

September 19, 2022

Richard Dwyer
Manager of Licensing
Nunavut Water Board
PO Box 119
Gjoa Haven, NU
X0B 1J0

RE: Application for Renewal with Amendment of Water Licence 2BE-HIG1722

Dear Richard,

MMG Resources Inc. (MMG) is requesting a renewal with amendment of water licence 2BE-HIG1722 (the Licence) for the High Lake Project (the Project), which expired on August 3, 2022. The renewal request is for a further 5 years to allow continued field activities in this area.

The requested amendment will allow flexibility in the allocation of water and the provision of sufficient water for the High Lake Camp. MMG is requesting that the total water allotment for this licence (100 m³/day) not be partitioned into 'drilling' and 'domestic' uses.

The Project has been in long-term care and maintenance since 2015. The Project has been reduced to the Crown Indigenous Relations and Northern Affairs Canada (CIRNAC) surface lease 76M/7-1-11 footprint underlying the High Lake Camp. The High Lake Camp currently consists of five temporary plywood structures; all other structures have been removed as part of progressive reclamation activities. All hazardous materials have been removed from site, including all salt, chemicals and fuel, and bulk fuel tanks have been cleaned and taken out of service. High Lake Camp has been secured for long-term suspension of activities. MMG conducts routine site inspections to confirm site stability and address maintenance issues. MMG last inspected the site in August of 2021 and August 2022 to undertake site maintenance and reclamation activities.

As indicated during the previous renewal of this Licence, and noted within the Licence, MMG intends to retain use of the camp and water licence 2BE-HIG1722.

At present, the Licence states that "*The Licensee shall obtain all water for domestic use from High Lake, not exceeding five (5) cubic meters per day. Water use for drilling and associated uses shall be obtained as required from sources proximal to the drilling targets and shall not exceed 95 cubic metres per day. The total volume of water for all purposes under this Licence shall not exceed 100 cubic meters per day.*"

This application is requesting that this condition be revised to state simply that "*The Licensee shall obtain all water for domestic use from High Lake, ~~not exceeding five (5) cubic meters per day. Water use for drilling and associated uses shall be obtained as required from sources proximal to the drilling targets and shall not exceed 95 cubic metres per day.~~ The total volume of water for all purposes under this Licence shall not exceed 100 cubic meters per day.*" This amendment would not alter total water use or water sources being used.

The reasons and support for this request are summarized below:

1. Total water usage would remain below 100 cubic metres per day (m³/day) (no change total water use)
2. Water usage would be withdrawn from the same waterbody as originally assessed and currently permitted for domestic and drilling purposes (no change in water source)
3. 5 m³/day for domestic use is insufficient for the approved Project activities (which include exploration as well as supporting baseline and monitoring programs and reclamation activities)
4. As these allotments are also regulated on a daily basis (unlike Type A water licences) the ability to fully use this water is further constrained as these amounts cannot be averaged over even a week or month
5. Project activities are seasonal and, even in a high-activity year, rarely occur for more than one season
6. While the camp is open, water use will often be less than 100 m³/day
7. High Lake has an approximate volume of 7.3 million cubic metres; if all withdrawals were from High Lake and the full 100 m³/day allotment was withdrawn every day of the year, total annual withdrawal would be less than 1% of High Lake's volume
8. It is also noted that this Project has been in long-term care and maintenance since 2015

This application has been developed to address all Nunavut Water Board (NWB) requirements for a renewal with amendment. An overview of pertinent application information is provided below.

Application Form

A completed application form is included as Attachment 1. A map showing the Project location is included as Attachment 2.

Scope of Activities Proposed Under the Water Licence Renewal and Amendment

Activities and total water use will be consistent with current authorizations and water licence 2BE-HIG1722. This application does not represent a change in scope for the Project with the exception that total water use not be subdivided into 'domestic' and 'drilling' allocations.

Previous Land Use Planning Conformity and NIRB Screenings

As per the requirements of the *Nunavut Planning and Project Assessment Act*, this application has been submitted to the Nunavut Planning Commission (NPC) for a determination of whether a land use plan conformity review and a screening by Nunavut Impact Review Board (NIRB) is required. This Project was last reviewed by the NPC during the 2017 renewal of this Licence. An NPC determination concluding that the Project was outside the area of an applicable land use plan and that it was exempt from screening by the NIRB was issued on June 20, 2017 (Attachment 3; NPC File # 148606).

The first Type B Water Licence for the High Lake Project was issued in 2001 and has undergone multiple renewals and amendments since that time. The Licence was last renewed without amendment in 2017. The NIRB has conducted multiple screenings in relation to the High Lake Project over the years, under file numbers:

- 12MN043 (Izok Corridor)
- 06EN048 (High Lake)
- 12YA007 (Izok and High Lake Project 2012 Environmental Baseline Program)
- 08EN067 (High Lake Project – Canoe Lake Area)
- 07YN055 (Biophysical Baseline Study Program for the Izok to High Lake Road Project)
- 06MN082 (High Lake)

- 04YN073 (Baseline Study Program for the High Lake)
- 03EN053 (High Lake Project)
- 01WN021 (High Lake Property)

All Screening Decision Reports can be found on the NIRB public registry. Screening Decision Reports for NIRB File No. 06EN048 (mineral exploration - licence renewal) and 12YA007 (Baseline activity) have been included here as Attachments 4 and 5 respectively as examples of the most recent and relevant decisions.

MMG notes that the High Lake Project remains located outside of a planning region with an approved regional land use plan. Additionally, both total water use and water sources will remain the same at those previously considered by the NIRB. As a result, it is anticipated that neither an NPC conformity review nor an additional NIRB screening will be required.

Updated Plans

MMG's environmental management plans for the High Lake Project Water Licence have recently been reviewed and updates were submitted to the NWB with the 2021 Annual Report required by Part B, Item 2, of the Licence. The Spill Contingency Plan and Abandonment and Restoration Plan will be included as Attachments 6 and 7.

Updated Security Assessment

MMG has updated the liability estimate for the Project and it will be included within the Abandonment and Restoration Plan in Attachment 7.

Updated Financial Statement

MMG Resources Inc. is a subsidiary of MMG Ltd. MMG Ltd.'s most recent financial statements can be found on its website at <https://www.mmq.com/annual-report>. The 2021 annual financial results indicate that MMG had cash and cash equivalents of \$1.255 million USD as of December 31, 2021. More information is available at: https://www.mmq.com/wp-content/uploads/2022/04/MMG_AR_2021.pdf

Compliance Assessment / Status Reports

The CIRNAC Water Resources Inspector inspection reports can be found on the NWB public registry, along with annual reports documenting all activities and monitoring related to water use and waste disposal. No CIRNAC inspections were conducted under this licence during the licence term, nor did any spills occur during this period of long-term care and maintenance. MMG is actively undertaking Project site maintenance and progressive reclamation activities during annual site visits. A plan for historic drill site inventory and reclamation has been discussed with CIRNAC and will be implemented over the next licence term.

English and Inuktitut Summaries of Renewal Application

An English plain language summary has been provided in Attachment 8. An Inuktitut translation will be provided once completed.

Application Fee and Water Use Deposit

The renewal application fee was paid to the NWB on June 3, 2022. Water use fees are up-to-date.

Supplemental Information Guideline Concordance Table

A Supplemental Information Guideline Concordance Table focused on amendment request changes and impacts is provided in Attachment 12 of this application.

Should you have any questions or concerns please contact Sarah Hasek, Tenement Officer, MMG Resources Inc. sarah.hasek@mmg.com Ph: 603-358-8155, who is the MMG representative regarding this renewal.

Regards,



Mario Car

Head of Projects, MMG Ltd.
mario.car@mmg.com

Enclosed:

Attachment 1 – Application Form

Attachment 2 – Project Map

Attachment 3 – NPC Conformity Determination

Attachment 4 – Screening Decision Report for NIRB File No. 06EN048 (High Lake Licence Renewal)

Attachment 5 – Screening Decision Report for NIRB File No. 12YA007 (Baseline)

Attachment 6 – Exploration Spill Contingency Plan

Attachment 7 – Abandonment and Restoration Plan

Attachment 8 – Non-Technical Summaries

Attachment 9 – Authorization Letter

Attachment 10 – List of Leases, Permits and Authorizations

Attachment 11 – Certificate of Amalgamation

Attachment 12 – Advanced Exploration SIG Concordance Tables