Effective June 16, 2006

P.O. BOX 119
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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

WATER LICENCE
APPLICATION FORM

Application for: (check one)

☐ **New** ☐ **Renewal** ☒ **Amendment** ☐ **Assignment** ☐ **Cancellation**

LICENCE NO:
(for NWB use only)

1. NAME AND MAILING ADDRESS OF APPLICANT/LICENSEE

MMG Resources Inc
200-1159 Alloy Drive
Thunder Bay, ON
P7B 6M8

Phone: 807-346-1668
Fax: 807-345-0284
e-mail: jason.rickard@mmgroupltd.com

2. ADDRESS OF CORPORATE OFFICE IN CANADA (if applicable)

MMG Resources Inc
200-1159 Alloy Drive
Thunder Bay, ON
P7B 6M8

Phone: 807-346-1668
Fax: 807-345-0284
e-mail: _____

3. LOCATION OF UNDERTAKING (describe and attach a topographical map, indicating the main components of the Undertaking)

Latitude: (67°8'38" N) Longitude: (109°52'2" W)
NTS Map Sheet No. 76N 4 Scale: 1:50,000

4. DESCRIPTION OF UNDERTAKING (attach plans and drawings)

MMG Resources Inc. is applying for an amendment to Water License 2BE-HIG0712 to 1) operate a new temporary camp site (in addition to the High Lake Camp) and 2) conduct a diamond drilling program on the company's MolyMag Property, located approximately 550km north of Yellowknife (Fig 1). The licence currently allows for diamond drilling operations based out of the High Lake camp.

The proposed MolyMag Camp site would be the base of operations for all of the exploration activities planned on the property. MMG's High Lake Camp is too far from the property to conduct a diamond drilling program. The area of work currently covered by the licence and the proposed area of work for drilling activities are shown on Fig 2. The main water using components of the undertaking include the supply of water to 2 diamond drills and general water use in the camp. The attached detailed map shows the locations of the proposed camp site, float dock and tundra strip (Fig 3). Proposed drilling in these areas will total about 20,000m if it is warranted (only about 3000m to 4000m would be completed in the first year) . Surface geophysics and prospecting will also be conducted in the region. Personnel for all of these undertakings as well as the appropriate support staff will be based at the proposed 30 man camp.

Other planned activities for the field season include:
Transport and storage of fuel to the MolyMag Camp site for operations
Transport of fuel to the drill sites for use by the drill
Transport of drill core to camp for logging, sampling and storage
Inspection and reclamation of drill set-ups upon drill hole completion

5. **TYPE OF PRIMARY UNDERTAKING** (A supplementary questionnaire **must** be submitted with the application for undertakings listed in **"bold"**)

- ☐ **Industrial**
- ☒ **Mining and Milling**(includes exploration/drilling)
- ☐ **Municipal** (includes camps/lodges)
- ☐ Power
- ☐ Agricultural
- ☐ **Conservation**
- ☐ Recreational
- ☐ **Miscellaneous** (describe below):

See Schedule II of *Northwest Territories Waters Regulations* for Description of Undertakings

6. WATER USE

☒ To obtain water
☐ To cross a watercourse
☐ To modify the bed or bank of a watercourse
☐ Flood control
☐ To divert a watercourse
☐ To alter the flow of , or store, water

☐ Other (describe):

Water will be used to supply the drills and camp (showers, kitchen, laundry, rock saw). This will necessitate the temporary storage of water in large tanks located at the drills, the camp and the core shack.

7. QUANTITY OF WATER INVOLVED (cubic metres per day including both quantity to be used and quality to be returned to source)

Water use ☒ $100m^3$/day or less
☐ Greater than $100m^3$/day; if greater, indicate quantities to be used for each purpose (camp, drilling, etc.)

Water returned to source
90 m^3/day

8. WASTE (for each type of waste describe: composition, quantity (cubic metres per day), methods of treatment and disposal, etc.)

☒ Sewage
☒ Solid Waste
☒ Hazardous
☒ Bulky Items/Scrap Metal
☒ Waste oil
☒ Greywater
☒ Sludges
☐ Other describe):

Sewage- An outhouse would be constructed adjacent to camp. The waste would be contained in a pit dug below the outhouse. At the end of use, the pit would be treated with lime and backfilled.

If possible, a small, portable, duel-chambered incinerator will be used to incinerate waste produced from a pacto toilet. The waste-filled pacto bags would be incinerated. The resulting ash would be collected and sealed in 45 Gal drums and then transported to Yellowknife for eventual disposal by the appropriate means.

Solid Waste- at the new MolyMag Camp would be collected and sealed in 45 Gal drums and then transported to Yellowknife for eventual disposal by the appropriate means. This waste includes kitchen wastes, paper, cardboard and plastics.

If possible, burnable solid waste will be incinerated in a diesel powered incinerator. Ashes and any un-burned material would be collected and sealed in 45 gallon drums for removal from site and disposal by the appropriate means in Yellowknife.

Bulky Items/ Scrap metal- and any other non-combustible refuse will be collected and sealed in 45 Gal drums and then transported to Yellowknife by aircraft for disposal by the appropriate means.

Hazardous Materials- No hazardous materials are stored or made use of onsite with the exception of lead-acid batteries and petroleum products. Lead-acid batteries will be removed from site for disposal in Yellowknife.

Grey water - approx 5m3 per day. Grey water from the kitchen and showers will drain through a grease-trap prior to being pumped to a sump behind camp. This will provide further natural filtration through percolation before re-entering local water courses as ground water. This water will be from the kitchen sink, dry sinks, and showers and will contain at times small food particles, animal fats and

soap/shampoo residues.

Waste oil - will be collected and sealed in 45 Gal drums clearly marked for this purpose and then transported to Yellowknife for eventual disposal by the appropriate means.

Sludges – approx. 75m3 of water is circulated through the drills during a day of drilling. Cuttings will be disposed of in a properly constructed sump or an appropriate natural depression located at a distance of at least thirty (30) metres from the ordinary high water mark of any adjacent water body. A long drill hole may produce up to 1m3 of this material. Salt used occasionally down the hole to prevent freezing is sufficiently diluted by water to be insignificant as a constituent of these sludges.

9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)

Land Use Permit

DIAND	☒ Yes	☐ No	If no, date expected _____
Regional Inuit Association	☒ Yes	☐ No	If no, date expected _____
Commissioner	☐ Yes	☐ No	If no, date expected _____

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES (direct, indirect, cumulative impacts, etc.)

The region in question does not fall along migration routes and therefore does not directly impact the wildlife that make use of these routes. Water intakes are equipped with screens to to prevent the uptake of fish. Large mammals and other species of birds are rarely seen in the vicinity of the camp. Geophysics will occur predominantly during the winter months and so will have a minimal impact on local vegetation. Apart from the localized activity surrounding the immediate area of the camp and the drill sites, vegetation will not be greatly impacted. Direct impacts on the environment would therefore be fairly limited. Removal of water volume from proposed water bodies would of course be one direct impact. Some local noise around camp (from generator), around the proposed drill sites, and from the helicopter and occasional aircraft is to be expected.

NIRB Screening ☐ Yes ☐ No If no, date expected _____

11. INUIT WATER RIGHTS

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement?

No.

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined?

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)

Major Drilling
337 Old Airport Rd.
PO Box 1377
Yellowknife, NT
X1A 2P1

-contracted to provide all diamond drilling
Phone 867 873-3358

Gartner Lee Limited 840 7th Ave. SW. suite 1605 Calgary, Alta. T2P 3G2	-contracted to perform environmental base line studies Phone 403 262-4299
Great Slave Helicopters Bag 7500 Yellowknife, NT X1A 2R3	-contracted to provide helicopter transportation on site Phone 867 873-2081
5136 Nunavut Ltd Box 34 - #9 Nanook Road Cambridge Bay, NT X0B 0C0	-contracted to provide cooking staff and first aid Phone 604 736-8142
Discovery Mining Services 101-487 Range Lake Rd PO Box 2248 Yellowknife, NT X1A 3R9	-contracted to provide expediting services Phone 867 920-4600

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)

14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN

Supplementary Questionnaire (where applicable: see section 5) ☒ Yes ☐ No If no, date expected _____

Inuktitut and/or Inuinnaqtun/English Summary of Project ☒ Yes ☐ No If no, date expected _____

Application fee of $30.00 (Payee Receiver General for Canada) ☒ Yes ☐ No If no, date expected _____

Water Use fee of $30.00 (unless otherwise indicated in Section 9 of the *NWT Waters Regulations;* Payee Receiver General for Canada)

☒ Yes ☐ No If no, date expected _____

15. PROPOSED TIME SCHEDULE (unless otherwise indicated, the NWB will consider the application for a five (5) year term)

☐ one year or less (or) ☒ Multi Year

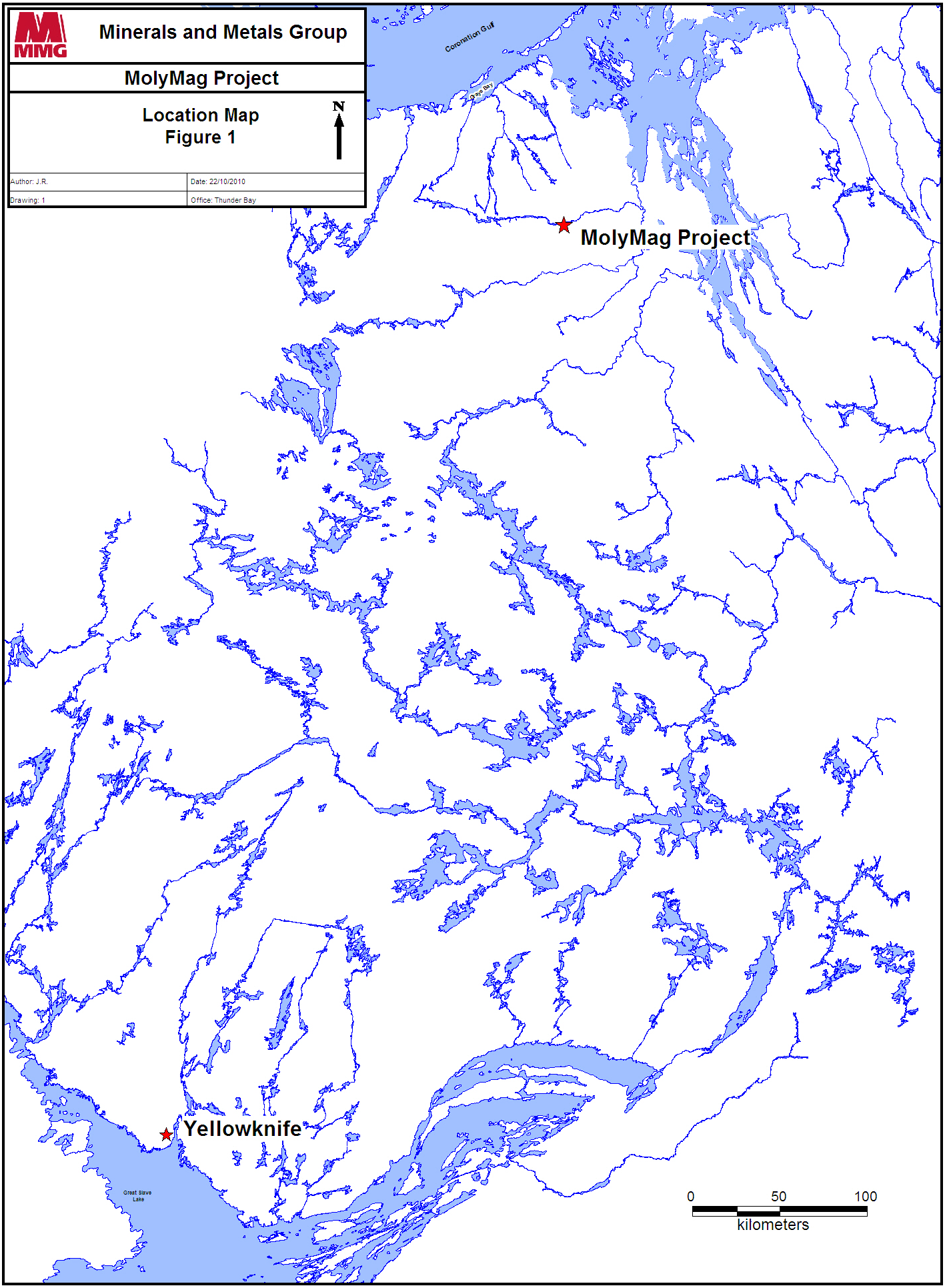
Start Date: March 1, 2010 Completion Date: May 31, 2012(exp.of lic.)

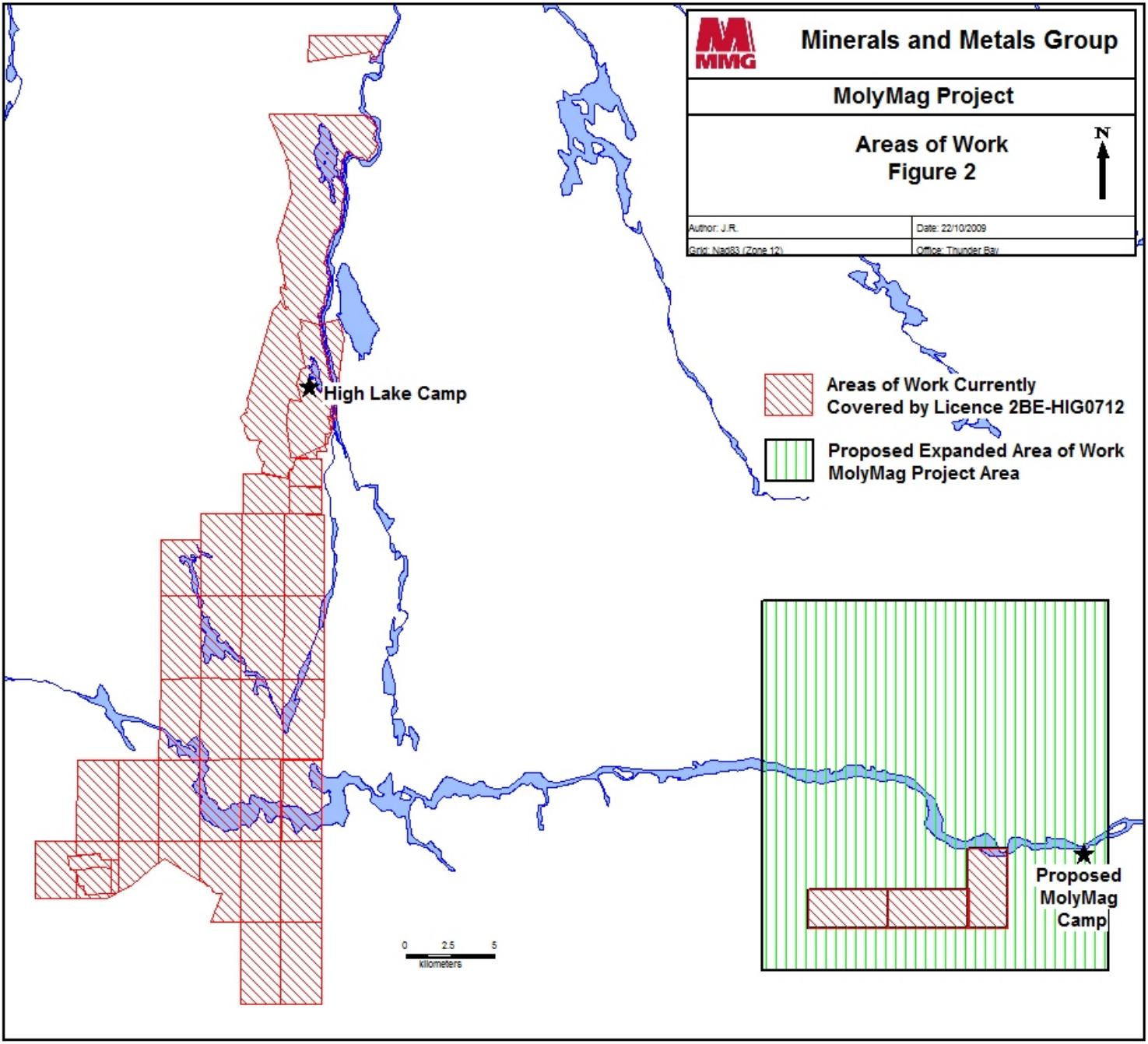
Jason Rickard	**Project Manager**		
Name (Print)	**Title (Print)**	**Signature**	**Date**

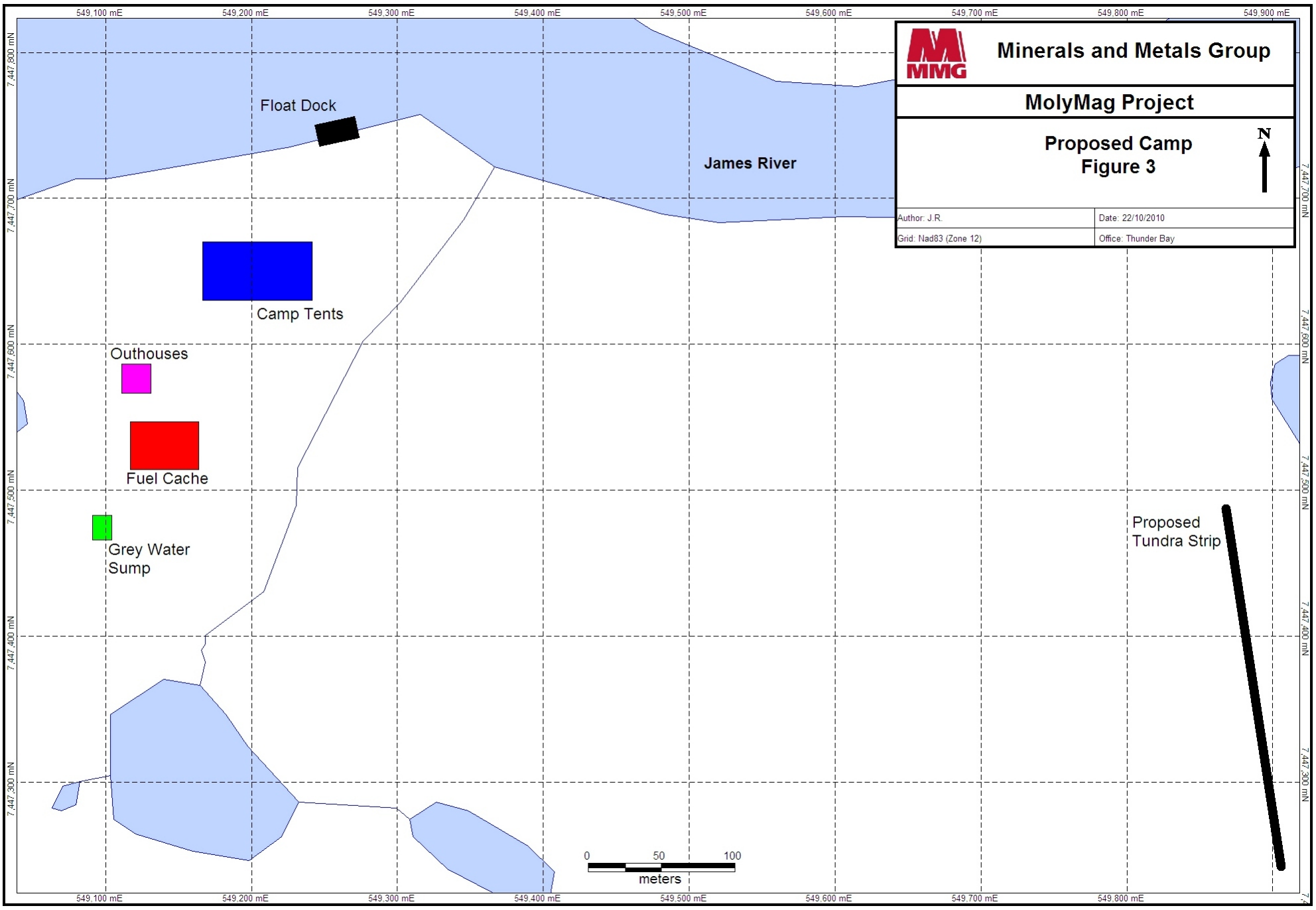
For Nunavut Water Board office use only

APPLICATION FEE **Amount: $_____** **Pay ID No.: _____**

WATER USE DEPOSIT **Amount: $_____** **Pay ID No.: _____**


Minerals and Metals Group
MolyMag Project
Location Map
Figure 1
N
Author: J.R.
Date: 22/10/2010
Drawing: 1
Office: Thunder Bay
Coronation Gulf
Bathurst Inlet
MolyMag Project
Yellowknife
Great Slave Lake
0
50
100
kilometers


Minerals and Metals Group
MMG
MolyMag Project
Areas of Work
Figure 2
N
Author: J.R.
Date: 22/10/2009
Grid: Nad83 (Zone 12)
Office: Thunder Bay
High Lake Camp
Areas of Work Currently
Covered by Licence 2BE-HIG0712
Proposed Expanded Area of Work
MolyMag Project Area
Proposed
MolyMag
Camp
0
2.5
5
kilometers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7,447,800 mN
7,447,700 mN
7,447,600 mN
7,447,500 mN
7,447,400 mN
7,447,300 mN
Float Dock
James River
Camp Tents
Outhouses
Fuel Cache
Grey Water
Sump
Proposed
Tundra Strip
0
50
100
meters
Minerals and Metals Group
MolyMag Project
Proposed Camp
Figure 3
N
Author: J.R.
Date: 22/10/2010
Grid: Nad83 (Zone 12)
Office: Thunder Bay