HIGH LAKE EAST PROJECT

(MOLY MAG)

Permit # NWB BE – HIG0712

2011

ANNUAL WATER BOARD REPORT

Reporting on 2010 Activities

March 10, 2011

MINERALS AND METALS GROUP
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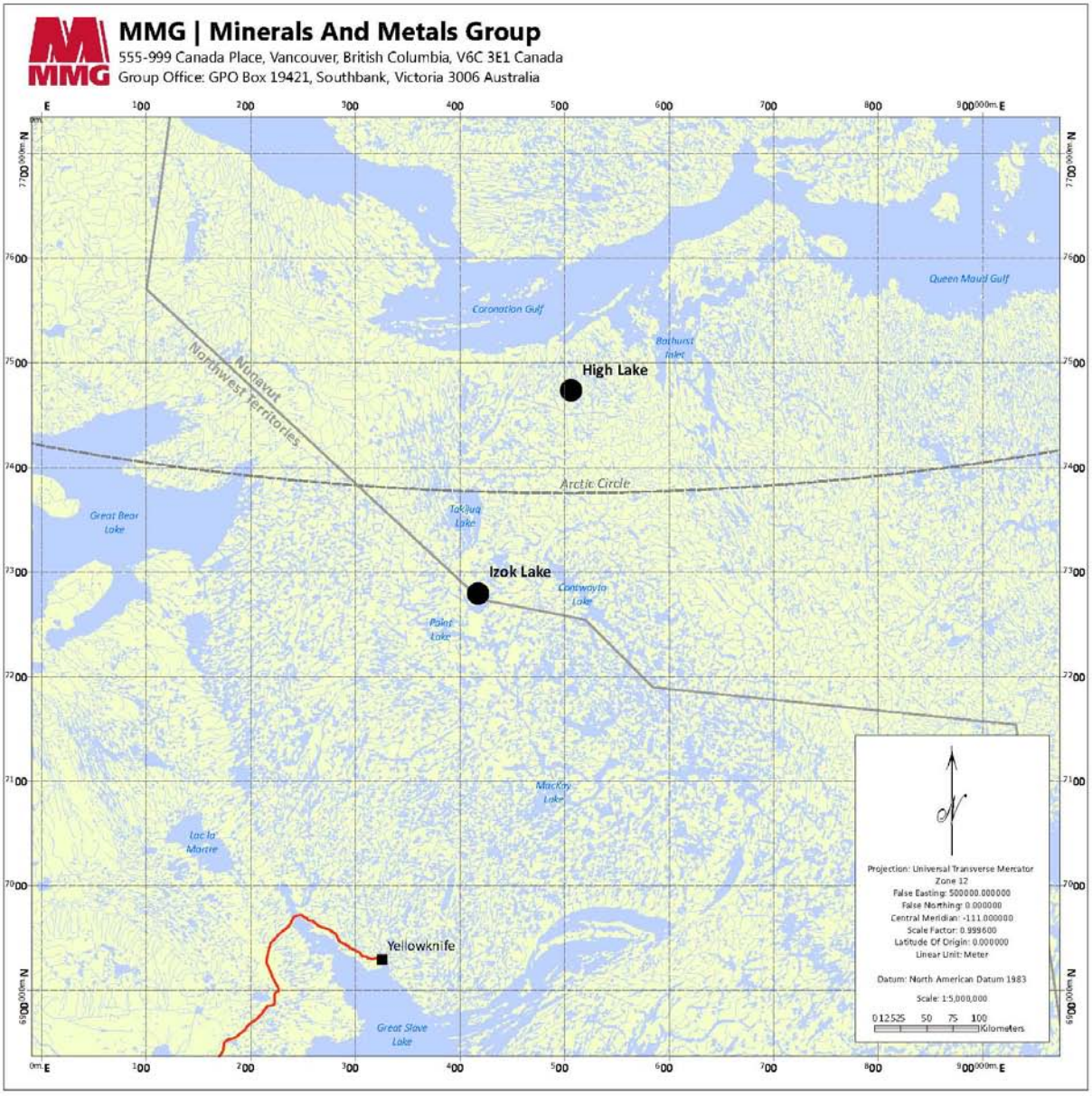
High Lake East Project

MMG Resources Inc. is an exploration and mining development company. The High Lake East (formerly known as MolyMag) Project is a mineral exploration project focused on base metal exploration in an area of volcanic rocks approximately 30km east of the High Lake Greenstone Belt. The Project is located in the Kitikmeot region of Nunavut, approximately 550km north-northeast of Yellowknife, NWT. The closest population center is Kugluktuk, located 175km west-northwest of the property. The property is approximately 75km south of the Coronation Gulf.

The campsite is located in a flat area near an esker on the south shore of the James River and would sit on Inuit Owned Land Parcel BB-68. (see Figure I). The campsite was chosen due to its proximity to the expected drill sites, availability of water for the camp and accessibility by fixed-wing aircraft.

Figure I : High Lake East Location



The camp itself consists of 10-12 canvas tents and is designed to accommodate up to 30 people. At its busiest, the camp saw 25 people last season. The camp is equipped with a kitchen and dry facilities housed within plywood clad temporary structures and serves as an accommodation base to conduct exploration activities including diamond drilling, geophysical surveys and geological mapping. Access to the camp is by wheeled aircraft, as there is an esker airstrip marked out close to the camp location that accommodates twin otters. A helicopter will be onsite to service the field activities and conduct drill moves.

The 2010 season consisted of nine diamond drill holes at the locations indicated in Table I and Figure II. A follow up program is contemplated for 2011.

The proposed exploration program for the 2011 field season would include about 6 months of diamond drilling, airborne and ground geophysical surveys (magnetic, electromagnetic and induced polarization), and geological mapping. If encouraging results are obtained, subsequent field seasons would include additional field investigations diamond drilling.

Water Use:

Water Usage at High Lake East (MolyMag) has been permitted as an amendment under the original Water License #2BE-HIG0712 associated with the High Lake Project. The amendment (#3) was approved in March of 2010, and is valid until May 31, 2012.

Water use on the High Lake project is resultant from two activities; diamond drilling and domestic use in camp operations. Diamond drilling began with one drill on July 7th, 2010 and concluded September 2nd, 2010. Water pumped to the drill is calculated by average pumping rates of supply pumps and is about 25m3 per day. Of this, an estimated 30% is used by the drill for drilling operations. The remainder, which is clean unused water, is allowed to flow back to the environment. A summary of the water source and sump locations is provided in Table I above. Maps indicating the locations of water sources and sumps are provided in Figure II. Drill pads were documented with photographs before and after completion of drill holes and these photos are provided in Appendix II.

Table I : 2010 Drill Hole Summary High Lake East

HOLE #	HOLE EASTING	HOLE NORTHING	ELEV	SUMP EASTING	SUMP NORTHING	WATER SOURCE	WATER EASTING	WATER NORTHING
HLE-10-001	539836	7443143	364.4	539785	7443375	Lake	539865	7443078
HLE-10-002	539836	7443143	364.16	539785	7443375	Lake	539865	7443078
HLE-10-003	539781	7443358	378.86	539785	7443375	Lake	539865	7443078
HLE-10-004	540220	7443361	364.88	540290	7443384	Lake	540153	7443369
HLE-10-005	539879	7444424	367.90	539808	7444370	Lake	540085	7444839
HLE-10-006	539879	7444425	368.30	539808	7444370	Lake	540085	7444839
HLE-10-007	539899	7444518	363.18	539808	7444370	Lake	540085	7444839
HLE-10-008	538759	7444958	377.27	538742	7444935	Lake	539139	7444314

Figure II : Drill Pad Locations High Lake East 2010

Unauthorized Discharges

There was one unauthorized discharge at the High Lake East site reported in 2010. Approximately 30 litres of diesel fuel was leaked from a damaged 45 gallon (205 Litre) Drum. The spill contingency plan was activated and a spill report was completed and reported to authorities despite being less volume than the reporting minimum. A copy of the documentation is provided in this report in Appendix V.

Spill Contingency Plan / Abandonment and Restoration Plan

The High Lake Spill Contingency Plan was updated at the beginning of the reporting period, with minor changes to personnel listed and contact numbers provided. A copy of the updated Spill Contingency plan is provided in Appendix IV.

Reclamation Work

Reclamation work occurs at each diamond drilling site on an ongoing basis during the exploration program. Each site is returned to its natural state with as little disturbance as possible at the conclusion of each drill hole.

The removal of 4 plywood shacks was carried out at the High Lake Camp during the reporting period. Sections of the shacks were dismantled and moved to areas more than 30m away from the high water mark of High Lake. Part of one of these shacks served as the generator shack. The generator was moved and installed in a re-built shack more than 30m away from the high water mark of High Lake.

Waste Disposal

Solid waste generated on site was incinerated in a diesel powered incinerator. The resulting ash was routinely collected, sealed in 45 Gal drums and then transported to Yellowknife for disposal. The incinerator was also used to incinerate waste produced from pacto toilets. The waste-filled pacto bags were incinerated and the resulting ash was collected, sealed in 45 Gal drums and then transported to Yellowknife for disposal. Batteries were collected on site and returned to Yellowknife for appropriate disposal.

Appendix I : Photos of Drill Pad Locations


Drill pads 001 and 002


Drill pad 003 before after


Drill pad 004 before after

Drill pad 005 and 006 before

after

Drill pad 007 before

after

Drill pad 008 before

after

Appendix II : Water Sampling

ALS Laboratory Group
ANALYTICAL CHEMISTRY & TESTING SERVICES

Environmental Division

Date: 16-JUL-10
PO No.: 08-130
WO No.: L906638
Project Ref:
Sample ID: MOLY MAG CAMP
Sampled By:
Date Collected: 08-JUL-10
Lab Sample ID: L906638-1
Matrix: WATER

MMG RESOURCES INC
200 - 1159 ALLOY DRIVE
THUNDER BAY ON P7B 6M8
ATTN: JASON RICKARD

Test Description	Result	Qualifier	Units of Measure	CDWQG MAC	Aesthetic Objective	Date Analyzed
Routine Potable Water plus Metals						
*Nitrate and Nitrite as N	<0.071		mg/L	10		12-JUL-10
*Turbidity	0.36		NTU	0.3		09-JUL-10
pH, Conductivity and Total Alkalinity						
pH	6.99		pH		6.5-8.5	09-JUL-10
Conductivity (EC)	23.8		uS/cm			09-JUL-10
Bicarbonate (HCO3)	8.5		mg/L			09-JUL-10
Carbonate (CO3)	<5.0		mg/L			09-JUL-10
Hydroxide (OH)	<5.0		mg/L			09-JUL-10
Alkalinity, Total (as CaCO3)	7.0		mg/L			09-JUL-10
Total Metals in Water by ICPOES (Low)						
Calcium (Ca)-Total	2.26		mg/L			15-JUL-10
Iron (Fe)-Total	0.037		mg/L		0.3	15-JUL-10
Magnesium (Mg)-Total	0.78		mg/L			15-JUL-10
Manganese (Mn)-Total	0.0021		mg/L		0.05	15-JUL-10
Potassium (K)-Total	<0.50		mg/L			15-JUL-10
Sodium (Na)-Total	<1.0		mg/L		200	15-JUL-10
Total Metals in Water by ICPMS (Low)						
Aluminum (Al)-Total	<0.020		mg/L		0.1	14-JUL-10
Antimony (Sb)-Total	<0.00040		mg/L	0.006		14-JUL-10
Arsenic (As)-Total	<0.00040		mg/L	0.01		14-JUL-10
Barium (Ba)-Total	0.00212		mg/L	1		14-JUL-10
Beryllium (Be)-Total	<0.0010		mg/L			14-JUL-10
Bismuth (Bi)-Total	<0.00020		mg/L			14-JUL-10
Boron (B)-Total	<0.020		mg/L	5		14-JUL-10
Cadmium (Cd)-Total	<0.00020		mg/L	0.005		14-JUL-10
Chromium (Cr)-Total	<0.00080		mg/L	0.05		14-JUL-10
Cobalt (Co)-Total	<0.00020		mg/L			14-JUL-10
Copper (Cu)-Total	0.0070		mg/L		1.0	14-JUL-10
Lead (Pb)-Total	0.00055		mg/L	0.01		14-JUL-10
Molybdenum (Mo)-Total	<0.00010		mg/L			14-JUL-10
Nickel (Ni)-Total	0.00080		mg/L			14-JUL-10
Selenium (Se)-Total	<0.00040		mg/L	0.01		14-JUL-10
Silver (Ag)-Total	<0.00040		mg/L			14-JUL-10
Strontium (Sr)-Total	0.00463		mg/L			14-JUL-10
Thallium (Tl)-Total	<0.00010		mg/L			14-JUL-10
Tin (Sn)-Total	<0.00040		mg/L			14-JUL-10
Titanium (Ti)-Total	<0.0050		mg/L			14-JUL-10
Uranium (U)-Total	<0.00010		mg/L	0.02		14-JUL-10
Vanadium (V)-Total	<0.00050		mg/L			14-JUL-10
Zinc (Zn)-Total	0.0455		mg/L		5.0	14-JUL-10
Sulfate by IC						

Date: 16-JUL-10
PO No.: 08-130
WO No.: L906638
Project Ref:
Sample ID: MOLY MAG CAMP
Sampled By:
Date Collected: 08-JUL-10
Lab Sample ID: L906638-1
Matrix: WATER

MMG RESOURCES INC
200 - 1159 ALLOY DRIVE
THUNDER BAY ON P7B 6M8
ATTN: JASON RICKARD

Test Description	Result	Qualifier	Units of Measure	CDWQG MAC	Aesthetic Objective	Date Analyzed
Routine Potable Water plus Metals						
Sulfate by IC						
Sulfate (SO4)	2.48		mg/L		500	09-JUL-10
Nitrite as N by IC						
*Nitrite (as N)	<0.050		mg/L	3.2		09-JUL-10
Nitrate as N by IC						
*Nitrate (as N)	<0.050		mg/L	10		09-JUL-10
Ion Balance Calculation						
Ion Balance	Low EC		%			15-JUL-10
TDS (Calculated)	10.6		mg/L		500	15-JUL-10
Hardness (as CaCO3)	8.9		mg/L		500	15-JUL-10
Fluoride by IC						
Fluoride (F)	<0.050		mg/L	1.5		09-JUL-10
Chloride by IC						
Chloride (Cl)	0.91		mg/L		250	09-JUL-10
Total & Fecal Coliform Count-MF						
MF - Fecal Coliforms	See Attached					14-JUL-10
MF - Total Coliforms	See Attached					14-JUL-10
MF - E. Coli	See Attached					14-JUL-10
MF - Heterotrophic Plate Count	See Attached					14-JUL-10
Mercury (Hg)-Total	<0.00010		mg/L	0.001		15-JUL-10

CDWQG = Health Canada Guideline Limits updated MAY 2008

* CDWQG for Nitrate+Nitrite-N is the limit for nitrate only. If present as Nitrate then the limit is 10mg/L < or N.D. = less than detection limit.
* Turbidity guideline based on membrane filtration. For guidelines on conventional treatment and slow sand or diatomaceous earth filtration please see Summary Table of Guidelines for Canadian Drinking Water Quality
- A blank entry designates no known limit.
- A shaded value in the Results column exceeds CDWQG MAC and/ or Aesthetic Objective.

Approved by Susan Clark
Susan Clark
Project Manager

Guidelines & Objectives

Health Canada MAC Health Related Criteria Limits

Nitrate/Nitrite-N*	Criteria limit is 10 mg/L (1.0 mg/L if present as all Nitrite-N). High concentrations may contribute to blue baby syndrome in infants.
Lead*	A cumulative body poison, uncommon in naturally occurring hard waters.
Fluoride*	Present in fluoridated water supplies at 0.8 mg/L to reduce dental caries. Elevated levels causes fluorosis (mottling of teeth).
Total Coliforms*	Criteria is 0 CFU/100mL. Adverse health effects.
E. Coli*	Criteria is 0 CFU/100 mL. Certain E. Coli bacteria can be life threatening.

*Health Canada Canadian Drinking Water Quality Guidelines (MAC limit)

Aesthetic Objective Concentration Levels

Alkalinity	Acid neutralizing capacity. Usually a measure of carbonate and bicarbonates and calculated and reported as calcium carbonate.
Balance	Quality control parameter ratioing cations to anions
Bicarbonate	See Alkalinity. Report as the anion HCO3-1
Carbonate	See Alkalinity. Reported at the anion CO3-2
Calcium	See Hardness. Common major cation of water chemistry.
Chloride	Common major anion of water chemistry.
Conductance	Physical test measuring water salinity (dissolved ions or solids)
Hardness	Classical measure or capacity of water to precipitate soap (chiefly calcium and magnesium ions). Causes scaling tendency in water if carbonates/bicarbonates are present (if >200 mg/L). For drinking water purposes waters with results <200 mg/L are considered acceptable, results >200 mg/L are considered poor but can be tolerated. Results >500 mg/L are unacceptable.
Hydroxide	See alkalinity
Magnesium	See hardness. Common major cation of water chemistry. Elevated levels (>125 mg/L) may exert a cathartic or diuretic action.
pH	Measure of water acidity/alkalinity. Normal range is 7.0-8.5.
Potassium	Common major cation of water chemistry.
Sodium	Common major cation of water chemistry. Measure of salinity (saltiness).
Sulphate	Common major anion of water chemistry. Elevated levels may exert a cathartic or diuretic action.
Total Dissolved Solids	A measure of water salinity.
Iron	Causes staining to laundry and porcelain and astringent taste. Oxidizes to red-brown precipitate on exposure to air.
Manganese	Elevated levels may cause staining of laundry and porcelain.
Heterotrophic Plate Count	Criteria is 500 cfu/mL Measure of heterotrophic bacteria present.

GLOSSARY OF REPORT TERMS

Surr - A surrogate is an organic compound that is similar to the target analyte(s) in chemical composition and behavior but not normally detected in enviromental samples. Prior to sample processing, samples are fortified with one or more surrogate compounds. The reported surrogate recovery value provides a measure of method efficiency.

mg/kg (units) - unit of concentration based on mass, parts per million
mg/L (units) - unit of concentration based on volume, parts per million
< - Less than
D.L. - Detection Limit
N/A - Result not available. Refer to qualifier code and definition for explanation

Test results reported relate only to the samples as received by the laboratory.
UNLESS OTHERWISE STATED, ALL SAMPLES WERE RECEIVED IN ACCEPTABLE CONDITION.
UNLESS OTHERWISE STATED, SAMPLES ARE NOT CORRECTED FOR CLIENT FIELD BLANKS.
Although test results are generated under strict QA/QC protocols, any unsigned test reports, faxes, or emails are considered preliminary.

ALS Laboratory Group has an extensive QA/QC program where all analytical data reported is analyzed using approved referenced procedures followed by checks and reviews by senior managers and quality assurance personnel. However, since the results are obtained from chemical measurements and thus cannot be guaranteed, ALS Laboratory Group assumes no liability for the use or interpretation of the results.

Appendix III : Water Usage

MONTHLY WATER USAGE HIGH LAKE EAST CAMP – JULY 2010

DATE	RIGHT TANK	LEFT TANK	TIME FILLED	RIGHT TANK	LEFT TANK	TIME FILLED	TOTAL GAL.	
Jul 01/10	170 gal.	65 gal.		250 gal.	65 gal.		550 gal.	2.53
Jul 02/10	125 gal.	85 gal.		125 gal.	170 gal.		505 gal.	2.85
July 03/0	65 gal.	170 gal.		190 gal.	125 gal.		550 gal.	1.83
Jul 04/10	125 gal.	170 gal.		85 gal.	85 gal.		465 gal.	1.53
Jul 05/10	65 gal.	125 gal.		85 gal.	125 gal.		400 gal.	1.43
July06/10	125 gal.	170 gal.		65 gal.	85 gal.		445 gal.	1.91
July 07/10	190 gal.	125 gal.		190 gal	170 gal.		675 gal.	2.23
July 08/10	65 gal.	190 gal.		65 gal.	170 gal.		490 gal.	2.15
July 09/10	65 gal.	170 gal.		125 gal.	170 gal.		530 gal.	1.60
July 10/10	85 gal.	170 gal.		85 gal.	125 gal.		465 gal.	1.76
July 11/10	125 gal.	190 gal.		125 gal.	125 gal.		565 gal.	1.91
July 12/10	250 gal.	65 gal.		170 gal.	85 gal.		570 gal.	1.51
July 13/10	125 gal.	65 gal.		125 gal.	85 gal.		400 gal.	1.28
July 14/10	65 gal.	190 gal.		190 gal.	170 gal.		615 gal.	2.25
July 15/10	170 gal.	125 gal.		65 gal.	170 gal.		530 gal.	1.68
July 16/10	190 gal.	85 gal.		125 gal.	170 gal.		570 gal.	2.55
July 17/10	125 gal.	190 gal.		125 gal.	65 gal.		505 gal.	1.76
July 18/10	125 gal.	170 gal		250 gal.	85 gal.		630 gal.	3.57
July 19/10	65 gal.	190 gal.		85 gal.	170 gal.		510 gal.	1.28
July 20/10	125 gal.	170 gal.		85 gal.	170 gal.		550 gal.	1.36
July 21/10	125 gal.	190 gal.		85 gal.	190 gal.		590 gal.	1.98
July 22/10	170 gal.	85 gal.		125 gal.	170 gal.		550 gal.	2.38
July 23/10	85 gal.	125 gal.		0 gal.	85 gal.		295 gal.	1.11
July 24/10	125 gal.	65 gal.		85 gal.	125 gal.		400 gal.	1.58
July 25/10	170 gal.	190 gal.		125 gal.	65 gal.		550 gal.	1.93
July 26/10	85 gal.	170 gal.		65 gal.	190 gal.		510 gal.	1.43
July 27/10	125 gal.	170 gal.		65 gal.	85 gal.		445 gal.	1.68
July 28/10	125 gal.	65 gal.		170 gal.	190 gal.		550 gal.	1.76
July 29/10	65 gal.	170 gal.		85 gal.	170 gal.		490 gal.	2.06
July 30/10	125 gal.	250 gal.		190 gal.	125 gal.		690 gal.	2.13
July 31/10	65 gal.	170 gal.		85 gal.	125 gal.		445 Gal.	2.15

Tanks Are 250 Gallons Each **Total Monthly Use : 16035 gal.**

1/4 TANK = 65 gal.
1/3 TANK = 85 gal.
1/2 TANK = 125 gal.
2/3 TANK = 170 gal.
3/4 TANK = 190 gal.

MONTHLY WATER USAGE HIGH LAKE EAST CAMP – AUGUST 2010

DATE	RIGHT TANK	LEFT TANK	TIME FILLED	RIGHT TANK	LEFT TANK	TIME FILLED	TOTAL GAL.	
Aug. 01/10	125 gal.	170 gal.		250 gal.	125 gal.		670 gal.	2.53
Aug. 02/10	190 gal.	250 gal.		65 gal.	250 gal.		755 gal.	2.85
Aug. 03/10	65 gal.	170 gal.		125 gal.	125 gal.		485 gal.	1.83
Aug. 04/10	190 gal.	65 gal.		65 gal.	85 gal.		405 gal.	1.53
Aug. 05/10	65 gal.	125 gal.		65 gal.	125 gal.		380 gal.	1.43
Aug. 06/10	125 gal.	190 gal.		65 gal.	125 gal.		505 gal.	1.91
Aug.07/10	190 gal.	85 gal.		190 gal	125 gal.		590 gal.	2.23
Aug. 08/10	250 gal.	65 gal.		65 gal.	190 gal.		570 gal.	2.15
Aug. 09/10	65 gal.	170 gal.		125 gal.	65 gal.		425 gal.	1.60
Aug. 10/10	85 gal.	190 gal.		65 gal.	125 gal.		465 gal.	1.76
Aug.11/10	125 gal.	190 gal.		125 gal.	65 gal.		505 gal.	1.91
Aug.12/10	125 gal.	125 gal.		65 gal.	85 gal.		400 gal.	1.51
Aug. 13/10	125 gal.	65 gal.		65 gal.	85 gal.		340 gal.	1.28
Aug.14/10	65 gal.	170 gal.		190 gal.	170 gal.		595 gal.	2.25
Aug.15/10	190 gal.	125 gal.		65 gal.	65 gal.		445 gal.	1.68
Aug.16/10	190 gal.	190 gal.		125 gal.	170 gal.		675 gal.	2.55
Aug. 17/10	125 gal.	190 gal.		85 gal.	65 gal.		465 gal.	1.76
Aug. 18/10	190 gal.	170 gal		250 gal.	335 gal.		945 gal.	3.57
Aug. 19/10	65 gal.	0 gal.		85 gal.	190 gal.		340 gal.	1.28
Aug. 20/10	125 gal.	0 gal.		65 gal.	170 gal.		360 gal.	1.36
Aug. 21/10	125 gal.	190 gal.		85 gal.	125 gal.		525 gal.	1.98
Aug. 22/10	250 gal.	190 gal.		125 gal.	65 gal.		630 gal.	2.38
Aug. 23/10	85 gal.	125 gal.		0 gal.	85 gal.		295 gal.	1.11
Aug. 24/10	125 gal.	85 gal.		85 gal.	125 gal.		420 gal.	1.58
Aug. 25/10	170 gal.	190 gal.		85 gal.	65 gal.		510 gal.	1.93
Aug. 26/10	125 gal.	125 gal.		65 gal.	65 gal.		380 gal.	1.43
Aug. 27/10	125 gal.	170 gal.		85 gal.	65 gal.		445 gal.	1.68
Aug. 28/10	125 gal.	85 gal.		65 gal.	190 gal.		465 gal.	1.76
Aug. 29/10	85 gal.	125 gal.		85 gal.	250 gal.		545 gal.	2.06
Aug. 30/10	125 gal.	190 gal.		125 gal.	125 gal.		565 gal.	2.13
Aug. 31/10	190 gal.	190 gal.		65 gal.	125 gal.		570 Gal.	2.15

Tanks Are 250 Gallons Each **Total Monthly Use : 15670 gal.**

1/4 TANK = 65 gal.
1/3 TANK = 85 gal.
1/2 TANK = 125 gal.
2/3 TANK = 170 gal.
3/4 TANK = 190 gal.

Note:
Water volume recording was not implemented during the month of June, but usage would have been similar to the above records for the months of July and August as camp population and activity was the same.

Appendix IV : Spill Contingency Plan

SPILL CONTINGENCY PLAN
EXPLORATION OPERATION
HIGH LAKE EAST PROPERTY
NUNAVUT, CANADA

Prepared: December 15th, 2009
Revised: February 20th, 2011

MMG Resources Inc.
555 – 999 Canada Place, Vancouver, BC V6C 3E1 • Tel: 778 373 5600

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PREAMBLE

This Spill Contingency Plan has been compiled with respect to the requirements within the Spill Contingency Planning and Reporting Regulations in Northwest Territories as adopted by the Government of Nunavut. The plan is effective from December 15th 2009 through until September 30th 2012. The plan may be revised at any time during operations and the revision date with be noted on the title page of the plan.

INTRODUCTION

This Spill Contingency Plan is to provides a plan of action for reasonably foreseeable spill events at the High Lake East camp considering the nature of the fuels and other hazardous materials that will be handled during the Company's operations The plan defines the responsibilities of key response personnel and outlines the procedures for responding to spill in a way that will act to minimize potential health and safety hazards, environmental damage and remediation costs. The plan has been prepared to provide ready access to all the information needed in dealing with a spill.

The objectives of the Plan are to:

- Define the reporting procedures and communication network to be used in the event of a system failure or material spill.
- Define procedures for the safe and effective containment and cleanup/disposal of a system failure or material spill.
- Define specific individuals and their responsibilities with respect to responding to a spill.

It is MMG Resources Inc. policy to comply with all existing laws and regulations to help ensure the protection of the environment, to provide such protection of the environment as is technically feasible, to cooperate with other groups working on protection of the environment and to keep employees, government officials and the public informed.

Personnel will be instructed on the plan upon arrival in camp. Instruction will also be given on how to properly manipulate and store fuel and other hazardous substances and on the location of emergency equipment. A more graphical representation of this plan will be posted in common camp areas.

Environmental Policy

Our aim is to achieve a high standard of care for the natural environment in all of the activities in which we engage.

We undertake to minimize our impact on the environment

We will:

- conduct our operations in compliance with all relevant environmental regulations, licenses and legislation as a minimum condition
- identify, monitor and manage environmental risks arising from our operations
- seek continuous improvement in environmental performance, production processes, waste management and the use of resources
- provide appropriate training and awareness for all employees on environmental issues
- communicate regularly with employees about our aim and about individual responsibilities
- inform our customers and suppliers of our aim and of their responsibilities in relation to our business
- communicate with stakeholders, the community and governments about our environmental performance, and contribute to the development of laws and regulations which may affect our business.

SITE DESCRIPTION

The camp will is located on the south shore of the James River (Figure 1). The camp consists of 12 to 14 wood framed (with plywood floor) canvas walled tents that will include a kitchen and dry. See attached map for the camp layout (Figure 2).

Fuel will be transported to the site by Twin Otter into the esker strip on tundra tires or on skis, and then immediately be moved by helicopter to the fuel cache behind camp.

Fuel will be stored in 205L drums and stacked not more than 3 high. All fuel except for that currently in use will be stacked within a containment berm. Bungs will be positioned at 3 / 9 o'clock for easy inspection of leaks. The total number of fuel drums may be up to 800 in total.

Propane is to be stored in 100lb cylinders within a designated area away from camp. These will be secured to prevent accidental tipping of propane cylinders. Propane is brought to site continually on re-supply flights, with a total number of cylinders stored on site not exceeding 30.

Each of the tents will have a drum of fuel supported on wooden crib. A plastic spill container will be placed below each drum and absorbent matting will be fixed around each bung/fuel supply assembly.

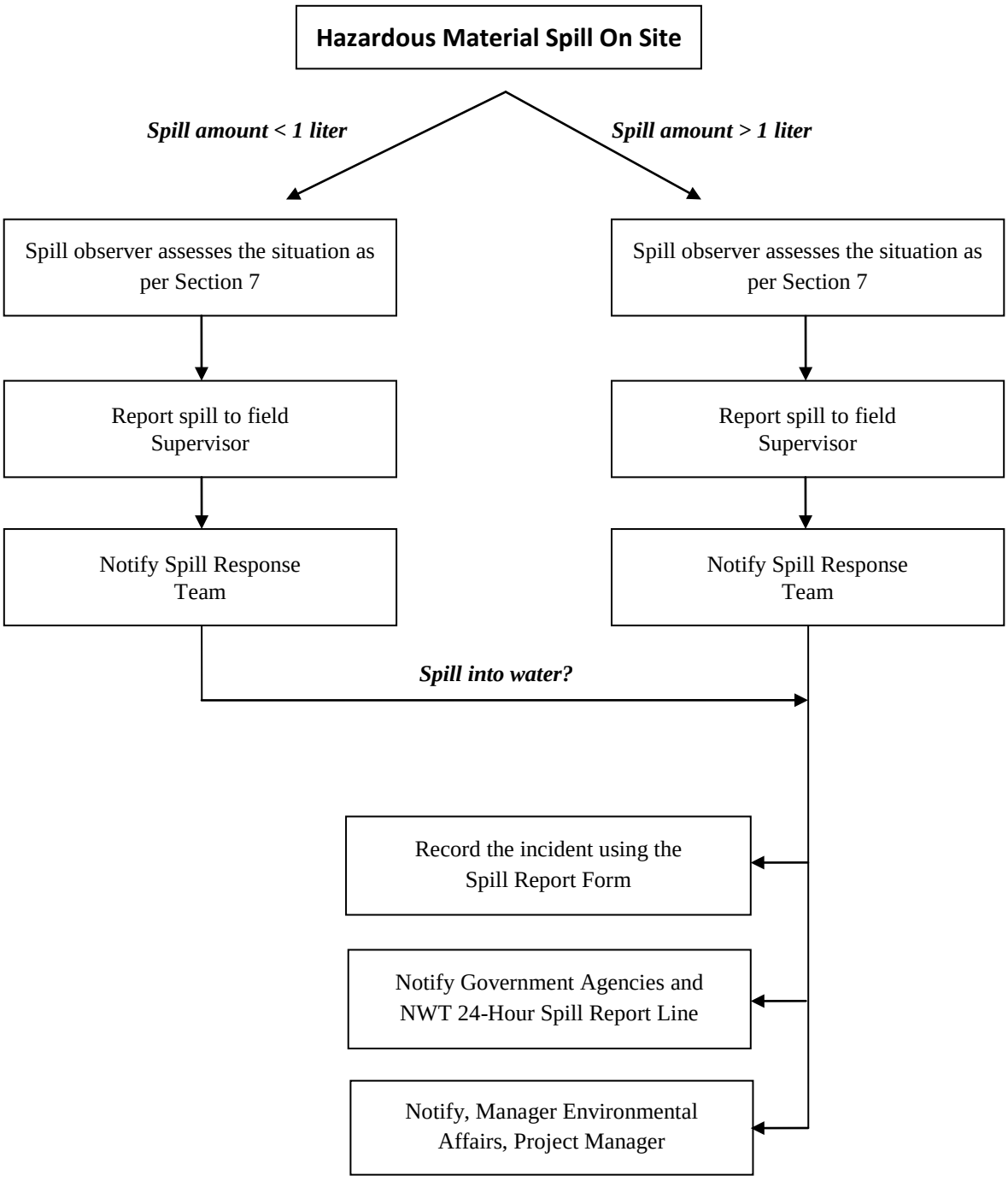
Other chemicals will be securely stored in the camp area, primarily within the drill foreman's work area.

CONTACTS

People and organizations that can be contacted in the event of a spill:

Project Manager	Trish Toole	778-373-5600
Operations Manager	Ted Muraro	778-373-5589
Development Manager	Andrew Mitchell	(807)-346-1668
President	Martin McFarlane	778-373-5601
Exploration Manager	Ian Neill	778-373-5603
Kitikmeot Inuit Association	Stanley Anablak	(867)-982-3310
Nunavut Water Board	Phyllis Beaulieu	(867)-360-6338 (867)-360-6369 (fax)
Spill Report Line (24 hr)		(867)-920-8130 (phone) (867)-873-6924 (fax) spills@gov.nt.ca (email)
Environment Canada		(867)-975-4644
INAC Manager of Field Operations		(867)-975-4295
WCB 24 Hour Accidents		(867)-873-7468
WCB/WSCC Chief Inspector	Peter Bengts	(867)-920-3888
Kugluktuk Health Center	Janet Carstairs	(867)-982-4531
Kugluktuk RCMP	Franco Radescho	(867)-982-1111 (867)-920-8130 (fax)

The following is a flow chart to illustrate the sequence of events if a hazardous material spill occurs at the MolyMag Project.



SPILL RESPONSE TEAM

All personnel will be informed of the contents of the Spill Contingency Plan and trained in the safe use of relevant spill prevention and clean up equipment. The Field Supervisor will appoint and train two persons to be the Spill Response Team. They will also be responsible to carry out the daily inspections of the fuel storage areas and equipment. Personnel on site will be limited, so for any large spill more people will be brought in to help, from surrounding exploration operations primarily from the IZOK Lake Camp located 200km South-West of the High Lake East Camp and secondly from Yellowknife.

Spill Response Team Responsibilities

- Perform daily inspections at the Camp fuel and chemical storage areas and fuel hoses.
- Report any spill to Project Manager or designate.
- Containment of the spill and site remediation.

Field Supervisor Responsibilities

- Assume complete authority over the spill scene and coordinate all personnel involved.
- Evaluate spill situation and develop overall plan of action.
- Activate the spill contingency plan
- Immediately report the spill to the NWT 24-Hour Spill Report Line and regulatory agencies. (For spill greater than 1 litre)
- Fill out the Spill Report Form (for spill greater than 1 litre)
- Report the spill to the Project Manager. (For spill greater than 1 litre)
- If required, obtain additional manpower, equipment, and material if not available on site for spill response.

Manager, Environmental Affairs Responsibilities

- Provide regulatory agencies and MMG Resources Inc. management with information regarding the status of the clean up activities.
- Prepare and submit a report on the spill incident to regulatory agencies within 30 days of the event.

SPILL PREVENTION

The first line of defense against spills is spill prevention. All efforts to avoid spills will be made by prioritizing preventative measures in the following manner.

Spill Of Fuel on Land

Steel drums will be stored in such a manner that they will not be susceptible to tipping over, rolling or otherwise being unstable. Care will be exercised so that nothing can cause damage to steel fuel drums by falling or rolling onto or into them. When unloading steel fuel drums from aircraft, the use of a ramp or a cushion (automotive tire) will ensure that the drums are not damaged. Drums not in active use will be stored in containment berms. Any accumulated rainwater or snow melt is removed from the berms with a specialized drainage device that contains a fuel separating filter. Drums in active use will be stored in spill trays.

Leak of Fuel From Reservoir and Distribution Lines

Stability of all reservoir and distribution assemblies is of utmost importance to ensure that the risk of damage is minimized. All stands for reservoirs will be constructed to strength standards beyond those required. Distribution lines from reservoirs to appliances will be fitted with an appropriate shut-off valve immediately downstream from the reservoir. The line will be installed in such a way to prevent being chafed in the wind, chewed on by animals or tripped on by humans. This will be done by securing it to rigid structures, encasing it in armor or any other effective manner. These measures apply broadly to heating oil, gasoline and propane set-ups.

Spill of Fuel On Water

Liquid fuel in steel drums will be stored at least 30m back from the lakeshore on hard ground. All care shall be taken when refueling float planes at the float dock. Fuel will only be brought down to the dock when fuelling is imminent. Partially used drums will be removed from the dock immediately upon completion of fueling. Absorbent pads will be used both around the rim of the fuel drum and the rim of the aircraft's fuel tank to ensure that any overflow does not enter the body of water.

Release of Propane

Propane will be stored in appropriate, certified containers. Propane containers will be inspected and monitored on a regular basis for any signs of deterioration or corrosion. Containers will be secured and fastened in an upright position to ensure there is no danger of tipping and eliminating the risk of damage to the regulator in the event of a fall.

Spill of Battery Acid

All batteries will be protected from damage by fastening them into the space designed for them when in use, and stored safely when not in use. Batteries will be transported in appropriate containers as stipulated under the dangerous goods requirements. Batteries that no longer hold a charge will be flown out and disposed of in the appropriate facilities.

INITIAL ACTION

These instructions are to be followed by the first person on the spill scene.

1. Always be alert and consider your safety first.
2. Wear personal protective equipment
3. Do not smoke and eliminate all source of ignition
4. Assess the hazard to people in the vicinity of the spill.
5. If possible control danger to human life
6. Do not touch, smell, taste or get close to unknown substance.
7. If substance has been identified and if possible and safe to do so, try to stop the flow of material.
    - If filling is in progress, stop at once
    - If seeping through a small hole, use a patch kit if practical to do so.
    - If necessary and practical, pump the fuel from the leaking container into a refuge container
8. Immediately report the spill to the Field Supervisor and Spill Response Team by radio, satellite phone or in person.
9. Resume any effective action to contain, mitigate, or terminate the flow of the spilled material.
10. If in doubt about cleaning procedures or for a very large spill, regulatory agencies can help.

REPORTING

The person who notices the spill must immediately notify the Field Supervisor. As soon as possible the Field Supervisor will report the spill to:

- The 24-Hour Spill Report Line Phone (867) 920-8130, Fax (867) 873-6924
- Fill out the NWT Spill Report Form NWT1752/0202 – See Appendix I
- Notify the Manager, Environmental Affairs for a spill greater than 1 litre.
- Notify permitting authorities (Nunavut Water Board, Kitikmeot Inuit Association)

A spill kit with a capacity of 240 litres will be located at the fuel tank area and will contain:

1 – 360 litre/79 gallon polyethylene drum
4 – oil absorbent booms (5” X 10’)
100 – oil absorbent sheets (16.5” X 20” X 3/8”)
1 – drain cover (36” X 36” X 1/16”)
1 – Caution tape (3” X 500’)
1 – 1 lb plugging compound
2 – pair Nitrile gloves
2 – pair Safety goggles
2 – pair Tyvek coveralls
1 – instruction booklet
10 – printed disposable bags (24” X 48”)
1- shovel (in remote spill kit only)
1- plastic tarp

Shovels, water pump, plastic pails, garbage bags, extra absorbent pad, drip pans will be placed on the side of the wall at the main office and the kitchen. Fire extinguishers are available throughout the camp facility.

Drill Spill Kits with a capacity of 25 L will contain the following:

10- Pads (17”x19”x2/8”)
3 - Socks (3”x4’)
1 - Pair of Gloves
1 - Disposal Bags
1 - Warning Sign
1 - Literature (Inventory List, MSDS, Instructions)

This following section lists for each hazardous substance present on the project area, health hazards, spill procedure and disposal procedures. For more detailed information, refer to the MSDS sheets.

Diesel Fuel, Jet-B, Gasoline

DIESEL, JET-B AND GASOLINE ARE HIGHLY FLAMMABLE

General Precautions

- Do not smoke
- Will be easily ignited by heat, sparks or flames
- Gasoline and Jet-B are more volatile than diesel
- Explosion hazard indoors, in confined spaces and outdoors
- Vapors may form explosive mixtures with air
- Vapors may travel to source of ignition and flash back
- Most vapors are heavier than air. They will spread along ground and collect in low or confined areas.
- Keep pump or electrical equipment far away, be very careful with metallic tools that could sparks on rocks, wait for vapors to dissipate
- Inhalation may cause central nervous effects
- Aspiration into lungs may cause pneumonitis which can be fatal
- Eye and skin irritation
- Prolonged exposure has caused cancers in laboratory animals

Spill on Land

- Build a containment berm, downslope, using, peat, moss, and soil material, bags filled with sand or rocks and place a plastic tarp at the foot of the berm to pool the spill. Spill can be pumped if in a large amount
- Soak up spilled substance by using absorbent pads
- Excavate the surface soil if necessary. If large excavation is needed, first contact regulatory agencies for approval.
- Remove spill substance splashed on vegetation by applying a thin dusting of Spag-zorb or other ultra-dry absorbent.
- Dispose hydrocarbons, absorbent pad, contaminated soil and cleaning material in an empty drum, seal it and label it.
- On marshy zones, don’t destroy vegetal cover, limit personnel and equipment. Remove pooled oil with absorbent pads and/or skimmer.

Spill on Water

- Contain spill as close to release point as possible

- On small spill, deploy hydrophobic absorbent pads
- On larger spill and weather conditions permitting, use containment boom to limit fuel dispersion. Use a skimmer, pump or hydrophobic absorbent pads to remove fuel inside the boom.
- Dispose hydrocarbons, absorbent pad, contaminated soil and cleaning material in an empty drum, seal it and label it.

Spill on Rivers and Streams

- Prevent entry into water, if possible, by building a berm or trench.
- Intercept moving slicks in quiet areas using (absorbent) booms.
- Do not use absorbent booms/pads in fast currents and turbulent water.

Spill on Ice and Snow

- Build a containment berm of compacted snow around spill.
- If hydrocarbons are pooling on ice, pump large amount or use hydrophobic absorbent pads.
- Don't delay removing the spill as hydrocarbons could seep through cracks into the water.
- Scrape ice, shovel all contaminated snow in plastic buckets with lids or in drums. Dispose absorbent pads and other contaminated equipment in separated containers. Label and seal the containers.

Spill Disposal

- Contact Federal and Territorial regulatory agencies to identify appropriate disposal methods before disposing of contaminated material.

Propane

EXTREMELY FLAMMABLE

General Precautions

- Do not smoke
- Cylinders may explode when heated
- Cylinders may rocket if ruptured
- Will be easily ignited by heat, sparks or flames
- Explosion hazard indoors, in confined spaces and outdoors
- Vapors may form explosive mixtures with air
- Vapors may travel to source of ignition and flash back
- Vapors from liquefied gas are initially heavier than air and spread along ground.
- Contact with gas or liquefied gas may cause burns, severe injuries and/or frostbite
- Keep pump or electrical equipment far away, be very careful with metallic tools that could sparks on rocks, wait for vapors to dissipate
- Liquid may cause frostbites and blisters

- Blurred vision if goes in the eyes
- Narcotic asphyxiate
- Dizziness, disorientation, excitation, headache, vomiting, unconsciousness if inhaled

Spill on Land, Water, Ice and Snow

- Eliminate all source of ignition
- Do not attempt to contain the propane release if not absolutely sure on what to do.
- Do not touch or walk through spilled material
- Stop leak if can be done without risk
- If possible, turn container so that gas escapes rather than liquid.
- Water spray can be used to knock down vapors but don't direct water at spill or source of leak
- Prevent spreading of vapors in confined areas
- If or when possible, confine spill with confinement berm. Throw absorbent pads into spill, retrieved them with gaffs or pitchforks.
- Small fire can be extinguished with dry chemical or CO_2.
- Dispose contaminated materials in a labeled drum.

Spill Disposal

- Contact Federal and Territorial regulatory agencies to identify appropriate disposal methods for detective equipment that resulted in the release.

Motor Oil, Hydraulic Oil, Transmission Fluid

General Precautions

- Avoid breathing mists, may cause lung irritation
- On skin may cause mild irritation

Spill Action

Soak up with absorbent material

- Disposed contaminated soil and material in sealed and labeled container
- Small amount can be incinerated
- Large amount to be disposed as hazardous waste.

Antifreeze

General Precautions

- Respiratory irritation with prolonged exposure.
- Kidney, liver and bladder problems reported in animals

Spill on Land

- Soak up by using absorbent pads
- Dispose antifreeze, absorbent pad, contaminated soil and cleaning material in an empty drum, seal it and label it.
- On marshy zones, don't destroy vegetal cover, limit personnel and equipment. If possible remove pooled antifreeze with absorbent pads.

Spill on Rivers and Streams

- Prevent entry into water, if possible, by building a berm or trench.

Spill on Ice and Snow

- Build a containment berm of compacted snow around spill.
- If pooling on ice, pump large amount or use absorbent pads.
- Don't delay removing the spill as it can seep through cracks into the water.
- Scrape ice, shovel all contaminated snow into plastic buckets with lids or in drums.
- Dispose absorbent pads and other contaminated equipment in separated containers. Label and seal the containers.

Spill Disposal

- Contact Federal and Territorial regulatory agencies to identify appropriate disposal methods before disposing of contaminated material.

Battery Acid

General Precautions

- Fire and explosion hazard
- Can be extinguished with dry chemical fire extinguisher.
- Ventilate area
- Remove combustible materials
- Mist inhalation hazard when being charged or spilled
- Acid burns to skin and eyes irritation

Spill Action

- Neutralize with soda or lime
- Dispose battery and neutralized contaminated material in a sealed and labeled container
- Dispose as an hazardous waste

Poly-Drill DR-133

General Precautions

- May cause skin and eye irritation

Spill Action

- Soak up with absorbent pad
- Dispose residue, contaminated soil and material in labeled containers. Solidify with sand.
- Small amount can be incinerated, otherwise dispose as hazardous waste.

550-X Polymer

General Precautions

- Prolonged skin contact may cause irritation
- Possible eye irritation
- Ingestion may cause nausea, vomiting, cramps, diarrhea

Spill Action

- Clean up spill with gloves. Scrape soil or surface and disposed in labeled containers
- Dispose as hazardous waste

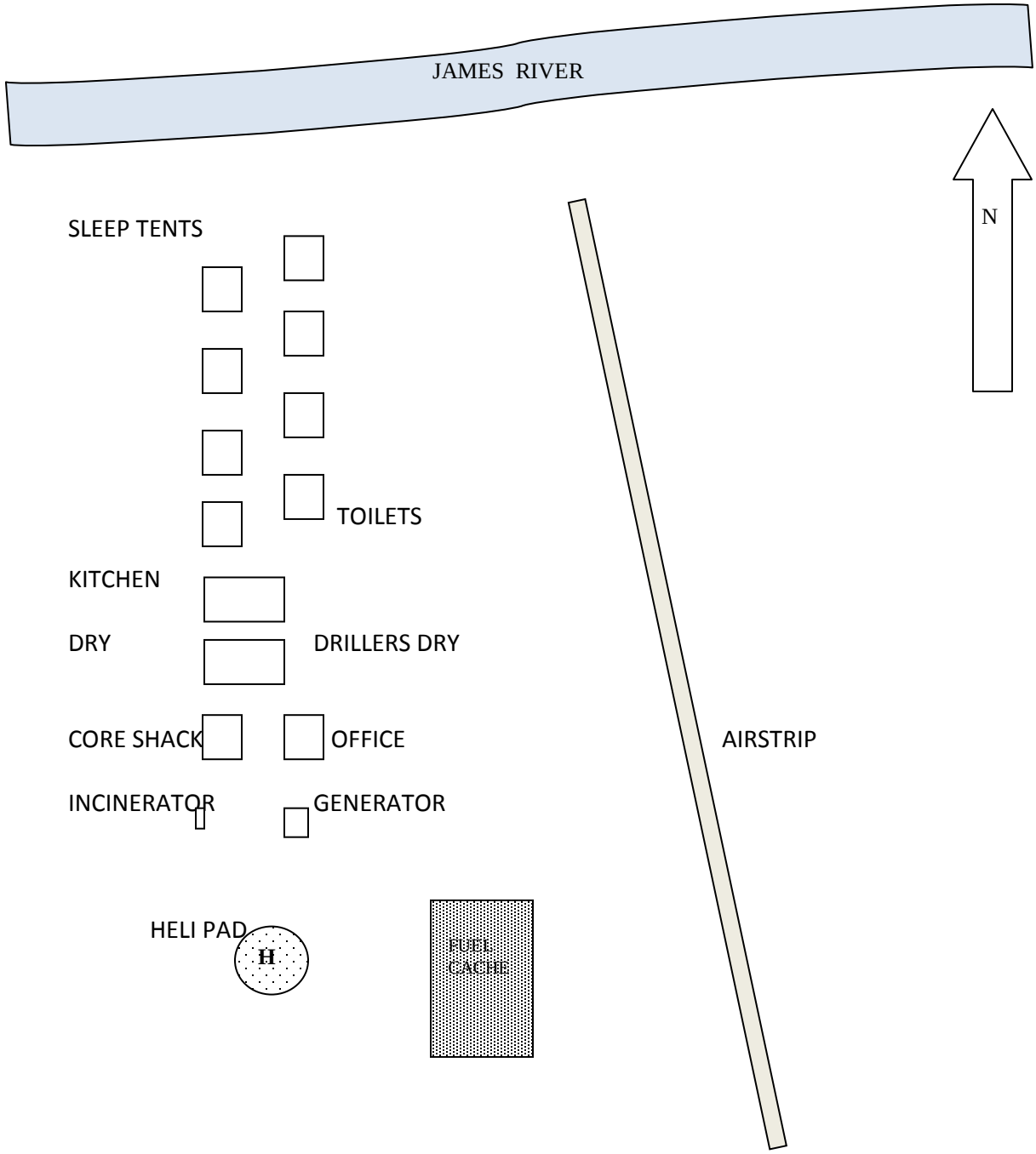
APPENDIX – SPILL REPORT FORM

Appendix 1:

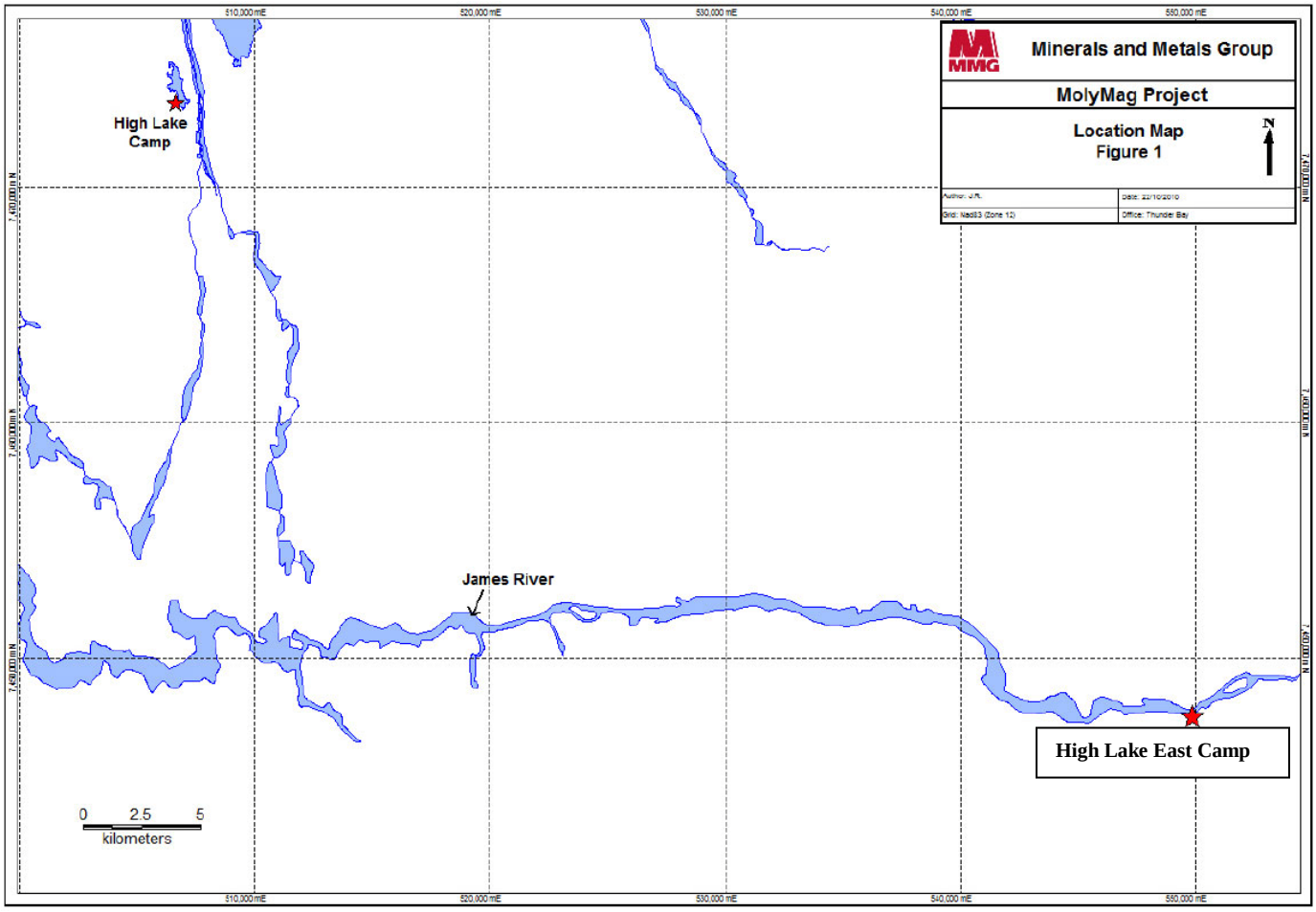
NT-NU Interactive Spill Form

NT-NU_Interactive_Spill_Form.pdf

APPENDIX – FIGURES：HIGH LAKE EAST CAMP LAYOUT



APPENDIX – FIGURES : LOCATION MAP



Appendix V : Unauthorized Discharge Spill Report

Northwest Territories | Nunavut | Canada

NT-NU SPILL REPORT

OIL, GASOLINE, CHEMICALS AND OTHER HAZARDOUS MATERIALS

NT-NU 24-HOUR SPILL REPORT LINE
TEL: (867) 920-8130
FAX: (867) 873-6924
EMAIL: spills@gov.nt.ca

REPORT LINE USE ONLY

A	REPORT DATE: MONTH – DAY – YEAR: 07-03-2010	REPORT TIME: 5:15pm	X ORIGINAL SPILL REPORT, OR ☐ UPDATE # _____ TO THE ORIGINAL SPILL REPORT	REPORT NUMBER
B	OCCURRENCE DATE: MONTH – DAY – YEAR: 07-03-2010	OCCURRENCE TIME: 10:00am		
C	LAND USE PERMIT NUMBER (IF APPLICABLE): KTL310C001	WATER LICENCE NUMBER (IF APPLICABLE): 2BE-HIG0712		
D	GEOGRAPHIC PLACE NAME OR DISTANCE AND DIRECTION FROM NAMED LOCATION: MolyMag Camp	REGION: ☐ NWT X NUNAVUT ☐ ADJACENT JURISDICTION OR OCEAN		
E	LATITUDE: DEGREES 67 MINUTES 8 SECONDS 36	LONGITUDE: DEGREES 109 MINUTES 52 SECONDS 3		
F	RESPONSIBLE PARTY OR VESSEL NAME: MMG Resources	RESPONSIBLE PARTY ADDRESS OR OFFICE LOCATION: 200-1159 Alloy Drive, Thunder Bay, ON, P7B 6M8		
G	ANY CONTRACTOR INVOLVED	CONTRACTOR ADDRESS OR OFFICE LOCATION		
H	PRODUCT SPILLED: Diesel Fuel	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES: 30 Litres	U.N. NUMBER: 1202	
	SECOND PRODUCT SPILLED (IF APPLICABLE)	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES	U.N. NUMBER	
I	SPILL SOURCE: 45 Gallon Drum	SPILL CAUSE: Pin hole leak in drum	AREA OF CONTAMINATION IN SQUARE METRES: 1.0 m	
J	FACTORS AFFECTING SPILL OR RECOVERY: None	DESCRIBE ANY ASSISTANCE REQUIRED: None	HAZARDS TO PERSONS, PROPERTY OR EQUIPMENT: None	
K	ADDITIONAL INFORMATION, COMMENTS, ACTIONS PROPOSED OR TAKEN TO CONTAIN, RECOVER OR DISPOSE OF SPILLED PRODUCT AND CONTAMINATED MATERIALS: The fuel from the leaking drum was immediately pump into another drum. Soil and rocks in affected area were dug up with a shovel. The soil was put in an empty 45 gallon drum. The drum was sealed for shipment out of camp and disposal. The large rocks were collected in a plastic bin to allow the fuel to evaporate.			
L	REPORTED TO SPILL LINE BY: Jason Rickard	POSITION: Project Manager	EMPLOYER: MMG Resources	LOCATION CALLING FROM: MolyMag Camp	TELEPHONE: 403-450-1590
M	ANY ALTERNATE CONTACT: Ian Neill	POSITION: Exploration Manager	EMPLOYER: MMG Resources	ALTERNATE CONTACT LOCATION: Tofino,BC	ALTERNATE TELEPHONE: 778-989-6700

REPORT LINE USE ONLY

N	RECEIVED AT SPILL LINE BY	POSITION: STATION OPERATOR	EMPLOYER	LOCATION CALLED: YELLOWKNIFE, NT	REPORT LINE NUMBER: (867) 920-8130

LEAD AGENCY ☐ EC ☐ CCG ☐ GNWT ☐ GN ☐ ILA ☐ INAC ☐ NEB ☐ TC | SIGNIFICANCE ☐ MINOR ☐ MAJOR ☐ UNKNOWN | FILE STATUS ☐ OPEN ☐ CLOSED

AGENCY	CONTACT NAME	CONTACT TIME	REMARKS
LEAD AGENCY			
FIRST SUPPORT AGENCY			
SECOND SUPPORT AGENCY			
THIRD SUPPORT AGENCY			

PAGE 1 OF _____