HIGH LAKE PROJECT

WATER LICENSE RENEWAL

SUPPLEMENTARY INFORMATION PACKAGE

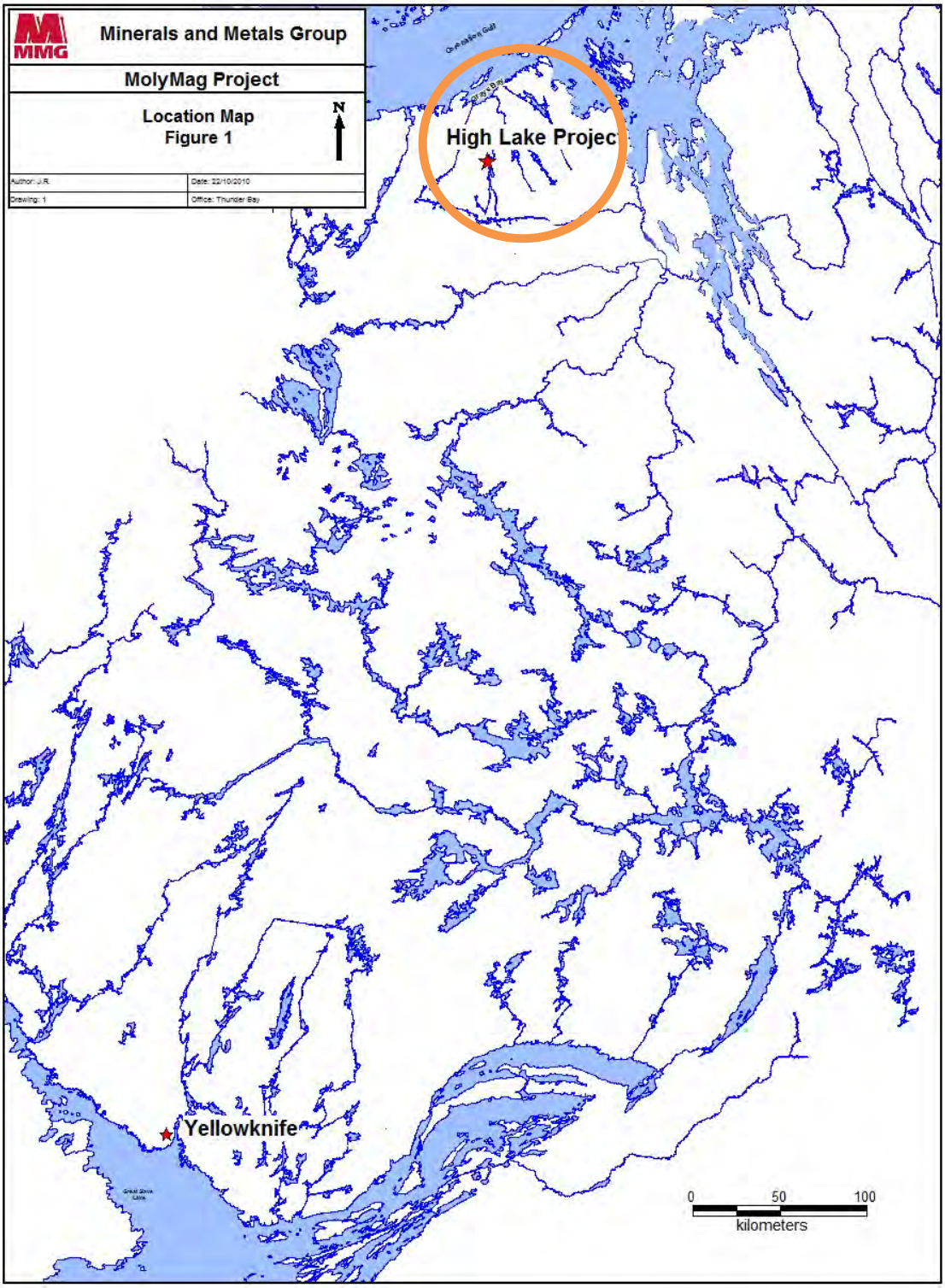
WATER LICENSE RENEWAL

May 2017

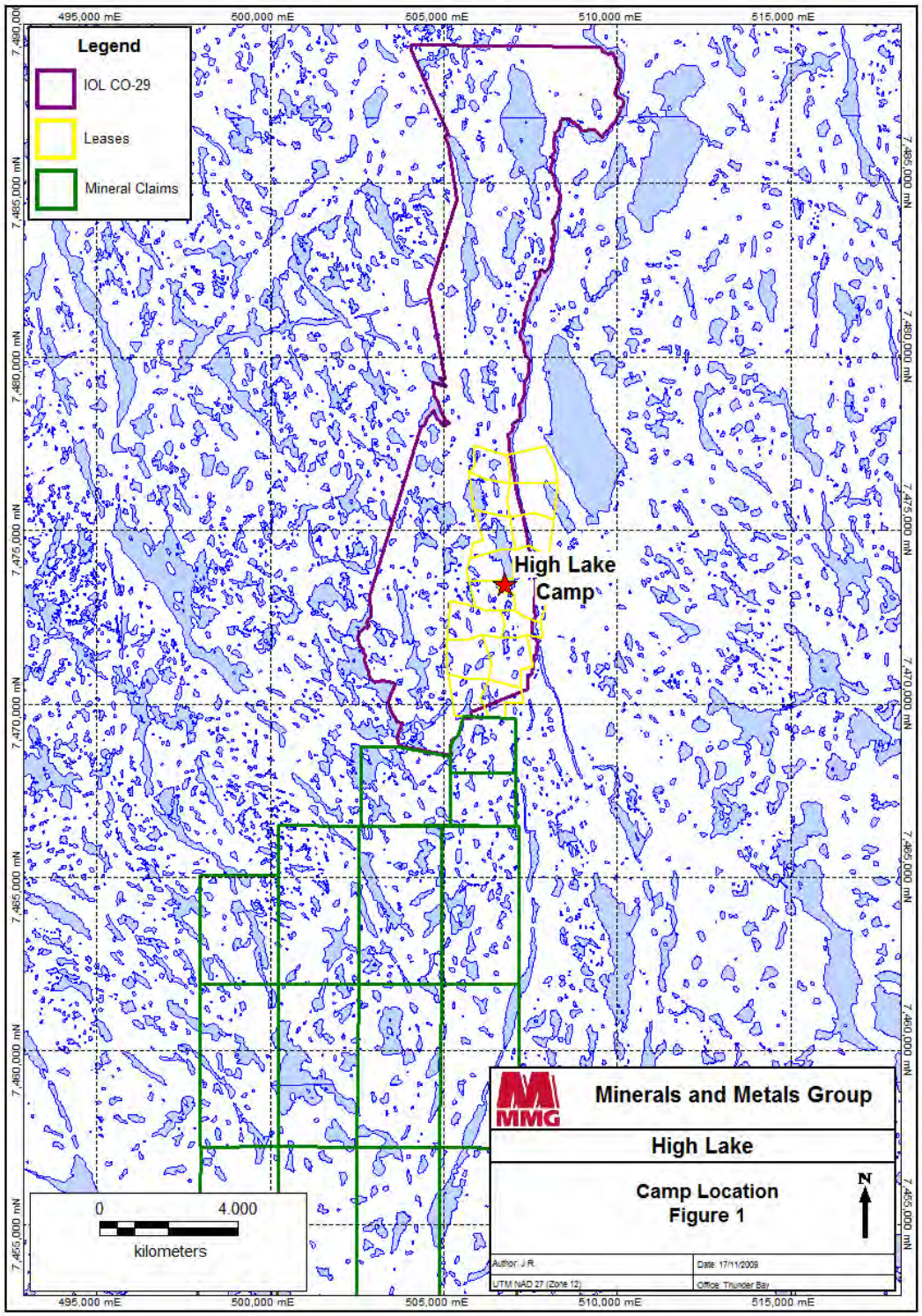
MINERALS AND METALS GROUP
PO Box 91460, WEST VANCOUVER, BC, V7V-3P1
TEL. 778 373 5600

CONTENTS

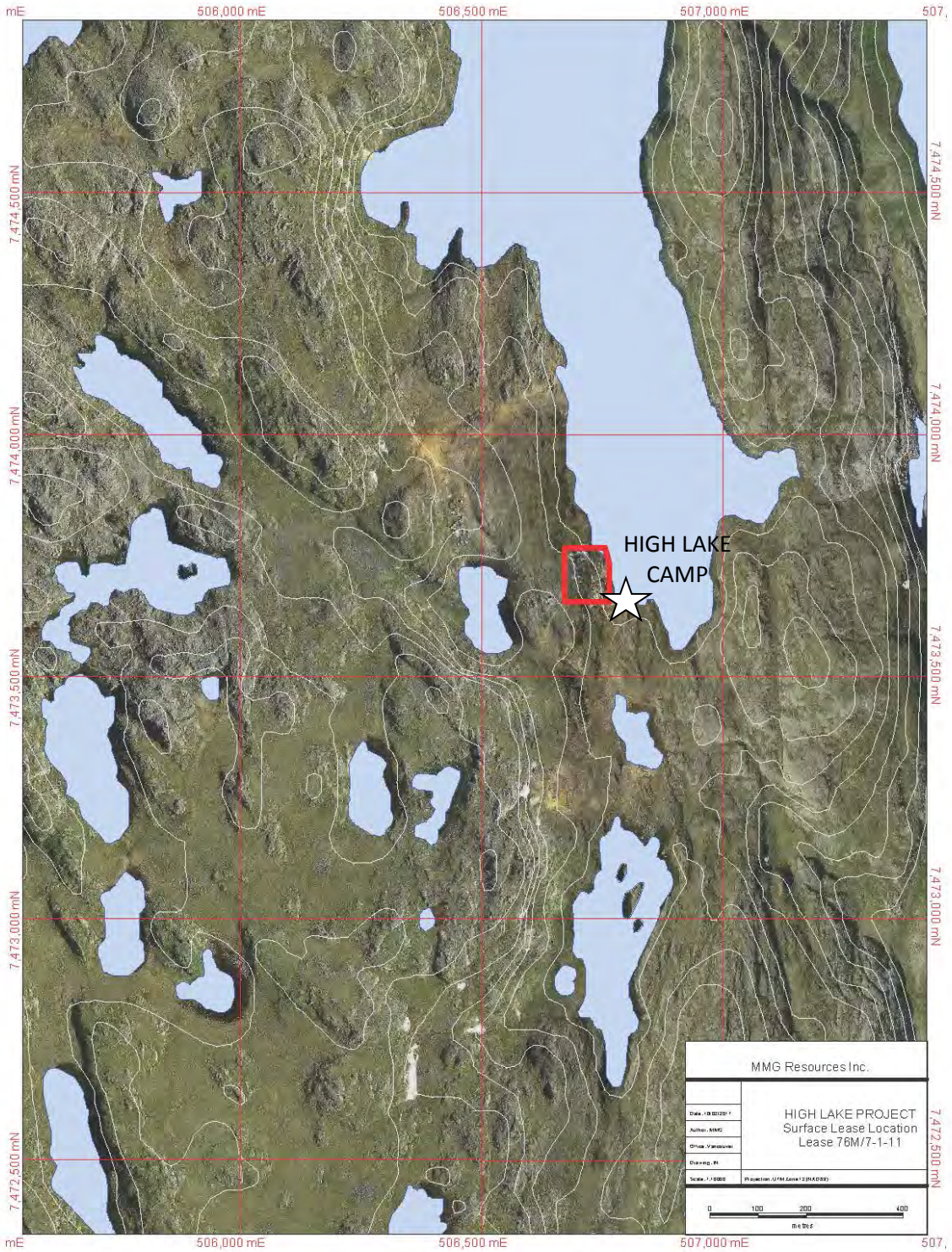
General Location Map



Detailed Map Showing Leases and IOL Ground



Map of Annexed Surface Lease at High Lake Camp Location



Original Plan of Surface Lease Annex

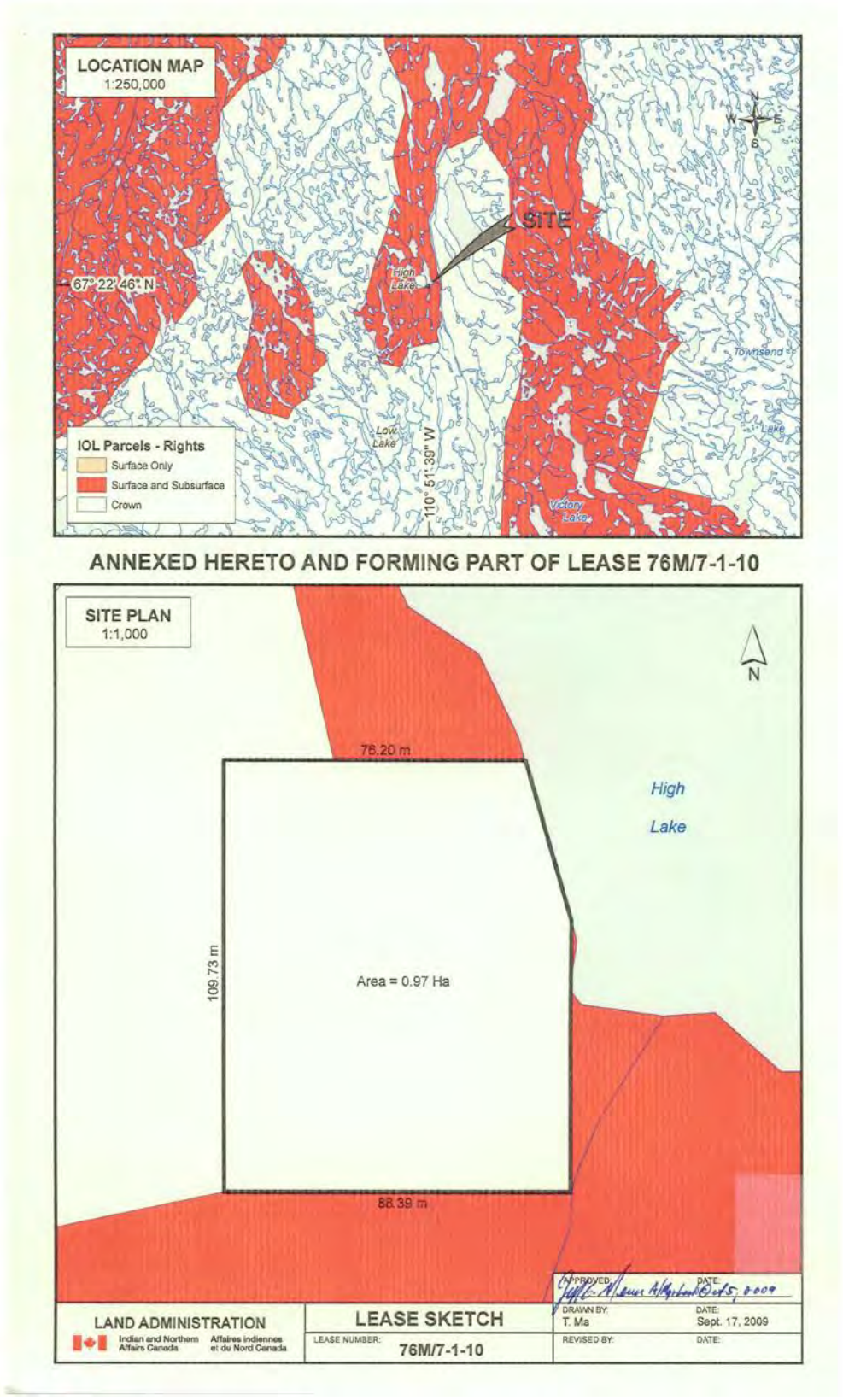


Table 1: Land Leases

		HIGH LAKE LAND LEASES			
	PURPOSE	*LEASE #*	*DURATION*	*EXPIRY*	
	MINING	ML 2372	21 years	April 2034	
		ML 2373	21 years	April 2034	
		ML 2374	21 years	April 2034	
		ML 2375	21 years	April 2034	
		ML 2376	21 years	April 2034	
		ML 2377	21 years	April 2034	
		ML 2378	21 years	April 2034	
		ML 2379	21 years	April 2034	
		ML 2380	21 years	April 2034	
		ML 2381	21 years	April 2034	
		ML 2382	21 years	April 2034	
		ML 2383	21 years	April 2034	
		ML 2384	21 years	April 2034	
		ML 2385	21 years	April 2034	
		ML 3290	21 years	Nov. 2031	
	SURFACE	76M 7-1-10	10 years	Dec. 2017	
		** A renewal for this lease was submitted in*			
		November 2016 and is expected to be approved			
		prior to expiry.			

NIRB File No.: 08EN067
AANDC File No.: N2011C0033
KIA File No.: KTL308C008
NWB File No.: 2BE-HG0712

January 10, 2012

The Honourable John Duncan
Minister of Aboriginal Affairs and Northern Development
c/o Jeff Mercer, Manager Land Administration
Aboriginal Affairs and Northern Development Canada
Iqaluit, NU

Sent via Email: Jeff.Mercer@aandc.gc.ca; landsmining@aandc.gc.ca

Re: Application exempt from Screening pursuant to Section 12.4.3 of the NLCA: MMG Resources Inc.'s "Canoe Lake Exploration" & "MolyMag Campsite" project

Dear Jeff Mercer:

On December 22, 2011 the Nunavut Impact Review Board (NIRB or Board) received an application from Aboriginal Affairs and Northern Development Canada (AANDC) for a new Land Use Permit (No. N2011C0033) associated with MMG Resources Inc.'s "Canoe Lake Exploration" & "MolyMag Campsite" project. If granted, this new Land Use Permit would replace the previously issued Land Use Permit (N2007C0009) for the Project.

Please be advised that the original project proposal (NIRB File No.: 08EN067) was received by the NIRB from the Kitikmeot Inuit Association (KIA) on June 11, 2008 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On September 9, 2008 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the President of the KIA which indicated that the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

On January 13, 2010 the NIRB received an application for an amendment to land use license KTL308C008 from the KIA for the above mentioned project. After a thorough assessment of the amendment request, the NIRB determined that the application was exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed screening decision report on February 15, 2010.

On February 28, 2011 the NIRB received an application from Indian and Northern Affairs Canada (INAC; now AANDC) for a one-year extension to Land Use Permit No. N2009C0009 for the above mentioned project. After a thorough assessment of the extension request, the

NIRB determined that the application was exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed screening decision report on March 4, 2011.

The current AANDC application, the original NIRB Screening Decision Report (08EN067) and related file information are available from the NIRB's ftp site at the following link: http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2008/08EN067-Zinifex%20Canada%20Inc%20-%20Canoe%20Lake/.

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 08EN067), the "Canoe Lake" project was located within the Kitikmeot region, approximately 180 kilometres (km) southeast of the community of Kugluktuk. The Proponent indicated that it intended to conduct drilling for potential base metal showings in Canoe Lake and surrounding areas from August 2008 to October 2008, with a second phase to occur during the spring of 2009.

The activities and components associated with the original screening included:

- Diamond drilling of potential base metal showings in Canoe Lake and surrounding areas;
- Helicopter use to transport crew and equipment;
- Potential movement of equipment and crew by snow machine during the spring months;
- Installation of temporary survival and equipment shacks;
- Staking and prospecting;
- Geophysical surveying;
- Water use for drilling activities;
- Temporary fuel storage at drill sites (1or 2 diesel fuel drums,1or 2 20 pound propane bottles at each drill site); and,
- Use of High Lake Camp site.

The January 13, 2010 amendment to add the "MolyMag Campsite" included the following additional activities and components:

- Construction of campsite approximately 175 km east-southeast of Kugluktuk (40 km southeast of the High Lake deposits and existing High Lake Camp) on the south shore of the James River on Inuit Owned Land Parcel BB-68, specifically;
    - 10-12 canvas tents designed to accommodate up to 30 people for a total of 3000 person days, including kitchen facilities, dry facilities, and outhouses;
    - Grey water sump and fuel cache areas.
- Support ongoing exploration program that included diamond drilling, geophysical surveys and geological mapping;
- Water use for drilling activities and camp;
- Helicopter use to transport crew and equipment;
- Airplane use to transport personnel and supplies to camp via proposed tundra airstrip;
- Temporary fuel storage; and,
- Operation of camp from March 2010 to March 2012 with seasonal shutdown from November to February each year.

The activities and components associated with the previous February 28, 2011 extension included:

- Extend Land Use Permit No. N2007C0009 for one year, until March 2012, in order to continue exploration activities.

CURRENT APPLICATION:

MMG Resources Inc. is applying for a new Land Use Permit (No. N2011C0033) with Aboriginal Affairs and Northern Development Canada, in order to replace its previously-issued Land Use Permit (No. N2007C0009) and continue exploration activities until March 26, 2014.

Please note that Section 12.4.3 of the NLCA states that:

> *"Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:*
>
> *(a) such component or activity was not part of the original project proposal; or*
>
> *(b) its inclusion would significantly modify the project."*

After completing a review of the information provided in support of the current application, the NIRB is of the understanding that the request for a new Land Use Permit does not change the general scope of the original project activities, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply. Therefore, this application is exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original September 9, 2008 Screening Decision Report (enclosed).

If you have any questions or concerns, please contact Tara Arko, Technical Advisor, at 867-983-4611 or tarko@nirb.ca.

Sincerely,

Ryan Barry

Ryan Barry
Executive Director

cc: Ted Muraro, MMG at ted.muraro@mmg.com
Stanley Anablak, Kitikmeot Inuit Association at sanablak@qiniq.com and geoff@qiniq.com
Phyllis Beaulieu, Nunavut Water Board at licensing@nunavutwaterboard.org

Enclosed: NIRB Screening Decision Report, File No.: 08EN067 (September 9, 2008)

UNDERTAKING:

The site in question is a camp whose primary function since inception has been to support mineral exploration activities in the immediate surrounding area. Currently, the site is on long term care and maintenance. There does however exist an interest on the part of MMG in conjunction with Nunavut Inuit Associations to make use of the site in order to facilitate potential work associated with the Izok Corridor road proposal. The scope of the work contemplated is equal to that of the previous conditions.

For this reason, we would like to renew the existing water license under the same conditions despite at the moment not having activity at the site.

The camp historically has a maximum capacity of 30 men, and under the previous scope provided an operational base for field activities as well as the use of two surface diamond drills. Field activities include surface surveying, mapping and sampling of rock and soil, geophysical surveys, as well as environmental monitoring and data collection.

ENVIRONMENT: IMPACTS AND MITIGATION

The region in question does not fall along migration routes and therefore does not directly impact the wildlife that make use of these routes. High Lake itself has shown to be void of fish by independent environmental studies conducted by Gartner Lee limited in 2004 and related to the feasibility work undertaken at that time. This corresponds to historical records of the property dating back to the initial occupation of the present camp location in the 1950's. The natural weathering of outcropping mineralization creates an acidic environment in the water that is un-inhabitable for fish. Nonetheless, water intakes are equipped with screens. Large mammals and other species of birds are rarely seen in the vicinity of the camp. MMGs wildlife management plan stipulates that low level flying, if un-necessary should be avoided, and during sensitive periods of wildlife activity, air operations proximal to those areas should be suspended. Apart from the localized activity surrounding the immediate area of the camp and drill sites, vegetation will not be greatly impacted. Direct impacts on the environment would therefore be fairly limited. At these locations, foot traffic is limited to marked pathways in order to reduce erosion. Wheeled vehicle travel is limited to permitted roadways where they exist (Izok Ham Lake site). All other transport of personnel, supplies and equipment is restricted to air and the project when active, normally counts on having a helicopter on station.

In winter, local travel is facilitated by the use of snowmobiles where terrain and snow conditions permit.

Removal of water volume from proposed water bodies would of course be one direct impact. Sources are evaluated prior to use, and a screened intake is employed on all pumps which are situated a minimum 10m distance from water bodies in containment if they are gas or diesel powered.

Some local noise around the camp (from generator), around drill sites when active, and from the helicopter and occasional aircraft is to be expected. There is sure to be some long term cumulative impacts due to the duration of the camp locations existence, which dates back to the 1950's. Periods of intense activity and the seasonal presence of activity evaluating the potential of the obvious mineral resource (outcropping pyritic mineralization creates a halo of surface alteration or "gossan") will have had some lasting impact over the years.

Table 1 – Environmental Resources and Potential Impacts

Resource/Topic	**Potential Impact**
Terrain / Permafrost	Overburden drilling will cause minor disturbance to immediate drilling areas. Contamination of terrain/permafrost and, surface and ground water due to fuel spills. Accidental fuel spills.
Hydrology	Water removal required from local water bodies for drilling. Water quality changes to groundwater if artesian well is encountered during drilling.
Surface Water Quality	None – no discharge to receiving water environment, negligible sedimentation.
Fish and Fish Habitat	Entrainment of fish and other aquatic life from water withdrawal for drilling purposes.
Vegetation	Spilled brine during drilling may result in minor damage in immediate vicinity of drill site. Minor compaction of vegetation caused by drill.
Wildlife and Wildlife Habitat	Wildlife: short-term aircraft and drilling noise, human interaction. Habitat: Minor disturbance to vegetation in drilling areas by compaction. Disturbance of wildlife from low-level aircraft activities.
Socio-economics	Positive impacts. Personnel actively employed from local communities. Continued employment opportunities for field personnel from the local communities.
Archaeology / Cultural sites	Disturbance, removal and/or destruction of archaeological specimens or sites.

Table 2: Potential Impacts and Proposed Mitigation Measures		
Resource/Topic	**Potential Impact**	**Mitigation**
Terrain / Permafrost	Overburden drilling will cause minor disturbance to immediate drilling areas. Contamination of terrain/permafrost and, surface and ground water due to fuel spills. Accidental fuel spills.	Drill rigs will be heli-portable and will not traverse the ground surface. Site will be left in a stable state. Proper storage of fuel containers and use of drip pans. See Attachment B Spill Contingency Plan.
Hydrology	Water removal required from local water bodies for geotechnical drilling.	Chilled brine will be kept in closed circulation by the drill, minimizing the amount of water used. Additional make-up water will be required if downhole circulation is lost. Amounts are expected to be minimal.
	Water quality changes to groundwater if artesian well is encountered during drilling.	If an artesian well is encountered, drilling will stop, the hole will be plugged, and the location will be recorded and reported to the Inspector.
Surface Water Quality	None – no discharge to receiving water environment, negligible sedimentation.	No mitigation required.
Fish and Fish Habitat	Entrainment of fish and other aquatic life from water withdrawal for drilling purposes.	Use of screens over intake pipe to prevent entrainment.
Vegetation	Spilled brine during drilling may result in minor damage in immediate vicinity of drill site Minor compaction of vegetation caused by drill.	Implementation of field protocols to ensure there is no brine spillage. Drill-rig will be heli-portable and will not traverse the ground surface.
Wildlife and Wildlife Habitat	Wildlife: short-term aircraft and drilling noise, human interaction. Habitat: Minor disturbance to vegetation in drilling areas by compaction.	Personnel training on wildlife-human interaction/encounters. Pre-drilling reconnaissance site visit prior to drilling activities will assist in identifying sensitive wildlife habitat. Site will be left in a stable state, promoting vegetation re-established. Any critical or sensitive wildlife species encountered during the drilling season, such as nesting raptors in the area, will be avoided by a 10 m buffer zone.

Table 2: Potential Impacts and Proposed Mitigation Measures		
Resource/Topic	**Potential Impact**	**Mitigation**
Wildlife and Wildlife Habitat	Disturbance of wildlife from low-level aircraft activities.	Low-level aircraft activity will be restricted to flights into and out of the camp for crew changes and supply deliveries.
Socio-economics	Positive impacts. Personnel actively employed from local communities. Continued employment opportunities for field personnel from the local communities.	Local employment provides jobs, employment benefits and income to individuals and families.
Archaeology / Cultural Sites	Minor disturbance to immediate drilling areas.	Pre-drilling terrain mapping and reconnaissance site visit will assist in identifying potential archaeological sites. Personnel training on archaeological resource identification. Standard notification procedures will be followed in the event that archaeological artifacts are encountered.
	Disturbance, removal and/or destruction of archaeological specimens or sites.	Project activities that encounter or disturb an archaeological site or specimen shall be stopped, and the proper regulatory authorities shall be immediately notified. All persons working on site will be made aware of this mitigation procedure and any permit conditions. Archaeological specimens or sites shall not knowingly be removed, disturbed or displaced.

CONSULTATION:

MMG continues to liase with northern communities in both the Kitikmeot and Iqivalik regions of Nunavut in relation to the Izok Corridor project. The most recent meetings held with stakeholders and regional authorities (July 2016) are documented below.

Table 3: Consultation

Date	Group	Attendees and Role/Position
July 7	Sabina	Matthew Pickard (VP Sustainable Development) Andrew (Engineering)
July 7	Sabina	Matthew Pickard (VP Sustainable Development) Andrew (Engineering)
July 8	Hamlet of Cambridge Bay	Marla Gailene
July 8	Cambridge Bay HTO Bathurst Inlet HTO Bay Chimo HTO	George Angohiatok (CBHTO) John (?) Sohangyak (CBHTO) Jimmy Haniliak (EHTO) Peter Evalik (EHTO) Peter Kapolak (OHTO) Martina Kapolak (OHTO) Mark Haongak (EHTO) Nancy Haniliak (Bay Chimo HTO) Mercy Panegyuk (EHTO) John Haniliak (Bay Chimo HTO)
July 9	TMAC	Alex Buchan Gord Catherine Farrow
July 10	GN/KIA/NRC	Premier Nunavut President NTI CEO NTI VP NTI President KIA Executive Sec KIA President NRC Director NRC
July 10	Cam Bay Search and Rescue Cam Bay Coast Guard Auxiliary	Jimmy
July 11	North Slave Metis Association	Shin Shiga
July 11	Yellowknives Dene	Alex Power
July 11	Stantec (GBRP)	Erica Bonhomme
July 13	Kugluktuk Search and Rescue	Jack Ryan Nivingolak
July 11	Chamber of Mines	Tom Hoefer
July 11	Tlicho	Grace McKenzie

July 12	INAC	Baba Pedersen
July 12	Kugluktuk Mayor and Council	Ryan Nivingolak Fred Bil (EDO) Lucy Donald Havioyak
July 13	Kugluktuk HTO	Johnny Nivingolak
July 13	KIA Lands	Geoff Clark Donald Havioyak
July 13	Kugluktuk Search and Rescue	Jack Ryan Nivingolak

SECURITY BOND:

Estimated closure and reclamation costs for complete removal of site infrastructure: $100,000.00

A security bond remains in place with the Kitikmeot Inuit Association regulatory agency from the previous Land Use Agreement to be used for dealing with any potential environmental liabilities related to removal of the site infrastructure and closure. An additional bond may also remain in place with the AANDC. It is estimated that the aforementioned bonds should cover the closure and reclamation cost estimations.

STATEMENT OF FINANCIAL SECURITY:

Financial Statements provided for the year ending Dec.31, 2016.

FINANCIAL RESOURCES AND LIQUIDITY

FOR THE YEAR ENDED 31 DECEMBER	2016 US$ MILLION	2015 US$ MILLION	CHANGE US$ MILLION
Total assets	15,230.0	14,660.0	570.0
Total liabilities	12,640.4	12,484.8	155.6
Total equity	**2,589.6**	**2,175.2**	**414.4**

Total equity increased by US$414.4 million to US$2,589.6 million as at 31 December 2016, mainly reflecting the US$504.2 million net proceeds from the Rights Issue completed in December 2016, which was partially offset by the US$98.7 million net loss after tax for the year.

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern, support the Group's sustainable growth, enhance Shareholder value and provide capital for potential acquisitions and investment.

The gearing ratio for the MMG Group is set out below, with gearing defined as net debt (total borrowings excluding finance charge prepayments, less cash and cash equivalents) divided by the aggregate of net debt plus total equity.

MMG GROUP	2016 US$ MILLION	2015 US$ MILLION
Total borrowings (excluding prepayments)	10,339.5	10,357.8
Less: cash and cash equivalents	552.7	598.3
Net debt	**9,786.8**	**9,759.5**
Total equity	2,589.6	2,175.2
Net debt + Total equity	**12,376.4**	**11,934.7**
Gearing ratio	**0.79**	**0.82**

1. Borrowings at an MMG Group level reflect 100% of MMG SAM borrowings. MMG SAM's borrowings have not been reduced to reflect MMG's 62.5% equity interest in the Las Bambas Joint Venture Company. This is consistent with the basis of preparation of MMG's financial statements.

	NOTE	AS AT 31 DECEMBER 2016 US$ MILLION	2015 US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment	13	12,084.3	11,873.0
Intangible assets	14	620.6	626.6
Inventories	17	29.8	61.2
Deferred income tax assets	18	291.1	368.5
Other receivables	19	160.2	82.0
Other financial assets	20	12.5	12.4
Total non-current assets		**13,198.5**	**13,025.7**
Current assets			
Inventories	17	345.7	281.7
Trade and other receivables	19	755.5	719.2
Loan to a related party	29(d)	95.0	–
Current income tax assets		5.5	1.4
Derivative financial assets	12	16.7	–
Other financial assets	20	0.2	14.9
Cash and cash equivalents	21	552.7	598.3
		1,771.3	1,615.5
Assets of disposal group classified as held for sale	28	260.2	18.8
Total current assets		**2,031.5**	**1,634.3**
Total assets		**15,230.0**	**14,660.0**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	2,863.3	2,359.1
Reserves and retained profits	23	(1,832.8)	(1,692.5)
		1,030.5	666.6
Non-controlling interests	16	1,559.1	1,508.6
Total equity		**2,589.6**	**2,175.2**

The accompanying notes are an integral part of these consolidated financial statements.

	NOTE	AS AT 31 DECEMBER 2016 US$ MILLION	2015 US$ MILLION
LIABILITIES			
Non-current liabilities			
Borrowings	24	9,516.2	9,986.2
Provisions	25	831.3	775.8
Other payables	26	-	134.6
Deferred income tax liabilities	18	683.0	744.0
Total non-current liabilities		**11,030.5**	**11,640.6**
Current liabilities			
Borrowings	24	737.0	276.9
Provisions	25	141.0	137.7
Trade and other payables	26	662.6	393.0
Current income tax liabilities		31.1	31.8
Derivative financial instruments	12	5.8	0.3
		1,540.1	**839.7**
Liabilities of disposal group classified as held for sale	28	69.8	4.5
Total current liabilities		**1,609.9**	**844.2**
Total liabilities		**12,640.4**	**12,484.8**
Net current assets		**421.6**	**790.1**
Total equity and liabilities		**15,230.0**	**14,660.0**

The accompanying notes are an integral part of these consolidated financial statements.

JIAN Jiao
CEO and Executive Director

JIQING Xu
Executive Director

CERTIFICATE OF INCORPORATION:

BRITISH COLUMBIA

Number: BC1102339

CERTIFICATE
OF
AMALGAMATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that MMG CANADA EXPLORATION INC., incorporation number BC0866493, and MMG CANADA MANAGEMENT INC., incorporation number BC0790203, and MMG CANADA OPERATIONS INC., incorporation number BC0785573, and MMG RESOURCES INC., incorporation number C1031876 were amalgamated as one company under the name MMG RESOURCES INC. on January 1, 2017 at 12:01 AM Pacific Time.

Issued under my hand at Victoria, British Columbia
On January 1, 2017

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

ELECTRONIC CERTIFICATE

STUDIES UNDERTAKEN TO DATE:

The list of studies undertaken to date is exhaustive. Since the 1950s several groups have made concerted efforts to bring the High Lake deposit through a positive feasibility study with the intention of development. In accompaniment exploration efforts in the immediate surrounding area of somewhat added to the resource. Despite best efforts however, the economics of the deposit continue to be marginal at present metals prices, primarily due to the projects remote location and lack of infrastructure.

The table below presents a summary of the larger efforts over that time period.

Table 4: Project History

PERIOD OF INVOLVEMENT	COMPANY	STUDIES UNDERTAKEN
1950 - 1965	TEXAS GULF	Surface exploration and drilling
1970 - 1980	Various	Surface exploration and drilling
1985 - 1994	ABER RESOURCES	Surface exploration and drilling
2000 - 2007	WOLFDEN RESOURCES	Surface exploration and drilling. Discovery of West zone. Pre-feasibility studies
2008	ZINIFEX / OZ MINERALS	Surface exploration and drilling. Pre-Feasibility and Feasibility studies. EIA permitting path.
2009 - Present	MMG	Surface exploration and drilling. Discovery of High Lake East zone. New Feasibility study and continuation of permitting.

A detailed account of MMGs involvement over the last ten years is provided in Appendix A

ANNUAL REPORTING:

Annual reports have been provided to the regulatory bodies that oversee land and water usage on both Crown and IOL ground, in addition to other agencies like the Nunavut Impact Review Board. A copy of the most recent annual report is provided in Appendix B of this document.

APPENDICES

Appendix A – Detailed Work History

DETAILED WORK HISTORY.pdf

Appendix B – Annual Report 2016

HL 2016 Annual Report_NWB_final.pc

Appendix C – Inuktitut Translation

PENDING

Appendix D – Spill Plan

HL_Spill Plan2014.pdf

Appendix E – Abandonment and Restoration Plan

HL_A_and_R Plan_revised_JAN201

Appendix F - Waste Management Plan

WASTE MANAGEMENT PLAN.