



North Country Gold — a junior gold explorer with district-scale potential

December Comex gold futures hit another all-time record high of \$1,388 an ounce recently while the US dollar hit an 8.5-month low pushing available capital into the safe-haven asset of gold.

We believe an easing of US monetary policy is potentially on the horizon, and that will potentially boost the gold market to future new highs while keeping pressure on the greenback. The Bank of Japan and the Reserve Bank of Australia announced recently they are adopting more stimulative monetary policies, which only supports the prediction of a US monetary policy easing coming soon.

A shift to hard assets, declining ore reserves levels, premium valuations/multiples, excess free cash flow, low interest rates, growth opportunities, and market euphoria are all related to the recent strength of merger and acquisition (M&A) activity in the mining sector. With every deal, whether it is cash, shares, or a combination of the two, shareholders of the acquired company often re-deploy capital from proceeds on the closing of the acquisition. In some cases, this can represent a significant investment looking for a new home. We think a lot of this new capital will potentially go into gold equities considering the current market climate.

With the price of gold hitting new highs, and no strong technical clues to suggest gold is topping out, we think now is an opportune time to accumulate undervalued high quality junior gold exploration companies. **North Country Gold Corp.** [NCG-TSXV], a Discovery Group company, is a unique junior gold explorer with a very interesting story. NCG is a new company in an old belt that is starting to show signs of district scale potential.

North Country is advancing the 750,000 oz, 6 grams/tonne Three Bluffs gold deposit and other target areas in the Committee Bay Greenstone Belt, Nunavut. Most would

agree and we concur, that this is a very capable organization with key management that includes John Williamson, John Robins and Peter Kleespies all of whom have had very successful tenures in the mineral exploration sector.

John Williamson, P.Geol., is the President, CEO and director of North Country Gold. He has served as Chairman, President, CEO, CFO and/or director of other TSX Venture-listed companies such as Niblack Mineral Developments Inc, CBR Gold Corp, Brilliant Mining Corp, Indicator Minerals Inc, Kaminak Gold and Cedar Mountain Exploration Inc.

John Robins, P.Geol., director of North Country Gold, is a professional geologist with over 25 years of experience as an independent exploration geologist and entrepreneur. In 1988, he founded Hunter Exploration Group, one of Canada's most successful private exploration companies. Robins has also been active in starting several successful public exploration and development companies culminating in 2005 with his co-founding of the Discovery Group and is currently Chairman and director of Kaminak Gold.

Nunavut has produced some major discoveries in recent years. Peter Kleespies, M.Sc, North Country's VP of Exploration, formerly managed exploration projects for Miramar Mining Corp. at Hope Bay where the 8.5 million ounce gold deposit was sold to Newmont for \$1.5 billion in 2007.

John Williamson has owned and explored the 300-km long, 567,000-acre Committee Bay Greenstone Belt for 18 years, formerly under the name CBR Gold Corp. Geologically, this is a very prospective belt that has been underexplored, in our opinion. Typically, there would be multiple companies conducting exploration in a prospective belt of this size but in this case it is 100%-owned by North Country Gold.

The main reasons this belt has been

underexplored are its remote location and the seasonal aspects of conducting exploration. Drilling has been limited to the summer months and infrastructure and access have been limited. This is starting to change with Agnico Eagle's Meadowbank deposit (3 million ounces gold) in production demonstrating this area as a viable region for production, meaning the creation of roads, airstrips and other key infrastructure developments that will change the economics of conducting exploration in the area.

We think NCG is undervalued for several reasons. For starters, it has district-scale potential. According to management there are five potential development centres with potential for 2-5 million ounces gold each. Each zone has been drill tested with comparable results and grades as Three Bluffs. The recent drill results at Three Bluffs are very impressive including an intersection of 12.5 grams gold/tonne over 19.41 metres. Three Bluffs currently has approximately 1 million ounces gold and is open to depth and along strike. In our opinion, provided they have success in next year's drill program, there is potential to prove up 3-5 million ounces on this project in the next 12 -18 months.

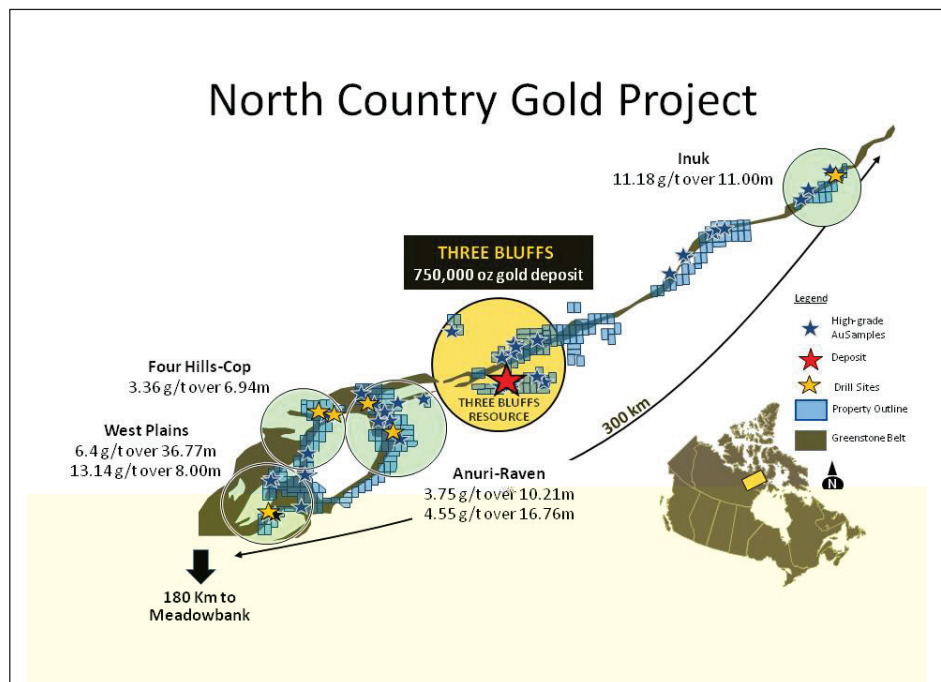
Another reason we think it's undervalued is that the story has been relatively untold until recently. In the midst of this, Canaccord Genuity brokered a highly oversubscribed \$6 million financing at \$0.50/unit with a half warrant at \$0.60 for 24 months. Hoesgen Investment Partners of Canaccord Genuity participated in this issue. The stock trades at approximately \$0.80 per share as we write this, representing an approximate \$60 million market cap. With potential for 3-5 million ounces gold, this has potential for significant upside from these levels.

North Country's goal is to be aggressive next year with four drill rigs turning on multiple target areas. Drilling will not

resume until April 2011 as this is a seasonal play, but do not let that discourage you in taking an interest at this time. We think the fact that this belt is garnering new interest from some very large pools of capital means a significant pullback due to a lack of news is unlikely.

The gold market is trending up and with plenty of new capital coming into the market from recent M&A activity, there will be a significant amount of this new capital flowing into gold equities. Quality gold juniors like North Country Gold will be a very hot story next year and could benefit from this robust gold market. We recommend investors follow the company's progress closely. ■

Dennis Hoesgen and Eric Hoesgen are Investment Advisors with Canaccord Wealth Management, a division of Canaccord Genuity Corp. The information contained in this article was obtained from sources believed to be reliable; however, we do not represent that it is accurate or complete. This report is pro-



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