High Lake Annual Report

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Contents

1 Project Summary

The MMG Resources Inc. High Lake Project is a mineral exploration project focused on base metal exploration in the High Lake volcanic 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 45km south of the Coronation Gulf.

The High Lake deposits were first discovered in the mid-1950's, and have been worked through the 1970's and 1990's by various companies. Wolfden Resources obtained the property in the year 2000 and began work in 2001. Through the 2001 - 2005 exploration seasons, Wolfden conducted ground and airborne geophysics, as well as diamond drilling. In total, Wolfden has drilled 156 diamond drill holes, for a total of 270 holes when historic exploration is included. Highlights of Wolfden's program include the discovery of the "West Zone" in 2003, located approximately 1.5km to the west of the High Lake camp. Diamond drilling by Wolfden and others has indicated a resource of 14.3 million tonnes grading 2.34% Copper, 3.53% Zinc, 1.01 g/t Gold and 75.69 g/t Silver (copper equivalent of 4.70%). There is a further inferred resource of 1.3 million tonnes grading 1.17% Copper, 3.35% Zinc, 0.78 g/t Gold and 76.52 g/t Silver (copper equivalent of 3.29% Copper). Wolfden Resources was acquired by Zinifex in 2007. Zinifex Ltd. merged with Oxiana Ltd. in early 2008 to form OZ Minerals Ltd. These assets were purchased from OZ Minerals in 2009 and are currently held by MMG Resources Inc.

The 2009 program consisted of a short diamond drilling program, geological mapping, prospecting and ground geophysical surveying (including Induced Polarization surveys and Electromagnetic Surveys). One diamond drill was used, a Boyles 17A. The project began July 27th and concluded on September 1st. Exploration work was focused on the Canoe Lake area and the High Lake East area.

The campsite, which is located on the southwest shore of High Lake, consists of 16 canvas tents, and 5 temporary plywood clad structures and is designed to accommodate 40 people. The camp is located on a government of Canada land lease which has been excluded from the IOL CO-29 land package. This site is convenient due to its proximity to the main High Lake deposit and its historic use as a camp location. In 2008, camp occupancy reached a maximum of 38 persons, but typically was less than 35 persons.

2 Water Use

Water use on the High Lake project is resultant from two activities; diamond drilling and camp operations. Diamond drilling began with one drill on August 2, 2009 and concluded August 27, 2009. 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 1. Maps indicating the locations of water sources and sumps are provided in figure 1. Before and after photos of each of the drill sites are provided in photos 1a to 4b.

Table 1.

Hole ID	Location (Nad 27, Zone 12)		Area	Water Source		Cuttings	
	Easting	Northing		Easting	Northing	Easting	Northing
CNL-09-001	495166	7447101	North-North	495054	7447194	495198	7447118
CNL-09-002	494973	7447011	North-North	495054	7447194	495000	7446997
CNL-09-003	495095	7447069	North-North	495054	7447194	495074	7447024
CNL-09-004	495243	7447162	North-North	495054	7447194	495211	7447123

The High Lake Camp utilizes water from High Lake (506820E, 7473520N) where it is measured by flow meter before entering into the storage tanks. The High Lake Camp consumed an average 3.02m^3 per day over the course of the exploration season. Water use for the camp operation began July 27, 2009 and ended September 1, 2009. The total volume of water consumed by the High Lake camp was 102.09m^3. The camp grey water sump is located behind camp at 506750E, 7473392N.

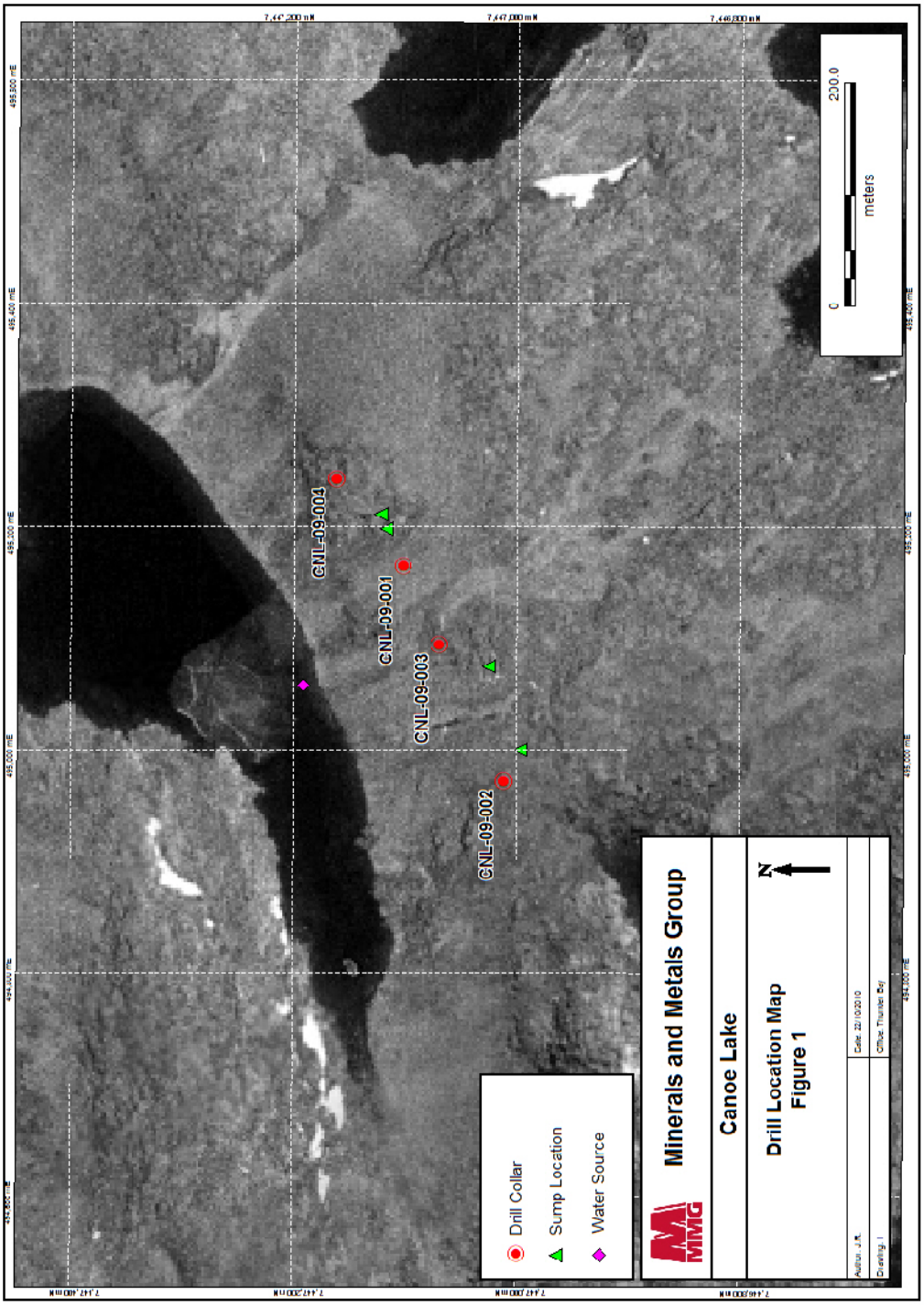
CNL-09-004
CNL-09-001
CNL-09-003
CNL-09-002
Drill Collar
Sump Location
Water Source
Minerals and Metals Group
Canoe Lake
Drill Location Map
Figure 1
N
200.0
0
meters

Photo 1a: CNL-09-001 – before

Photo 1b: CNL-09-001 – after

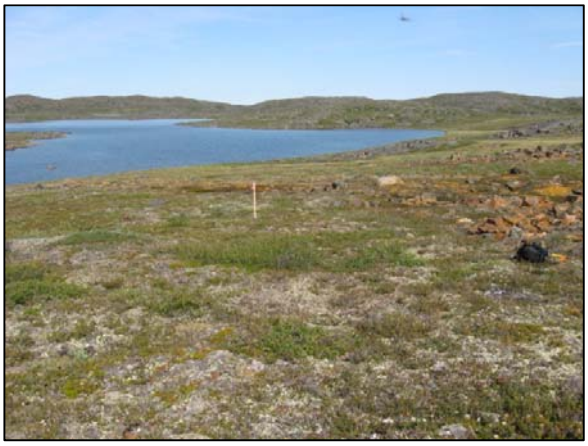

Photo 2a: CNL-09-002 – before

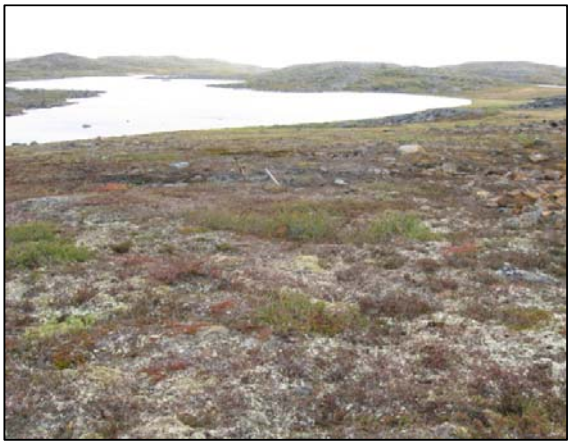

Photo 2b: CNL-09-002 – after

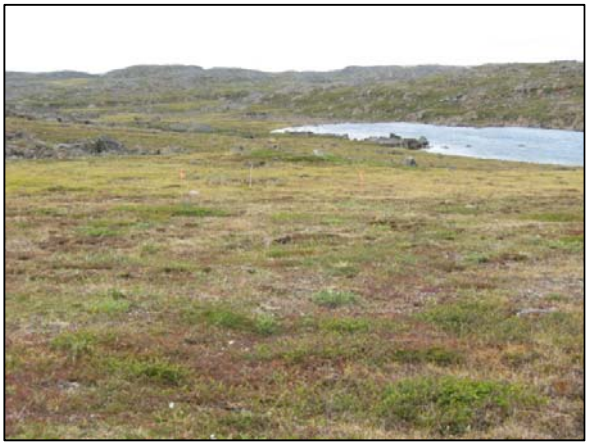

Photo 3a: CNL-09-003 – before

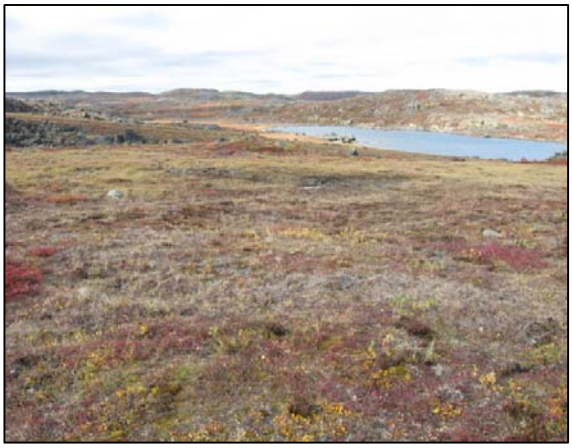

Photo 3b: CNL-09-003 – after

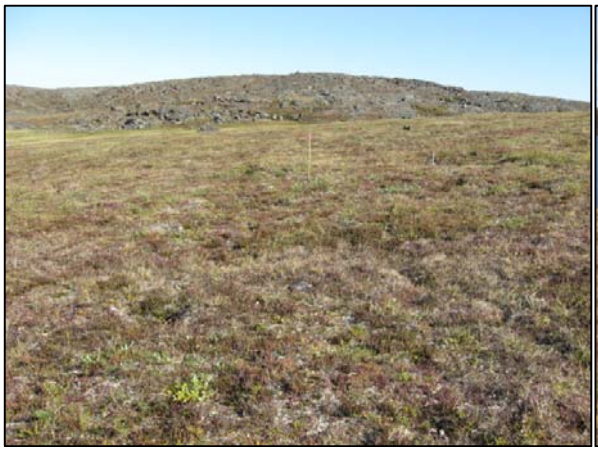

Photo 4a: CNL-09-004 – before

Photo 4b: CNL-09-004 – after

3 Unauthorized Discharges

No unauthorized discharges during the exploration program and reporting period.

4 Spill Contingency Plan / Abatement 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 1 (digital).

5 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.

6 Other Details Requested by the NWB

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.