HIGH LAKE

2013 Annual Report

Reporting on 2012 Exploration Activities

Presented

January 2013

MINERALS AND METALS GROUP

26th FLOOR, 1177 WEST HASTINGS ST., VANCOUVER BC, V6E 2K3

TEL. 778 373 5600

FAX 778 373 5598

TABLE OF CONTENTS

FIGURES

TABLES

APPENDICES

PROJECT DESCRIPTION:

High Lake

MMG Resources Inc. is an exploration and mining development company focused on base metals. The High Lake deposit is located in the Kitikmeot region of Nunavut, approximately 550km due north of Yellowknife, and 175km to the East Southeast of Kugluktuk. It is roughly 45km from the Coronation Gulf area of the Arctic coast.

The High Lake deposits were first discovered in the mid-1950's, and have been worked on through the years by various companies. MMG obtained the property in 2009 following a series of corporate takeovers and began work in 2010, following up on work done by Texas Gulf, Aber, Wolfden and Zinifex.

The discovery of the "West Zone" in 2003 by Wolfden Resources, located approximately 1.5km to the west of the High Lake camp, caused renewed interest in the property. Exploration diamond drilling on the property to date 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).

In 2008 Zinifex/Oz Minerals took the High Lake property through the initial stages of permitting towards development after the completion of a Pre-Feasibility Study. The property has been the focus of several years of engineering studies and environmental baseline work, which is continuing under MMG.

Regional exploration work surrounding the property in 2009 identified a surface showing 45km to the Southeast of the historic High Lake deposit, initially called MOLYMAG and now referred to as High Lake East. This showing was drilled in 2010 and 2011 to some success, identifying mineralization in a greenstone belt hosted within a similar geological setting to High Lake. The extent of this potential resource remains to be completely defined. The High Lake East property has surface showings of copper, zinc, silver and molybdenum and consists of 25 mineral claims that cover approximately 25,975 ha.

The historic campsite, which is located on the southwest shore of High Lake, consists of 14 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. The frozen lake surface will take a Hercules in winter which makes it an ideal staging area for annual re-supply to support work in the region. Camp occupancy in 2012 reached 30 individuals during the busiest part of the season.

High Lake East

The High Lake East property has surface showings of copper, zinc, silver and molybdenum and consists of 25 mineral claims that cover approximately 25,975 ha. The High Lake East property sits approximately 40km south-east of the High Lake deposits and the existing High Lake Camp.

Very little historic work has been completed on or near the existing High Lake East Claims. Two periods of government mapping have occurred since the 1960s. The area was mapped at 1:506880 scale as part of an extensive regional mapping program in 1962 by Bostock et al. In 1986, the area was re-mapped at 1:50000 scale by Jackson et al. This mapping extended the known package of volcanic rocks south of the James River.

In 1995, several base metal anomalies were identified by Banshee and Snowpipe Resources, but were not investigated in detail.

Interest in the volcanic rocks mapped by Jackson et al (1986) led Zinifex to complete a MEGATEM survey (Fugro Airborne Surveys) over the area in 2007, and ground follow-up of EM responses led to the discovery of base metal-rich boulders.

The campsite at High Lake East is located in a flat area near an esker on the south shore of the James River and sits on Inuit Owned Land Parcel BB-68. (see Figure 1).

Access is by air from Yellowknife in twin otter. Two short esker airstrips allow for ski access in the winter months and wheeled access in the summer with limited payloads. The camp itself provides accommodations for up to 20 people, in wood frame prospector style tents. Fuel is cached in drums within secondary containment berms onsite. Water for domestic use is drawn on a daily basis from the James River. Burnable waste is incinerated daily onsite in a forced air furnace and subsequently sealed in drums and air lifted to Yellowknife for proper disposal.

EXPLORATION PROGRAM 2012:

The 2012 field season consisted of a diamond drilling program predominantly focussed on engineering studies which continue to move the project forward to feasibility. A total of 41 holes were completed involving 8,500 meters of core drilling. The drilling was carried out by two drills over a period of 4 months beginning in April and finishing in June (see drilling locations Figure 2 and Table I). In addition to diamond drilling, a total of 62.2 line km. of electromagnetic geophysical surveys were completed.

Extensive environmental baseline work was completed both around the High Lake deposit site and at the coast in Grays Bay where a potential port site location has been identified in the project proposal submitted for ongoing development permitting. Work carried out included fish, bird and mammal counts, vegetation and soil studies, surface and ground water studies, marine studies in all disciplines including shoreline and off-shore, and archaeological surveys.

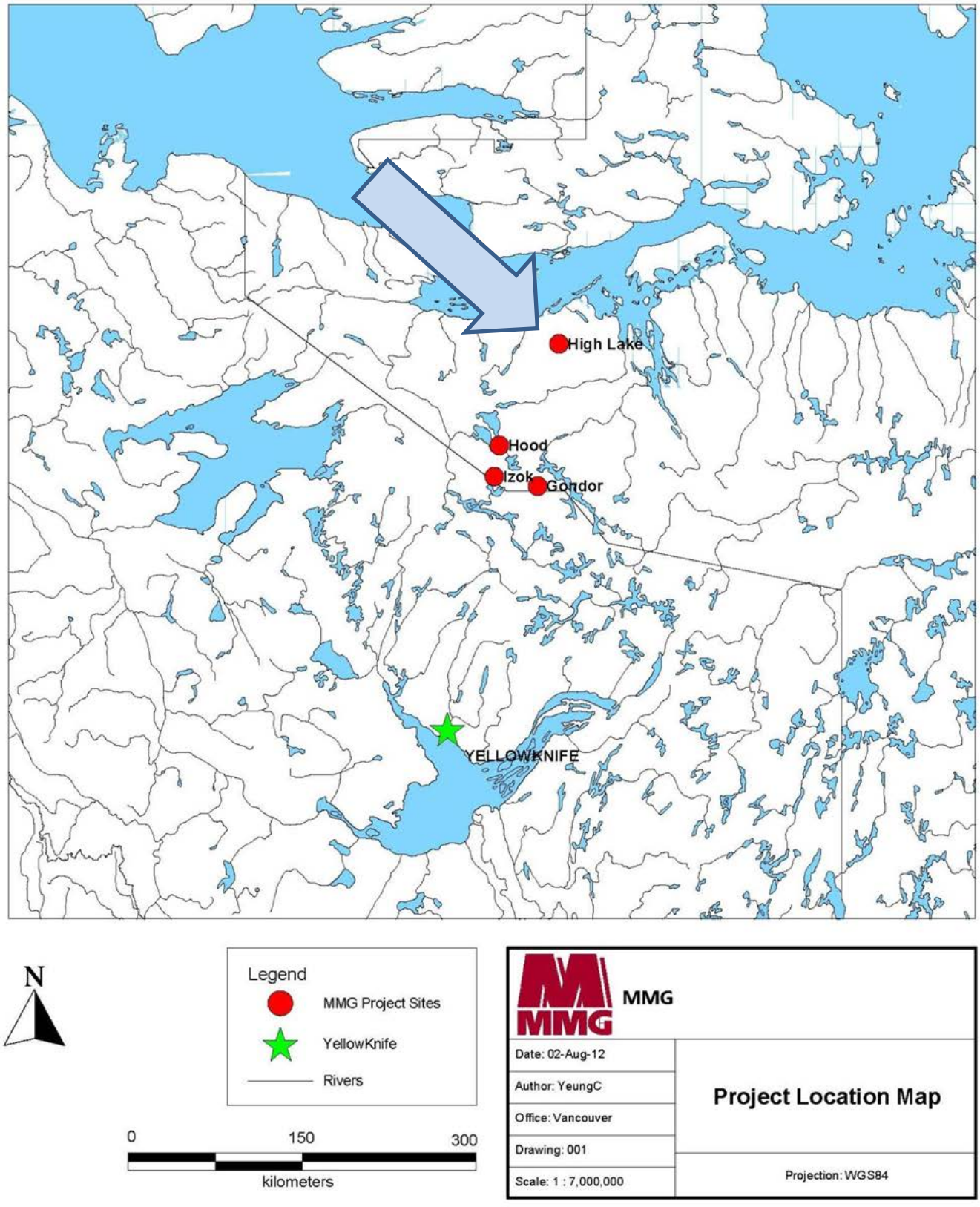
PLANNED EXPLORATION PROGRAM 2013:

The historic High Lake camp will be opened and occupied in March, as it will see some additional drilling this year in addition to its role as a logistical base for fuel re-supply. A total of 3 - 6 shallow engineering drill holes are contemplated that will serve to test ground water in and around the deposit location. The High Lake site will be used throughout the season as an operational base for the continued environmental work that is planned for 2013 in support of feasibility studies and permitting.

MMG also has regional exploration work planned in the greenstone belts that are located to the Southwest of High Lake. It is likely that helicopter supported prospecting teams carrying out this work will also use High lake as a base for their operations for at least some portion of the field season.

Camp population is not expected to exceed 25 individuals at any one time.

Figure 1: Project Location



High Lake Area of Work

MMG | Minerals And Metals Group

555-999 Canada Place, Vancouver, British Columbia, V6C 3E1 Canada
Group Office: GPO Box 19421, Southbank, Victoria 3006 Australia

Projection: Universal Transverse Mercator
Zone 12
False Easting: 500000.000
False Northing: 0.000
Central Meridian: 111° 00' 00" W
Scale Factor: 0.999600
Latitude Of Origin: 0° 00' 00"
Linear Unit: Meter

Datum: North American Datum 1983

N

Scale: 1:150,000

0 1,000 2,000 3,000 4,000 5,000 6,000 7,000 8,000 9,000 10,000
Meters

Legend

- Area of work currently covered by existing permit.

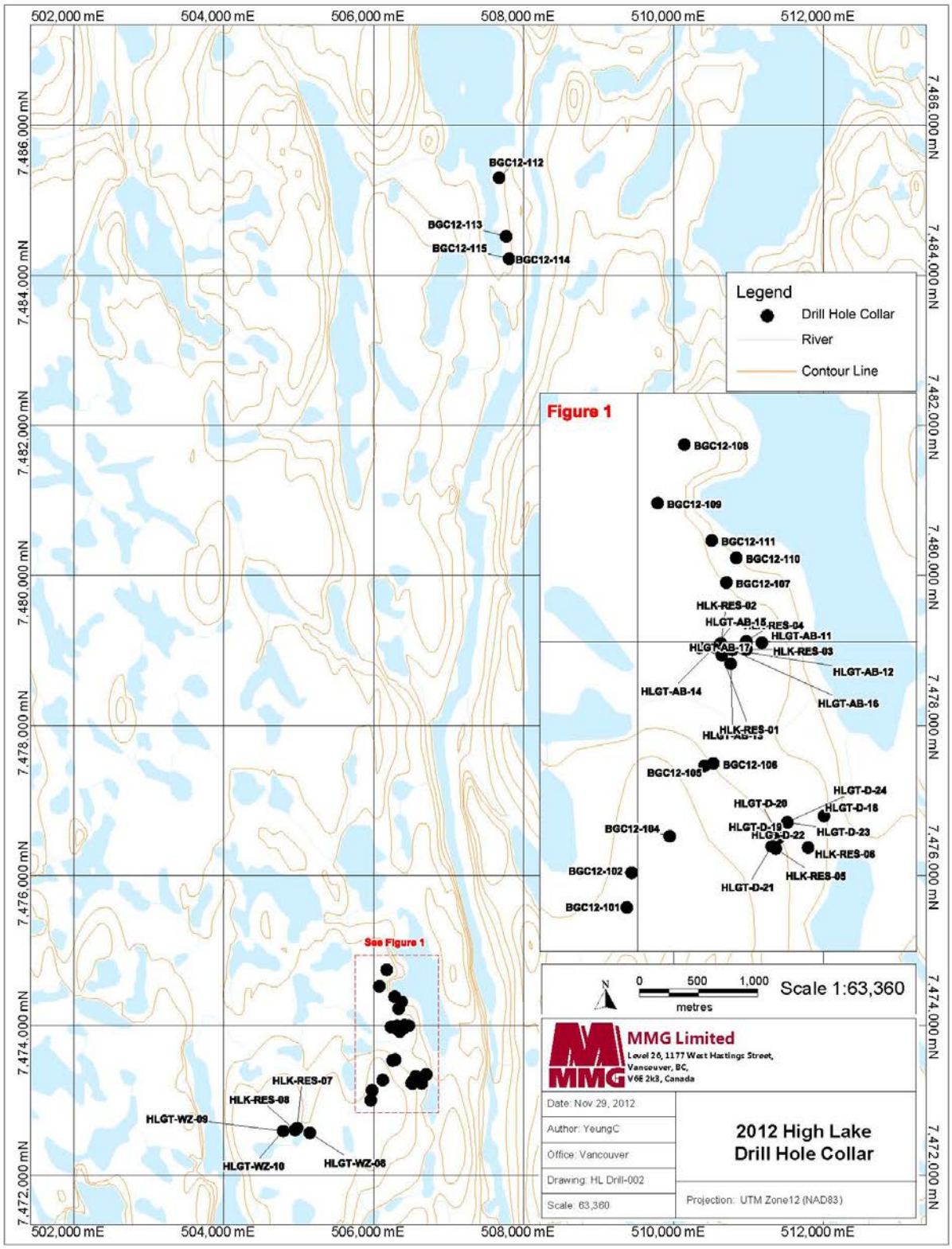
Inuit Owned Lands - Mineral Rights

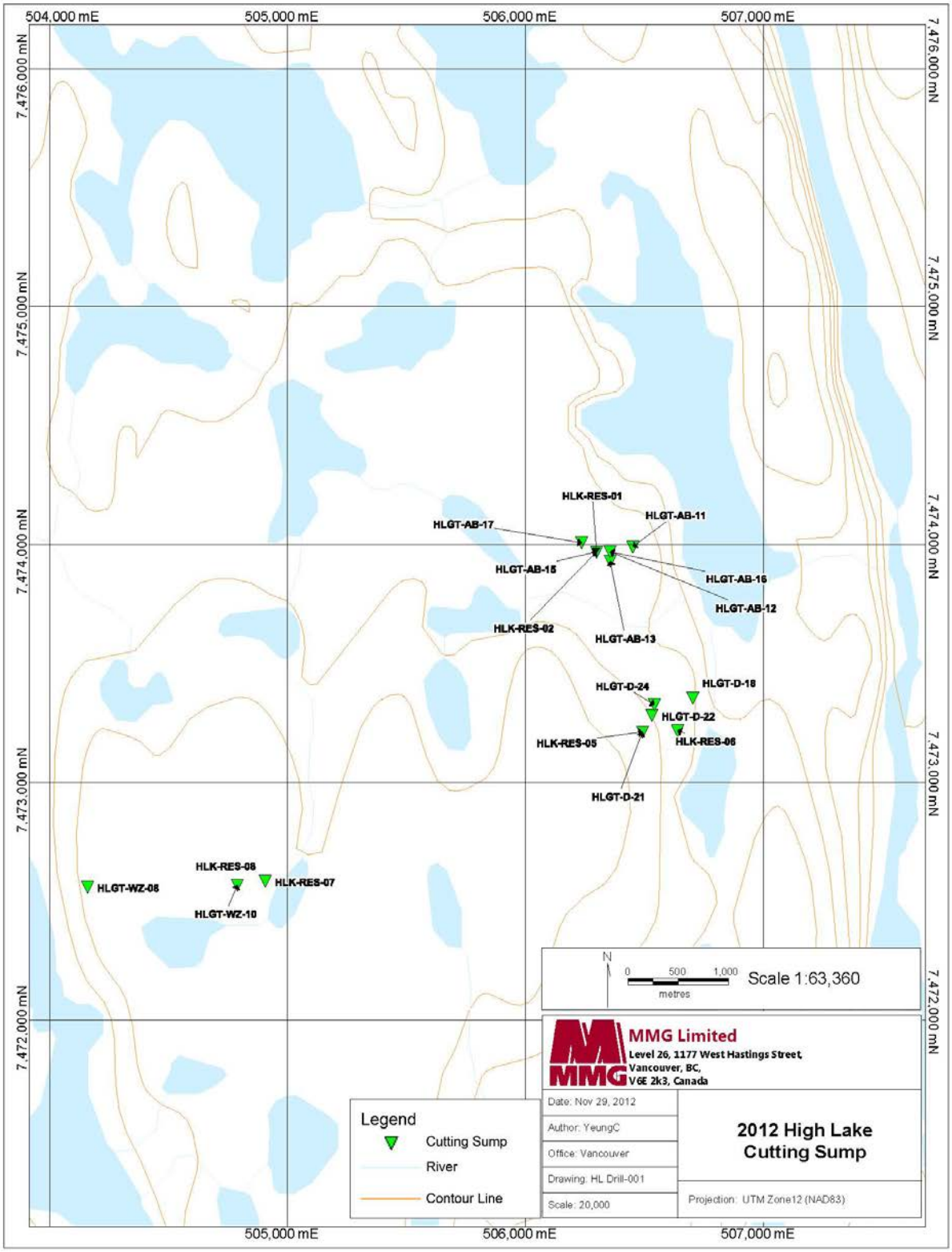
- Surface\Subsurface Rights
- Surface Rights Only

- Esker
- Streams
- Small Falls; Chutes
- Rapids; Falls
- Lake; Major Rivers
- Marsh; Swamp; Bog
- Sand; Raised Beaches
- Spot Elevation; Precise
- Contours

Table I : 2012 Drill Hole Summary High Lake

HOLE ID #	EASTING	NORTHING	DEPTH (M)	SUMP EASTING	SUMP NORTHING
HLGT-WZ-09	504792.4	7472592.9	358.4		
HLGT-WZ-10	504792.4	7472592.9	358.4	504789	7472568
HLGT-WZ-08	505147.2	7472568.4	359.8	504159	7472560
HLGT-D-21	506503.0	7473231.0	350.9	506492	7473211
HLGT-D-20	506532.0	7473266.0	347.4		
HLGT-D-19	506532.0	7473266.0	347.4		
HLGT-D-22	506532.0	7473266.0	347.4	506531	7473282
HLGT-D-23	506562.1	7473322.1	335.5		
HLGT-D-24	506562.1	7473322.1	335.5	506542	7473326
HLGT-D-18	506699.4	7473346.3	298.9	506703	7473355
HLGT-AB-11	506466.0	7473996.0	308.0	506451	7473989
HLGT-AB-12	506355.0	7473969.0	322.0	506355	7473969
HLGT-AB-13	506349.0	7473918.0	329.0	506355	7473930
HLGT-AB-14	506290.0	7473979.0	326.7		
HLGT-AB-15	506290.0	7473979.0	326.7	506299	7473968
HLGT-AB-16	506355.0	7473969.0	322.0	506355	7473969
HLGT-AB-17	506231.0	7473978.0	341.0	506236	7474007
HLK-RES-01	506315.3	7473950	320	506299	7473968
HLK-RES-02	506312	7473994	310	506299	7473968
HLK-RES-03	506408	7473971	304	5063355	7473989
HLK-RES-04	506407.505	7474001.75	300	5063355	7473989
HLK-RES-05	506518	7473224	345	506492	7473211
HLK-RES-06	506639.8	7473227.45	300	506639	7473217
HLK-RES-07	504977.859	7472631.26	350	504906	7472585
HLK-RES-08	504952.216	7472604.9	325.1	504906	7472585
BGC12-101	505959	7473002	13.5	N/A	N/A
BGC12-102	505977	7473133	15.0	N/A	N/A
BGC12-104	506120	7473270	15.1	N/A	N/A
BGC12-105	506251	7473534	21.0	N/A	N/A
BGC12-106	506284	7473543	15.0	N/A	N/A
BGC12-108	506175	7474740	15.7	N/A	N/A
BGC12-109	506075	7474520	14.8	N/A	N/A
BGC12-111	506278	7474380	14.2	N/A	N/A
BGC12-110	506370	7474315	20.8	N/A	N/A
BGC12-107	506333	7474222	15.4	N/A	N/A
BGC12-103	506370	7474314	15.5	N/A	N/A
BGC12-112	507671	7485301	14.1	N/A	N/A
BGC12-113	507764	7484519	16.5	N/A	N/A
BGC12-114	507805	7484223	13.6	N/A	N/A
BGC12-115			20.3	N/A	N/A
BGC12-116	505984	7473345	16.0	N/A	N/A


502,000 mE
504,000 mE
506,000 mE
508,000 mE
510,000 mE
512,000 mE
7,486,000 mN
7,484,000 mN
7,482,000 mN
7,480,000 mN
7,478,000 mN
7,476,000 mN
7,474,000 mN
7,472,000 mN
BGC12-112
BGC12-113
BGC12-115
BGC12-114
Legend
Drill Hole Collar
River
Contour Line
Figure 1
BGC12-108
BGC12-109
BGC12-111
BGC12-110
BGC12-107
HLK-RES-02
HLGT-AB-15
HLK-RES-04
HLGT-AB-11
HLGT-AB-17
HLK-RES-03
HLGT-AB-12
HLGT-AB-14
HLGT-AB-16
HLK-RES-01
BGC12-105
BGC12-106
HLGT-D-24
HLGT-D-20
HLGT-D-18
HLGT-D-19
HLGT-D-22
HLGT-D-23
BGC12-104
HLK-RES-06
BGC12-102
HLK-RES-05
HLGT-D-21
BGC12-101
See Figure 1
HLK-RES-07
HLK-RES-08
HLGT-WZ-09
HLGT-WZ-10
HLGT-WZ-06
N
0
500
1,000
metres
Scale 1:63,360
MMG Limited
Level 26, 1177 West Hastings Street,
Vancouver, BC,
V6E 2k3, Canada
Date: Nov 29, 2012
Author: YeungC
Office: Vancouver
Drawing: HL Drill-002
Scale: 63,360
2012 High Lake
Drill Hole Collar
Projection: UTM Zone12 (NAD83)


504,000 mE
505,000 mE
506,000 mE
507,000 mE
7,476,000 mN
7,475,000 mN
7,474,000 mN
7,473,000 mN
7,472,000 mN
HLK-RES-01
HLGT-AB-11
HLGT-AB-17
HLGT-AB-15
HLGT-AB-16
HLGT-AB-12
HLK-RES-02
HLGT-AB-13
HLGT-D-24
HLGT-D-18
HLGT-D-22
HLK-RES-05
HLK-RES-06
HLGT-D-21
HLK-RES-08
HLK-RES-07
HLGT-WZ-08
HLGT-WZ-10
N
0
500
1,000
metres
Scale 1:63,360
MMG Limited
Level 26, 1177 West Hastings Street,
Vancouver, BC,
V6E 2k3, Canada
Legend
Cutting Sump
River
Contour Line
Date: Nov 29, 2012
Author: YeungC
Office: Vancouver
Drawing: HL Drill-001
Scale: 20,000
2012 High Lake
Cutting Sump
Projection: UTM Zone12 (NAD83)

ENVIRONMENTAL:

Apart from weather station data and water usage/testing, baseline monitoring programs as well as specific studies were renewed at High Lake. Discipline specific teams used the High Lake site as an operations base for both those studies in and around the mineral resource, and those studies focussed on the Grays Bay shoreline where a potential port site and loading facility has been proposed. Wind speed and temperature data is routinely monitored during field operations, and water usage volumes for domestic and drilling purposes are recorded for the annual water board report.

In addition, lake water is tested before and after drilling during winter campaigns when the drill is positioned on lake ice. Primarily this is to ensure that suspended sediments are not escaping the re-circulation system, and that no drilling additives are entering the water bodies. Drill cuttings are settled and removed from the system and deposited on land in natural depressions or sumps.

2013 will see the continuation of baseline data collection in relation to the ongoing feasibility of the project. Mammal and bird counts, fisheries, vegetation, archaeological, water and air quality studies will all be continued. Environmental work will be carried out under the supervision of Scott Trussler.

WATER USAGE:

Water usage is divided into Industrial and Domestic applications, and is monitored. Water usage reporting is included in the appendices. The project is presently permitted for 100m3 per day total volume for both applications. On average the Camp consumes roughly 4m3 per day during capacity occupancy. During the 2012 field season the camp was occupied from March through to September. It ran at full capacity of 30 men for roughly 2 months, in July and August. The High Lake camp draws its water from High Lake by means of a submersible electric pump. The intake on the pump is screened.

Industrial usage is limited to those activities associated with drilling. The supply pumps used by Drilling Contractors are low volume, high lift capacity pumps rated to volumes of 6 Gallons per minute. Water meters installed on these pumps for the first time this season gave widely variable readings. Investigation into the reporting error is ongoing, however water volumes have been reported as recorded at the request of AANDC. Almost all of the water used for 2012 drilling came from either High Lake or Core Shack Lake. Regional exploration drilling made use of the closest adequate sources. No drilling at High Lake was conducted from frozen lake surfaces and therefor no water sampling for suspended sediments was employed.

WILDLIFE:

Wildlife encounters and sightings during operations are documented by field personnel. A copy of the log is included in the appendices. As specified in our permit, low level flying is avoided unless absolutely necessary for operations and special care is taken during sensitive periods of animal life cycles. A copy of the current Wildlife Management Plan for MMGs operations in the Slave is included in digital format with the other supporting documents for this report.

COMMUNITY:

MMG maintains an office in Kugluktuk, the closest Inuit community to our project sites. We have on permanent staff there Mr. Donald Havioyak, who acts as our community liaison, and Janet Kadlun, who is his assistant. Their primary job is to keep local community members informed of our exploration activities, and addresses concerns and questions they may have on behalf of the company. They are also instrumental in the hiring of local staff, aiding applicants in resume preparation and conducting initial interviews on our behalf. A list of temporary employees from local communities is included below. Aside from Kitchen and Camp Maintenance positions, the Environmental programs also employed locals as field assistants and guides.

Table II : Local Employment

Employee Name	Community	Mandays
Carl Katiak	Kugluktuk	126
Luke Ayaligak	Kugluktuk	40
Dale Taktagon	Kugluktuk	101
Kevin Klengenberg	Bay Chimo	4
George Taptuna	Cambridge Bay	18
Stanley Anablak	Kugluktuk	24
Charlie Bolt	Kugluktuk	24
Pauline Anablak	Kugluktuk	8
Rambo McKenzie	Bay Chimo	4

FLIGHT LOGS / AIR OPERATIONS:

In order to facilitate the drill programs, the High Lake camp was opened by a skeleton crew in March of 2012 and an ice airstrip constructed to receive C-130 Hercules transports carrying drums of fuel. This fuel was removed from the ice and placed in secondary containment berms on the slope above camp. Once drilling operations commenced, twin otters visited the site on a

weekly basis carrying food and supplies, and allowing for movement of personnel.

Throughout drilling operations, a helicopter was based onsite that made local flights daily in order to allow for drill support and shift changes. On most days multiple flights would be logged of varying duration.

During operations, low level flight is avoided in order to minimize noise impacts on local wildlife. When operational areas coincide with migration paths or calving grounds, activity is suspended during the corresponding seasons. See Table III on the following page for a list of 2012 aircraft activity and flight operations in and around High Lake.

Table III: 2012 Aircraft Activity High Lake

MONTH	***FIXED WING FLIGHTS***	***HELICOPTER HOURS***
MARCH	17	52.6
APRIL	30	125.2
MAY	13	87.4
JUNE	8	64.8
JULY	9	175.2
AUGUST	12	255.4
SEPTEMBER	9	59.0
TOTALS	98	819.6

RECLAMATION WORK:

Reclamation work occurs at each diamond drilling site on an ongoing basis during the exploration program. All efforts are made to return drill pads as close as possible to their natural state with as little disturbance as possible at the conclusion of each drill hole.

The removal of 4 plywood “drill” and “pump” shacks was carried out at the High Lake Camp during the reporting period, along with the dismantling and storage of 4 tent frames. In addition, some 850 accumulated empty drums and 75,000lbs. of accumulated scrap metal, drill steel and old drill equipment were also removed from site. All of this material was airlifted back to Yellowknife during 2011 Hercules operations off of the frozen lake surface for proper disposal and/or return to drilling contractors (Major Drilling). Photos are provided in the appendices.**WASTE REMOVAL:**

All burnable waste is incinerated on site by a diesel powered forced air furnace. Waste that is not approved for burning, or that is identified as recyclable is removed from the waste stream. Incineration remains including metal scraps and ash are collected and sealed in empty 45 gallon fuel drums for transport back to Yellowknife. Waste is handled by expediters in Yellowknife and transferred over to KBLEnvironmental for appropriate disposal. Transport and final disposal records from KBL have been included in the appendices. Waste that involves petroleum or other chemical products is transported by KBL to Edmonton for disposal in a certified facility. Human waste is collected daily from 'pacto' style toilets and incinerated on site. The updated Waste Management Plan for the Slave Project sites is included in the appendices.

ABANDONMENT AND RESTORATION:

The Abandonment and Restoration Plans were updated and provided with the documentation submitted during the renewal of the High Lake Land Use Permit in December of 2011. The Plan has been included with this annual report in digital format along with other supporting documents. The plan undergoes annual review in accordance with the activities anticipated every December, and if necessary modifications are made. However as the scope of Exploration activity remains unchanged, for the most part so too does the plan. It will be provided in subsequent submittals to the various regulatory agencies on an annual basis in its modified format should changes be made.

SITE INSPECTIONS:

A visual site inspection of the High Lake Camp and operations were conducted by Eva Paul of Aboriginal Affairs and Northern Development Canada, her inspection report is provided in the appendices. Representatives of the Kitikmeot Inuit Association Geoff Clark, Luigi Torretti, and Savannah Agnaluak also conducted a site visit, but no report has of yet been received. In addition, DFO inspectors Nicola Johnson and Liz Patreau visited. Again, no inspection report has been received. No physical copies of the inspection reports have been received in order to include them in the Appendices with dates and findings. However no serious observations were recorded and all suggestions and comments were taken into consideration.

PERMITTING:

Several of the more important Exploration Permits for the High Lake project underwent renewal in 2012, including the Water License (Nunavut Water Board) and the Land Use Permit (Aboriginal Affairs and Northern Development Canada). The new permit numbers under which the site now operates are as follows:

Water License # 2BE – HIG1217
Land Use Permit # N2011C0033

The High Lake Project continues to operate under the same permit (KTL308C008) granted by the

Kitikmeot Inuit Association, which is renewed on an annual basis. The permit incorporates both the High Lake and High Lake East (MolyMag) areas, and is currently in the process of renewal for 2013. Copies of permits are provided in the Appendices.

Permitting associated with feasibility and the possible development of the project is currently underway. A Project Description was submitted in 2012 and is currently under review by NIRB and the other agencies.

Appendix I : Site Inspections

Indian and Northern Affairs Canada / Affaires indiennes et du Nord Canada

INDUSTRIAL WATER USE INSPECTION REPORT

DATE: July 13 + 14, 2012 COMPANY REP.: Peter Cullimore

LICENSEE: MNG LICENCE #: 2BS-HIG~~0713~~ 1217

WATER SUPPLY

Source: High Lake Quantity Used: Meter Rdg.: 427.98

Indicate:	A - Acceptable		U - Unacceptable		N/A - Not Applicable			
Intake Facilities	A	Storage Structures	A	Treatment Systems	A	Recycling	A
Flow Meas. Device	A	Conveyance Lines	A	Pumping Stations	A	Modifications	A

Comments: High Lake is not fishbearing due to acidity + metals natural to the area. Water usage from Cove Lake for cutting shack will need to be included in an amendment to the licence.

WASTE DISPOSAL

Tailings: cuttings (A) Tailings Pond ❑ Natural Lake ❑ Underground ❑ Sump ✓

Sewage: (A) Sewage Treat. System ❑ Tailings Pond ❑ Natural Water Body ❑
Continuous Discharge ❑ Inter. Dischg. ❑ Paclo ✓

Solid Waste: (A) Open Dump ❑ Landfill ❑ Burn & Bury ❑ incinerate Underground ❑

Indicate:	A - Acceptable		U - Unacceptable		N/A - Not Applicable			
Discharge Quality	A	Conveyance Lines	A	Disch. Meas. Dev.	A	Freeboard	N/A
Decant Structures	A	Pond Treatment	N/A	Dams, Dykes	N/A	Seepages	N/A
Dyke Inspections	N/A	Runoff Diversion	N/A	Erosion	A	Spills	A

Effluent Discharge Rate: N/A Samples Collected: No

Comments: Waste segregation prior to incineration is to be implemented immediately as per terms of the licence - no plastics/metals.

GENERAL CONDITIONS

Indicate:	A - Acceptable		U - Unacceptable		N/A - Not Applicable		Not Inspected (N/I
Ore & Waste Rock Stockpiles	N/A	Records & Reporting	A	Surv. Net. Prog.	NA	
Geotechnical Inspection	N/I	Posting, Signage	N/I	Contingency Plan	A	
Restoration Activities	U	New Construction	NA	Fuel Storage	U	
Mine Water Discharge	N/A	Chemical Storage	U	Annual Report	A	

Comments: Drill sites left with debris and mega bags. Chemicals and lubricants to be stored in appropriate lockers and lined areas. Fuel to be moved >30m from water and stacked barrels re-stacked to ensure berms *

Violations of Act or Licence: D2+3 - inappropriate incineration of plastics + metals (cont. p2) D7 - paper documentation of haz waste. H2 - Fuel within 30m of water J3 - progressive reclamation of drill sites

General Comments: There is obviously a lot of work being done on-site to improve fuel and waste management. Keep up the good work!

Page 2 attached ☑ Yes ❑ No

Field Program Manager Env. Rep.

Indian and Northern Affairs Canada | Affaires Indiennes et du Nord Canada

Date: July 13 + 14 2012

ENVIRONMENTAL INSPECTION REPORT

Permit/License# 2BE-HIG1217

are not compromised. Water in berms at MolyMag to be treated prior to release. Tarping of unused fuel caches is recommended to limit water in berms. Leaking valves and hoses to be addressed with buckets + absorbant when immediate replacement is not possible. Fuel by helipad to be kept over containment.

For action - ~~by th~~ immediately: Fuel to be re-stacked and all barrels to be kept over containment. Fuel moved away from lake.

* By July 31: - Temporary fix to the helipad
  - Liners to Major Drilling shack and all oils/ chemicals segregated and properly stored

* please submit report to inspector by above date - Haz. Wast manifests from receiving company (final recipient of waste)
  - Water in MolyMag berms removed and cache tarped off.

* By Aug 31: - Permanent fix for helipad fuel containment
  - Debris / mega bags removed from drill sites

* By Sept 30: Amendment application to include water use from Cave Lake.

Representative's Signature

Inspector's Signature

RMO Initials

FIELD PROGRAM MANAGER
Representative's Title

District Mgr. Initials

Copy 1 - Inspector's File Copy 2 - Field Rep. Copy 3 - Permittee Head O. Copy 4 - District

Appendix II : Permitting

NUNAVUT WATER BOARD
WATER LICENCE RENEWAL

Licence No. 2BE-HIG1217

Pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada*, the Nunavut Water Board, hereinafter referred to as the Board, hereby grants to

MMG RESOUCES INC.
(Licensee)
LEVEL 16, 1177 WEST HASTINGS STREET, VANCOUVER, BC, V6E 2K3
(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water or dispose of waste for a period subject to restrictions and conditions contained within this Licence renewal:

Licence Number/Type:	2BE-HIG1217 TYPE "B"
Water Management Area:	NUNAVUT 07
Location:	HIGH LAKE PROJECT, KITIKMEOT REGION, NUNAVUT
Classification:	MINING AND MILLING UNDERTAKING
Purpose:	DIRECT WATER USE AND DEPOSIT OF WASTE
Quantity of Water use not to Exceed:	ONE HUNDRED (100) CUBIC METRES PER DAY
Date of Licence Issuance:	MAY 30, 2012
Expiry of Licence:	MAY 31, 2017

This Licence renewal and recorded at Gjoa Haven, Nunavut, includes and is subject to the annexed conditions.

Thomas Kabloona,
Nunavut Water Board
Chair

Indian and Northern Affairs Canada | Affaires indiennes et du Nord Canada

LAND USE PERMIT
NORTHERN AFFAIRS PROGRAM

PERMIS D'UTILISATION DES TERRES
PROGRAMME DES AFFAIRES DU NORD

Permit Class - Permis Categorie	Permit No - NE de permis
A	N2011C0033

Subject to the Territorial Land Use Regulations and the terms and conditions in this permit, authority is hereby granted to:

Sous réserve du Règlement sur l'utilisation des terres territoriales et des conditions de ce permis:

MMG Resources Inc.
Permittee - Détenteur de permis

To proceed with the land use operation described in the application of:

Est autorisé à entreprendre les travaux d'exploitation des terres décrits dans la demande de permis du:

Signature	Date
Theodore Muraro	**January 30th, 2012**

Type of Land Use Operation - Genre de travaux d'exploitation des terres

Mining (Exploration)

Location - Emplacement

High Lake Area, Kitikmeot, NU, NTS 76M & 76N

This permit may be assigned, extended, discontinued, suspended or cancelled pursuant to the Territorial Land Use Regulations.

Ce permis peut faire l'objet d'une cession, d'une prolongation d'une cessation d'une suspension ou d'une annulation, en vertu du Règlement sur l'utilisation des terres territoriales.

Dated at / Date a: **Iqaluit**

Engineer / Ingénieur: _____

This / Ce: **30th** Day of / jour de: **January**, **2012**.

Commencement Date / Date du déut des travaux: **January 30th, 2012**

Expiry Date / Date d'achèvement: **January 29th, 2014**

NOTE

IT IS A CONDITION OF THIS PERMIT THAT THE PERMITTEE COMPLY WITH ANY OTHER APPLICABLE ACT, REGULATION, ORDINANCE BY - LAW OR ORDER DEFAULT HEREOF MAY RESULT IN SUSPENSION OR CANCELLATION OF THIS PERMIT.

REMARQUE

LE DÉTENTEUR DU PRÉSENT PERMIS DOIT SE CONFORMER À TOUT AUTRE RÈGLEMENT, LOI, DÉCRET RÈGLEMENT MUNICIPAL OU ARRETÉ APPLICABLE. LE MANQUEMENT À CETTE OBLIGATION POURRAIT DONNER LIEU À LA SUSPENSION OU À L'ANNULATION DU PERMIS.

Canada

P.O. Box 360
Kugluktuk, NU X0B 0E0
Telephone: (867) 982-3310
Fax: (867) 982-3311
www.kitia.ca

Cambridge Bay
Ikaluktutiak
ᐃᖃᓗᒃᑑᑎᐊᖅ

Kugluktuk
ᖁᔭᓕᖅᑐᖅ

Bathurst Inlet
Kingaok
ᖃᑭᖏᓚᐅᓐ

Bay Chimo
Umingmaktok
ᐅᒥᖏᓚᒃᑐᖅ

Gjoa Haven
Okhoktok
ᐅᖅᓱᕈᒃᑐᖅ

Taloyoak
ᑕᓕᕆᐊᖅ

Kugaaruk
ᑰᑌᕆᒃ

INUIT OWNED LAND USE LICENSE

KITIKMEOT INUIT ASSOCIATION

LICENSE NO. KTL308C008 – Amended

Subject to the Terms and Conditions of this License, authority is hereby granted to:

MINERALS AND METAL GROUP
LICENSEE

To proceed with Land Use operation described in the accepted application dated:04/11/09

Location: **IOL Parcels # CO-23,24,26,27 & 29 – NTS map sheet # 76M-1,2,3 &7**

Type of Operation: **Staking & Prospecting, Geological surveying (land & air), Diamond Drilling (ice, land), fuel caches**

Commencement Date: January 7, 2012 Expiry Date: January 6, 2013

This 11th day of January, 2012

Kitikmeot Inuit Association

By _____
LANDS & ENVIRONMENT

The Licensee acknowledges and agrees to comply with Terms and Conditions of this License.

MINERALS AND METALS GROUP

By _____
AUTHORIZED SIGNATORY

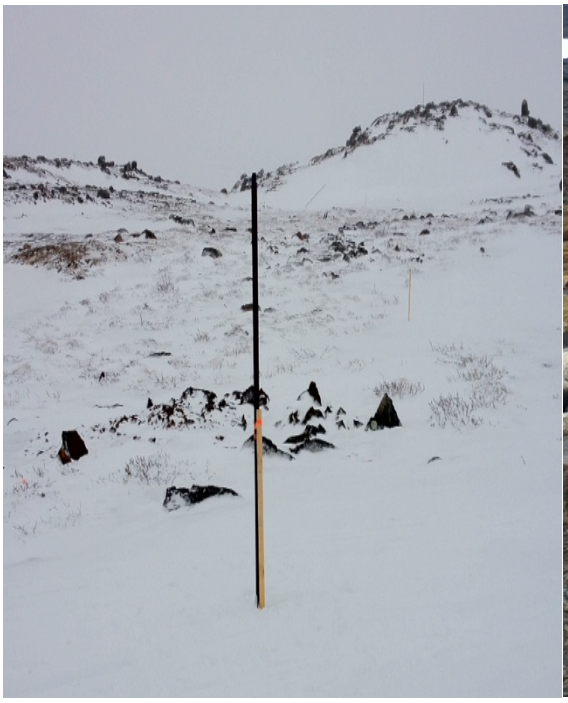
Appendix III : Water Usage (Domestic and Industrial)

High Lake water consumption 2012						
Date		Camp	Major Drill	Geo-tech Drill	Core Shack	Weekly total(m3)
13/03/2012		7.6	0	0	0	7.6
17/03/2012		6.65	0	0	0	6.65
24/03/2012		6.65	0	0	0	6.65
01/04/2012		5.03	8.64	0	0	13.67
08/04/2012		19.95	241.5	213.72	0	475.17
15/04/2012		19.95	172.8	249.34	0	442.09
22/04/2012		8.12	207.36	240.68	0	456.16
29/04/2012		24.51	207.36	256.27	0	488.14
06/05/2012		65.23	172.8	269.43	3.5	510.96
13/05/2012		36.51	207.36	249.34	7	500.21
20/05/2012		38	241.92	233.79	5.5	519.21
27/05/2012		25.29	224.64	255.65	4	509.58
03/06/2012		39.05	224.64	135.71	5	404.4
10/06/2012		26.93	186	0	4	216.93
17/06/2012		19.36	0	0	4	23.36
24/06/2012		17.43	0	0	4.5	21.93
01/07/2012		17.43	0	0	4	21.43
08/07/2012		27.68	0	0	3.5	31.18
15/07/2012		21.6	0	0	2.5	24.1
22/07/2012		12.6	0	0	3	15.6
29/07/2012		22.4	0	0	3.5	25.9
05/08/2012		21.4	0	0	3.5	24.9
12/08/2012		26.6	0	0	3	29.6
19/08/2012		19.5	0	0	1.5	21
26/08/2012			0	0	0	0
02/09/2012			0	0	0	0
09/09/2012			0	0	0	0
16/09/2012			0	0	0	0

Appendix IV : Drill Location Photos

HLGT-11 (above) **HLGT-14 (below)** **HLGT-12 (above)** **HLGT-16 (below)**

HLGT-17 (above) **RES-2 (below)** **RES-1 (above)** **RES-3 (below)**



WILDLIFE SIGHTING SHEET - 2012

Date	Time	Location (UTM)	Wildlife Observed and Numbers	Activities Observed	Name of Observer
April 22	Allways	Sayisi fuel cache	Arctic Hare (1)	Hopping	Sean
May 1	9:45 a.m.	West Zone	Grizzly Bear	Running towards	Derwin
May 4	Afternoon	North Camp	Moose (3)	Walking by	Keith
MAY 24	6:00 pm	EAST ACROSS KENNARCTIC	HERD OF MUSKOX (35 approx)	Herd	Miles
JUN 7	08:00	Mouth of Kennarctic	Single Muskox	In the vegetated area	ROBERT
June 12	20:00	Kennarctic	Wolverine (1)	Running across River E	Andrew
JUNE 13	21:30	SOUTH OF CAMP	WOLF (1)	TRAVELING NORTH PASSED CAMP TO THE WEST	STEELEYE
July 26	10:00 A	RIDGE OVER KENNARCTIC RIVER	WOLF (1)	FORAGING	LGL LTD.
"	10:00 a	1/4 MILE S. OF GRASS PATCH AT KENNARCTIC R.	GRIZZLY BEAR (1)	RUNNING	LGL LTD.
Aug 2	9 00 am	2 miles North of Sand Lake	Mother Grizzly 2 cubs	Sitting	Dale
Aug 3	8 00 am		Cow Moose 2 calfs	Eating	Dale
Aug 8	0800	1Com Sw of camp	3 wolverines	Roaming	JOH
Aug 15	1300	Round trip #0100	Fresh Caribou kill (less than 1 day old)		Richard C.
Aug 16	1510	" " #0836	1 Wolverine	eating naturally	Scott
Aug 17	10:00	05	1 Grizzly Bear	Roaming around coast	RC Bio
Aug 18	9:00/8:30	Air Strip/Kennarctic	1 Grizzly Bear Cow + 2 cubs	Roaming eating	

Please try to provide as many details as you can. The more specific about the location the better.. Thanks for taking a few moments to write down your observations

Aug 21 1500 coast/port 1 large grizzly Roamy RC Bio - Richard C.

Appendix V : KBL Waste Certificates

KBL Environmental LTD.

Certificate of Disposal

Date: May 2nd, 2012

KBL Job #K892
Invoice #1502

KBL Environmental Ltd hereby certifies that the waste shipped from MMG – High Lake, on KBL Bill of Lading #1889 which was received at KBL Environmental Ltd. on April 2nd, 2012 and has been processed, recycled/disposed of in accordance with all applicable Federal and Territorial /Provincial Regulations.

Generator:
MMG
NUG 1000026

Issued By:
Jeff Bembridge
Operations Manager
KBL Environmental Ltd.
NTR 0000123

PO Box 1108 - 17 Cameron Road - Yellowknife, NT - X1A 2N8

KBL Environmental LTD.

Certificate of Disposal

Date: May 23rd, 2012

KBL Job #K885
Invoice #1498

KBL Environmental Ltd hereby certifies that the waste shipped from MMG – High Lake, on KBL Bill of Lading #1956 which was received at KBL Environmental Ltd. on April 23rd, 2012 and has been processed, recycled/disposed of in accordance with all applicable Federal and Territorial /Provincial Regulations.

Generator:
MMG
NUG 1000026

Issued By:
Jeffrey Bembridge

Jeff Bembridge
Operations Manager
KBL Environmental Ltd.
NTR 0000123

PO Box 1108 - 17 Cameron Road - Yellowknife, NT - X1A 2N8

KBL Environmental LTD.

Certificate of Disposal

Date: May 27th, 2012

KBL Job #K901
Invoice #1509

KBL Environmental Ltd hereby certifies that the waste shipped from MMG – High Lake, on KBL Bill of Lading #1979 which was received at KBL Environmental Ltd. on April 27th, 2012 and has been processed, recycled/disposed of in accordance with all applicable Federal and Territorial /Provincial Regulations.

Generator:
MMG
NUG 1000026

Issued By:

Jeff Bembridge
Operations Manager
KBL Environmental Ltd.
NTR 0000123

PO Box 1108 - 17 Cameron Road - Yellowknife, NT - X1A 2N8

KBL Environmental LTD.

Date: October 18th, 2012

KBL Job #K1186
Invoice #1861

KBL Environmental Ltd hereby certifies that the waste shipped from MMG – High Lake, on KBL Bill of Lading #2331 which was received at KBL Environmental Ltd. on September 18th, 2012 and has been processed, recycled/disposed of in accordance with all applicable Federal and Territorial /Provincial Regulations.

Generator:
MMG
NUG 1000026

Issued By:

Jeff Bembridge
Operations Manager
KBL Environmental Ltd.
NTR 0000123

PO Box 1108 - 17 Cameron Road - Yellowknife, NT - X1A 2N8

Appendix VI : Waste Management Plan

WASTE DISPOSAL PLAN

SLAVE PROJECTS

AMMENDED OCTOBER 2012

MMG RESOURCES
26 – 1177 W. HASTINGS ST.
VANCOUVER, BC
V6E2K3

Guidelines for Waste Incineration

1. All waste will be categorized and any materials not in accordance with the Department of Environments Policy "Municipal Solid Wastes Suitable for Open Burning" will be removed from the waste stream. Only kitchen waste, sewage, and untreated wood and paper products are approved for incineration.
2. Kitchen and human waste is to be collected and incinerated on a daily basis. If volumes warrant then twice daily.
3. "wet" biological waste from kitchens or toilet facilities will be mixed in small volumes with more combustible paper and cardboard materials to ensure total elimination during incineration.
4. A suitable temporary storage facility for garbage awaiting incineration is required that is impervious to wildlife and decreases odours.
5. Any recyclable materials (plastic bottles, aluminium cans) will be separated, packaged appropriately for transport and removed from site for handling in Yellowknife.
6. Clearly marked separate containers for easy categorization of refuse is encouraged.
7. Any industrial refuse contaminated with petroleum based products from lubricants, fuels, or additives will be appropriately packaged for transport to Yellowknife and handling by KBL.
8. Any batteries, chemicals, or other waste categorized as dangerous or hazardous goods will be appropriately packaged and transported to Yellowknife for proper handling and disposal KBL.
9. Records will be kept of all refuse shipped to Yellowknife for disposal, including date, volume, and category. Chain of custody and final disposal records will be requested from Expediter and KBL Environmental to fully document waste disposal. Copies of final disposal records will be provided to AANDC with annual reports.

Waste handling procedure and incinerators at exploration camp locations will be inspected on a monthly basis and reviewed for adequacy and performance in regards to the waste stream that they handle, with the following specifics in mind:

- Operating temperature and complete incineration of waste.
- Composition of remaining ash
- Containment of liquid waste within combustion chamber and structural integrity of the burn chamber.
- Integrity and proper function of the stack.
- Care and maintenance of incinerator and burner.
- Accuracy of records and reporting of transport and disposal

For further information Environment Canada's guide to batch incineration should be consulted. A copy of summary information for this document is provided here.

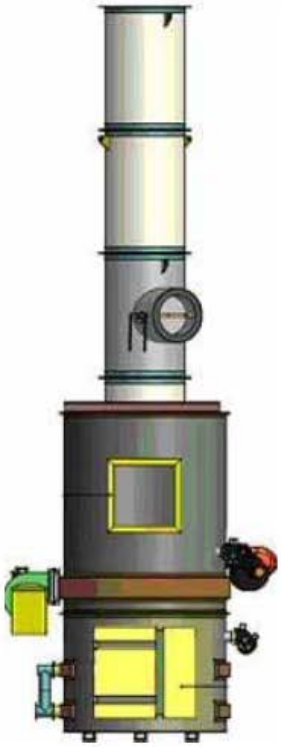
Environment Canada Environnement Canada

Fact Sheet: Technical Document for Batch Waste Incineration

The *Technical Document for Batch Waste Incineration* provides guidance for owners, operators and regulators on the appropriate incineration technologies and best management practices to minimize releases of toxic substances into the environment.

Six Steps to Better Incineration

1. Understand Your Waste Stream
2. Select the Appropriate Incinerator (or Evaluate the Existing System)
3. Properly Equip and Install the Incinerator
4. Operate the Incinerator for Optimum Combustion
5. Safely Handle and Dispose of Incinerator Residues
6. Maintain Records and Report



For more information, please see the complete document at:
www.ec.gc.ca/gdd-mw/default.asp?lang=En&n=F53EDE13-1

Contact information:
TMB@ec.gc.ca or 819-997-3377

Canada

More Details About the Six-Step Process for Batch Waste Incineration

1

Understand Your Waste Stream

The first step in managing your waste is understanding what the waste is. Perform a waste audit to understand its quantity and composition. Based on the results, you can assess what appropriate disposal options should be undertaken. Remember the "3Rs": Reduce, Reuse and Recycle.

2

Select the Appropriate Incinerator (or Evaluate the Existing System)

To ensure that a suitable incinerator is chosen, the call for proposals for incinerator manufacturers who want to provide service for you should include specific information on the characteristics of the residual waste stream you need to dispose of. For facilities with existing incinerators, owners/operators should reassess the suitability of the existing system to manage the current waste stream. The recommended configuration is a dual chamber controlled air incinerator.

3

Properly Equip and Install the Incinerator

Make sure that building and equipment considerations are well planned during the design phase, before installing the incinerator.

4

Operate the Incinerator for Optimum Combustion

To ensure optimum combustion conditions, the incinerator must be operating correctly. Proper operation includes separating the waste, weighing it, mixing it for a specified calorific value, and closing the incinerator door once the waste is loaded, and not re-opening it until the burn is complete. Important considerations such as appropriate operator safety training should be completed.

5

Safely Handle and Dispose of Incinerator Residues

Ash from the primary chamber of the incinerator can contain materials that are hazardous to the operator's health and to the environment. Operators should use personal protective equipment when handling this material. The ash should be disposed of at an approved disposal site.

6

Maintain Records and Report

To demonstrate appropriate operation and maintenance of the incinerator, the facility must maintain records and prepare an annual report.

For more information, please see the complete document at:
www.ec.gc.ca/gdd-mw/default.asp?lang=En&n=F53EDE13-1

Contact information:
TMB@ec.gc.ca or 819-997-3377

Cat. No.: En14-17/3-2011E-PDF
ISBN: 978-1-100-17784-7

MMG – WASTE CONTROL DOCUMENT (to be implemented 2013)

DATE	CATEGORY	DESCRIPTION	WEIGHT	DESTINATION

WASTE CATEGORY	SYMBOL
RECYCLABLE MATERIAL	REC
INCINERATOR ASH	ASH
SCRAP METAL / INDUSTRIAL WASTE	IND
EMPTY DRUMS	DRM
PETROLEUM PRODUCTS	PET
HAZARDOUS	HAZ

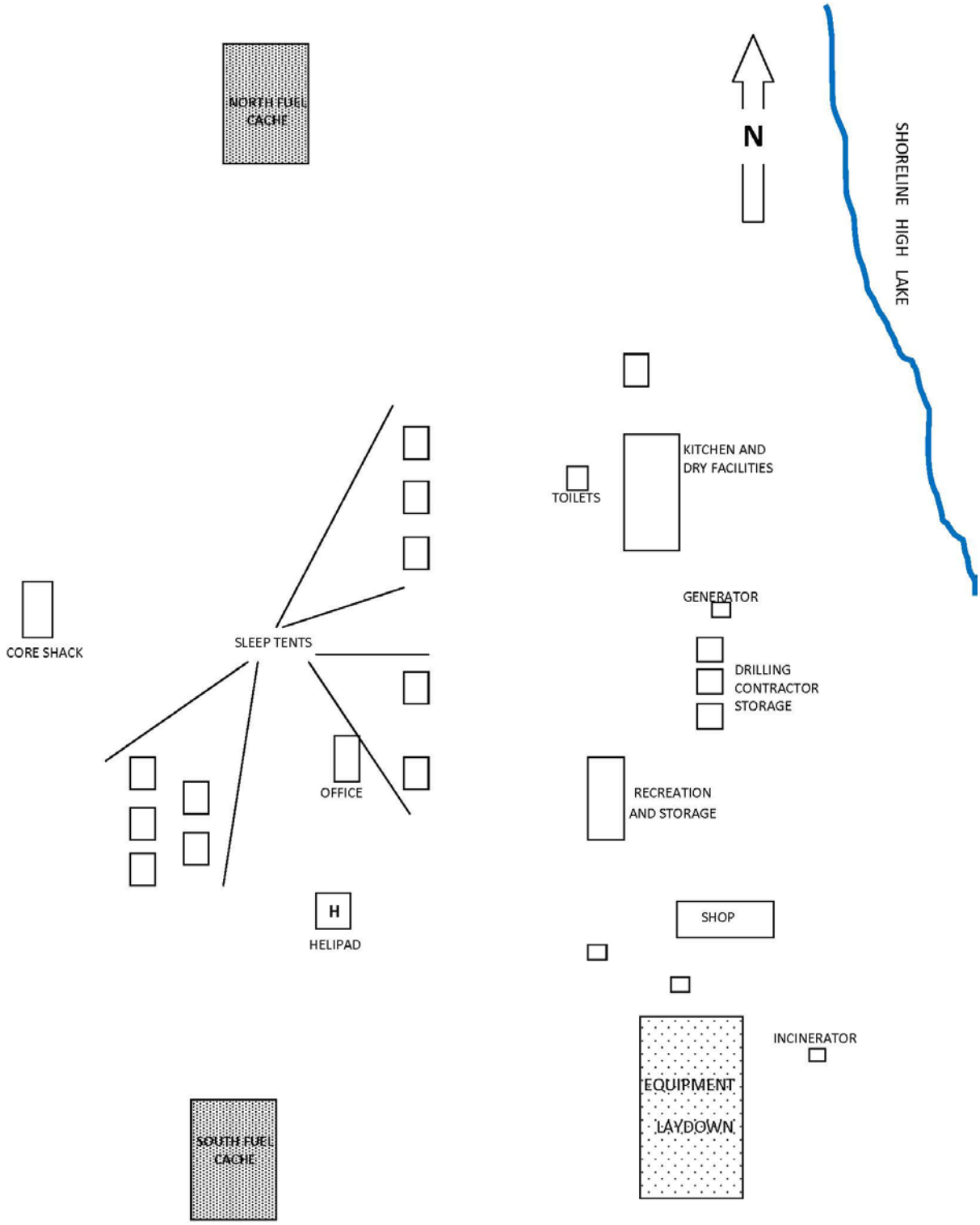
Appendix VII : Spill Contingency Plan

The complete Spill Contingency Plan is provided in digital format on the CD that accompanies this report.

Appendix VIII : Abandonment and Restoration Plan

The complete Abandonment and Restoration Plan is provided in digital format on the CD that accompanies this report.

Appendix IX : High Lake Camp



Appendix X : Photos

Fuel Storage with Secondary Containment Berms – North Cache High Lake

Fuel Storage with Secondary Containment – South Cache High Lake

Fuel Cache High Lake East with Secondary Containment and Tarps

Secondary Containment at Helicopter Pad – High Lake

Secondary Containment at Stove Fuel Supply – Kitchen High Lake

High Lake Camp