, covered and secured.
- The airstrip was re-graded and evaluated for correct drainage and to stay in compliance with 2014 recommendations.
- Erosion control measures were maintained and improved where necessary to reduce erosion and runoff into the lake adjacent to Hayes Camp.
- General camp cleanup and maintenance.
- Waste generated in Bullion Camp during the season was moved to Hayes Camp for incineration and storage for backhaul.
- Water samples taken and tested.
- Backhaul of waste and scrap metal via ship to Quebec.

Three Bluffs Drill Grid

- Fuel containment was inspected and repaired where required.
- Fuel berm sites that had been removed in 2014 were monitored for vegetation regrowth progress.

Bullion Camp

- Inspection of camp and infrastructure was completed.
- Grease trap from kitchen which may have overflowed was inspected and repaired.
- Water samples taken and tested.
- Fuel containment berm was inspected.

Ingot Camp

- Inspection of camp and infrastructure was completed repairs done where necessary.

Crater Camp

- Decommissioned site reviewed to make sure reclamation is proceeding

5.3 Camp Usage

Bullion and Hayes camps were used during the 2016 exploration program (Table 4). Exploration activities were based primarily out of Hayes Camp, whereas activity in Bullion camp consisted of limited exploration, maintenance, support of Hayes Camp and addressing action items identified in prior environmental inspection reports.

Camp	Date In	Date Out
Hayes Camp	7 April 2016	31 Aug 2016
Bullion Camp	24 July 2016	17 Aug 2016
Crater Camp	N/A	N/A
Ingot Camp	N/A	N/A

Table 4: Camps Occupation Dates during 2016

5.4 Local Hiring

Auryn hired a total of 17 local workers from 4 surrounding communities to take part in the 2016 CBP field season. The total local payroll expenditure for the program was \$187,950.00 for 690 days of work.

Local Community	Number of Employees	Total Days Work
Gjoa Haven (Kitikmeot)	5	189
Naujaat (Kivalliq)	6	323
Kugaaruk (Kitikmeot)	4	116
Taloyoak (Kitikmeot)	2	62
	17	690

Table 5: Local Community Hires 2016

Auryn considers its work force of local personnel hired from the nearby communities to be an integral part of the success of its exploration. Local knowledge of the land, climate and environment brought to the team by residents of the region factor heavily into all of Auryn's operational decisions.

This year, as in past seasons, local employees were engaged in a number of capacities including camp support managers and assistants, equipment operators, drill helpers, geological technicians, surveyors, core cutters and splitters, incinerator operators, carpenters, mechanics and kitchen helpers. Auryn provides both practical 'on the job' training and certificate based training for local workers.

The company looks forward to recommencing explorations activities at the CBP in 2017 and to the continued hiring and training of a local workforce.

5.5 Consultation

There were a number of community consultations during and before the 2016 field season. A poster developed with the help of the local communities was disseminated to update local communities of the project and to find local hires for the field season.

5.6 Expenditure

Approximately \$5.9 million was expended with northern businesses or the employment of local workers. This accounts for ~49% of the total \$12.2 million in expenditures during the 2016 field season. Northern businesses involved in the 2016 program included:

- Advanced Medical Solutions and Medic North Nunavut
- Arctic Buying Company
- Arctic Tracks Ltd.
- Kissarvik Co-op
- Northern Comm and Nav Systems Ltd.
- Ollerhead & Associates Ltd.

- Aviation Fuel Enterprises
- Baker Lake Contracting & Supplied Ltd.
- Baker Lake Lodge
- Exploration Tents and Arctic Camp
- Great Slave Helicopters
- Ground Truth Exploration
- Ookpik Aviation Inc.
- Nunavut Sealink & Supply Inc.
- Ron's Auto Service Ltd.
- Ryfan Electric
- SK Construction Ltd
- Toromont Arctic
- True Value Hardware

6.0 **LAND USE INSPECTIONS**

6.1 2016 Inspections

A water licence inspection was performed on the CBP during the 2016 field season by INAC Water Resources Officer Eva Paul. There were a number of points deemed to be in non-compliance with the act or licence to which actions required have been listed. Principal concerns were the drainage and erosion into the lake south of Hayes Camp and the reporting of coordinates of drill sites and their waste, which was not done in the previous year. The inspection is attached as Appendix 3.

6.1.1 2016 Inspections – Action Items

There were a number of actions required as listed in the inspection.

- The grease trap at Bullion Camp was seen to have potentially overflowed and requires monitoring and deficiencies addressed if required.
- RAB drilling dust must be prevented from being blown into nearby water bodies.
- An increased effort must be made to protect vegetated areas around Hayes Camp especially in the gully between camp and the helicopter area.
- Measures need to be put in place to prevent sediment from flowing from Hayes Camp into the lake. This could include rerouting water flow to still vegetated areas.
- 2015 and 2016 drill activity coordinates must be submitted.

6.1.2 2016 Inspections – Remedial Actions

Auryn personnel worked to rectify all issues identified during the inspection as quickly as possible.

The grease trap at Bullion was redesigned in order to prevent overflow. The newly designed grease trap was regularly monitored to ensure it was functioning properly. Absorbent pads were changed out prior to them becoming fully saturated.

Drill dust suppression was used going forward on the RAB drills to decrease windborne material entering nearby water bodies. All drill activity and drill waste locations are attached as required in Appendix 1.

The erosion at Hayes Camp and reduction in vegetation resulted in some sediment deposition in the nearby lake. Walking paths have been demarcated away from vegetated areas and sloping ground, where possible, to reduce further vegetation loss/erosion from foot traffic. The drainage into the lake will require new and improved sediment settling dykes to be put in place both surrounding and within the drainage gully. Silt fences will be put up early in the year before spring melting has a chance to further erode the gully and deposit sediment into the lake. Sandbags will accompany the fences. This will mitigate most of the excess sediment migration. Coconut matting will be placed along the banks leading down to the gully; this will promote natural vegetation growth and act as a sediment baffle preventing erosion and stabilizing the slope. These efforts are expected to prevent further erosion and sediment migration and promote natural vegetation growth to bring the site back to a more natural state.

6.2 Progressive Reclamation

Auryn always attempts to preform exploration programs with minimal environmental impact, progressive reclamation makes up an integral part of minimizing environmental impact. During the course of the 2016 field season, Auryn continued in the following progressive reclamation:

1. During the 2014 field season fuel berms at the Three Bluffs Drill Grid were removed and left to re-establish underlying vegetation, monitoring is ongoing.
2. The airstrip revegetation is progressing and the drainage of the regraded portion is much better following completion of work in the previous field season.
3. Significant backhaul of waste and metal from Hayes Camp to surrounding communities then by ship to Quebec for disposal to reduce waste at site.

7.0 WATER

7.1 Water Use

A grand total of 3,094 cubic metres of water was used during the 2016 field season which fell between April 7th and August 31th. The water usage during the 2016 field season was for camp and kitchen use at Hayes Camp, Bullion Camp, and for drilling operations. Table 6 details water usage by month and detailed water usage is in Appendix 4.

	Hayes Camp Total Water Usage (m³)	Bullion Camp Total Water Usage (m³)	Drilling Total Water Usage (m³)
April	25.6		
May	24.3		
June	16.7	82.2	
July	334.2	237.3	1,628
August	275.7		470
Grand Total	676.5	319.5	2,098

Table 6: Water usage during 2016 field season

7.2 Water Sampling

Water samples were taken from Water Monitoring Stations CRA1, CRA2 and CRA3 during the 2016 program and from the Bullion Camp draw point. Water sampling analytical results are listed in Appendix 5.

8.0 WILDLIFE

The company inadvertently left the hard copies of the summer season wildlife sightings at Hayes camp. Scanned copies of these will be provided as soon as Hayes camp is reopened in the spring. A limited number of the wildlife sighting logs were scanned and are attached as Appendix 6.

Wildlife observed included:

- A single wolf circling the Hayes camp while traveling from north to south.
- Arctic hare on a ridge ~40 km west of Hayes camp.
- Four caribou two adults and two yearlings walking ~9 km east of Three Bluffs.
- Two wolves and ~100 caribou ~5 km northwest of Hayes Camp walking west.

9.0 SPILLS

The single spill during the 2016 field season comprised ~12 L of Methyl Hydrate from a tipped over pail at the Anuri RAB drill site ~50 km west from Hayes Camp. The spill was not near any water and the contaminated soil was scooped up and absorbent pads put down to soak up remaining contaminant. The soil was removed and is being stored in a sealed barrel at the Hayes camp for removal during the spring 2017. The spill was reported to the spill line and a record is kept of all spills of deleterious materials, including those below reportable thresholds, in the form of internal spill report forms. The spill report is attached as Appendix 7.

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