

**IZOK PROJECT  
WATER LICENSE RENEWAL**



**SUPPLEMENTARY INFORMATION PACKAGE  
WATER LICENSE RENEWAL**

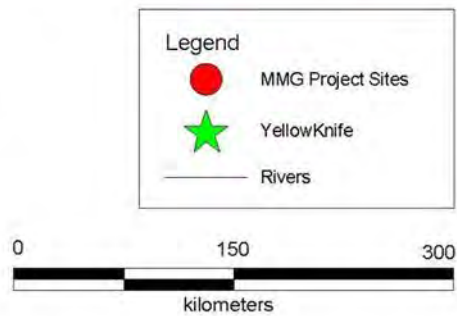
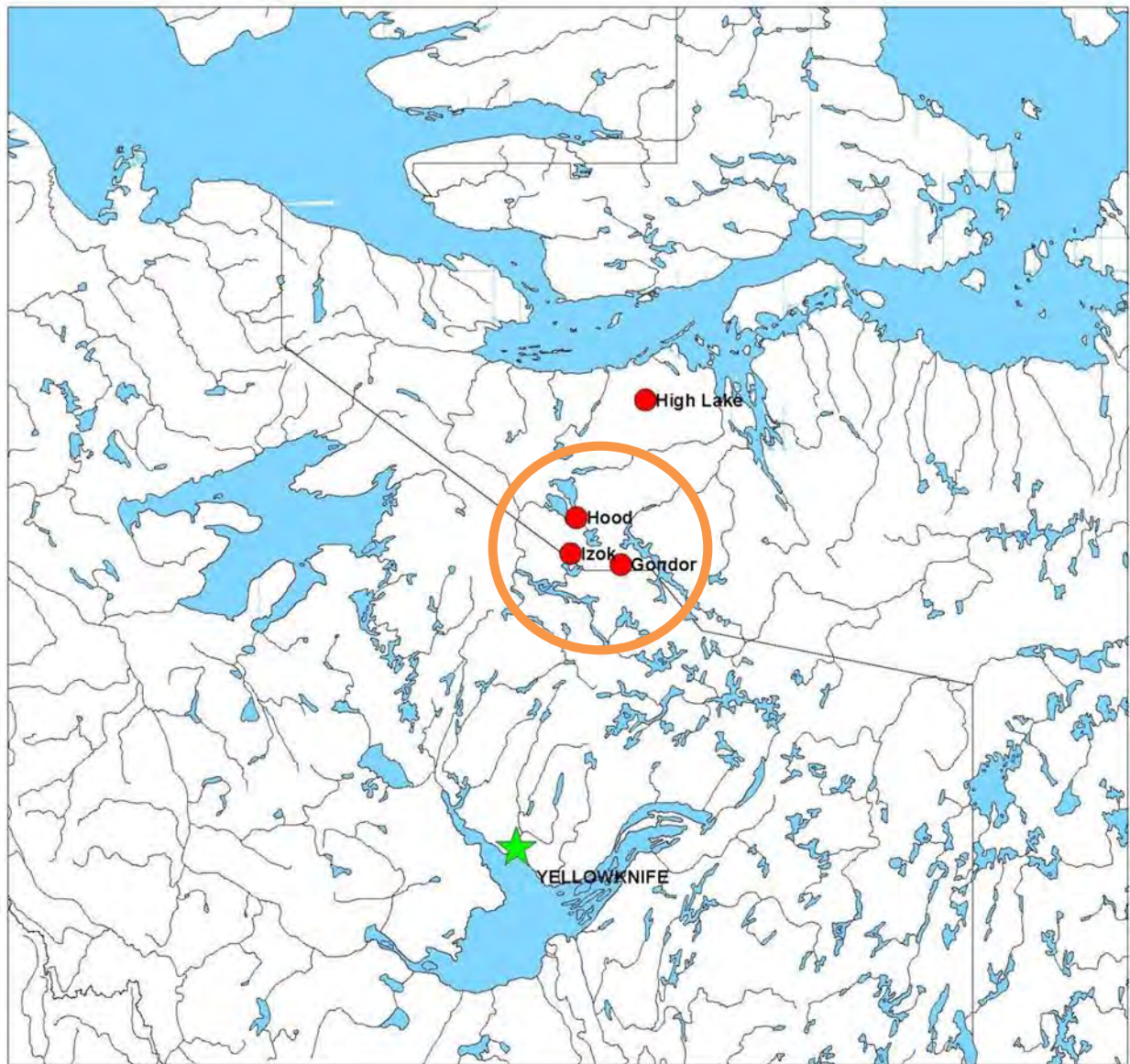
September 2017


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

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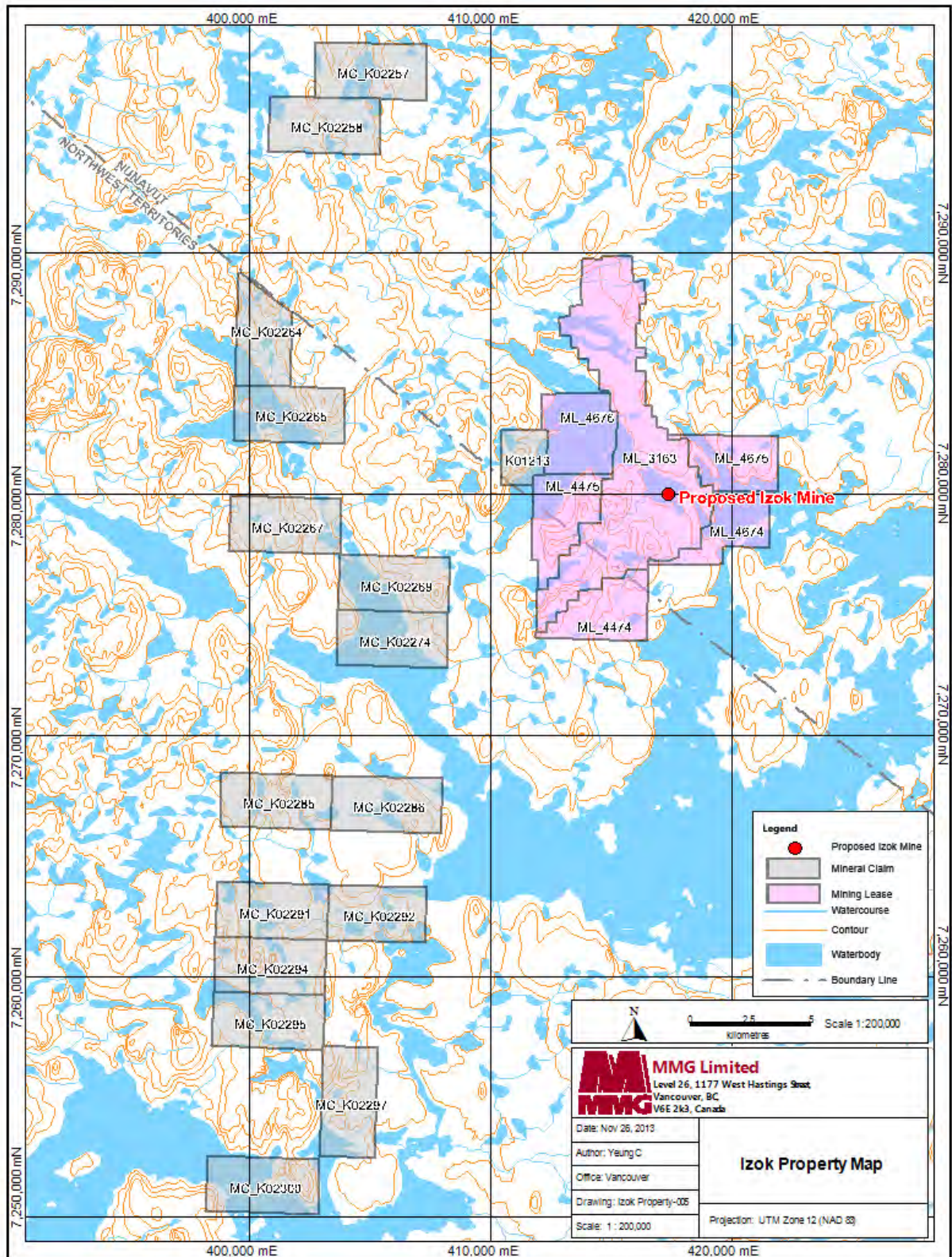
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## General Location Map

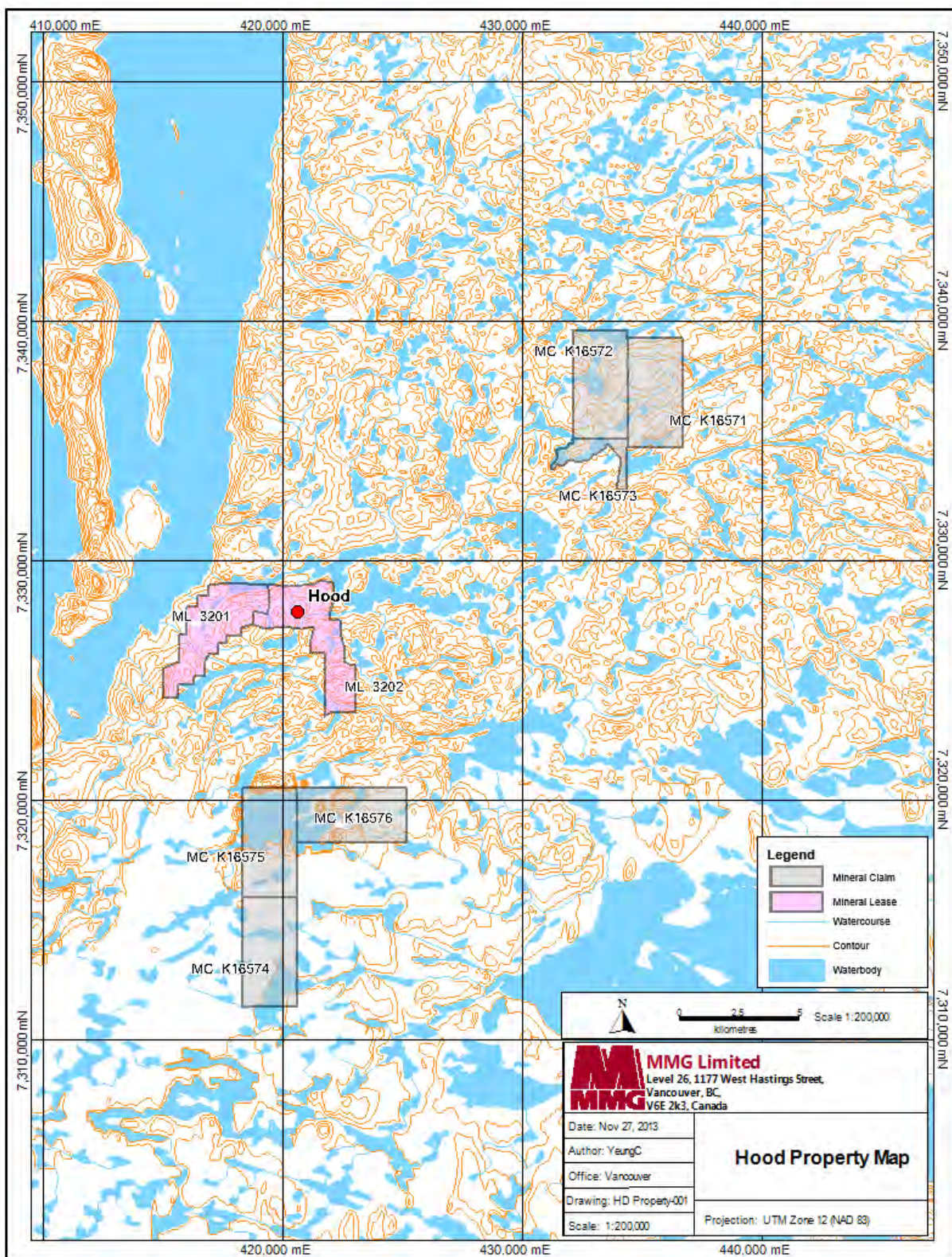


 <b>MMG</b>	
Date: 02-Aug-12	<b>Project Location Map</b>
Author: YeungC	
Office: Vancouver	
Drawing: 001	
Scale: 1 : 7,000,000	Projection: WGS84

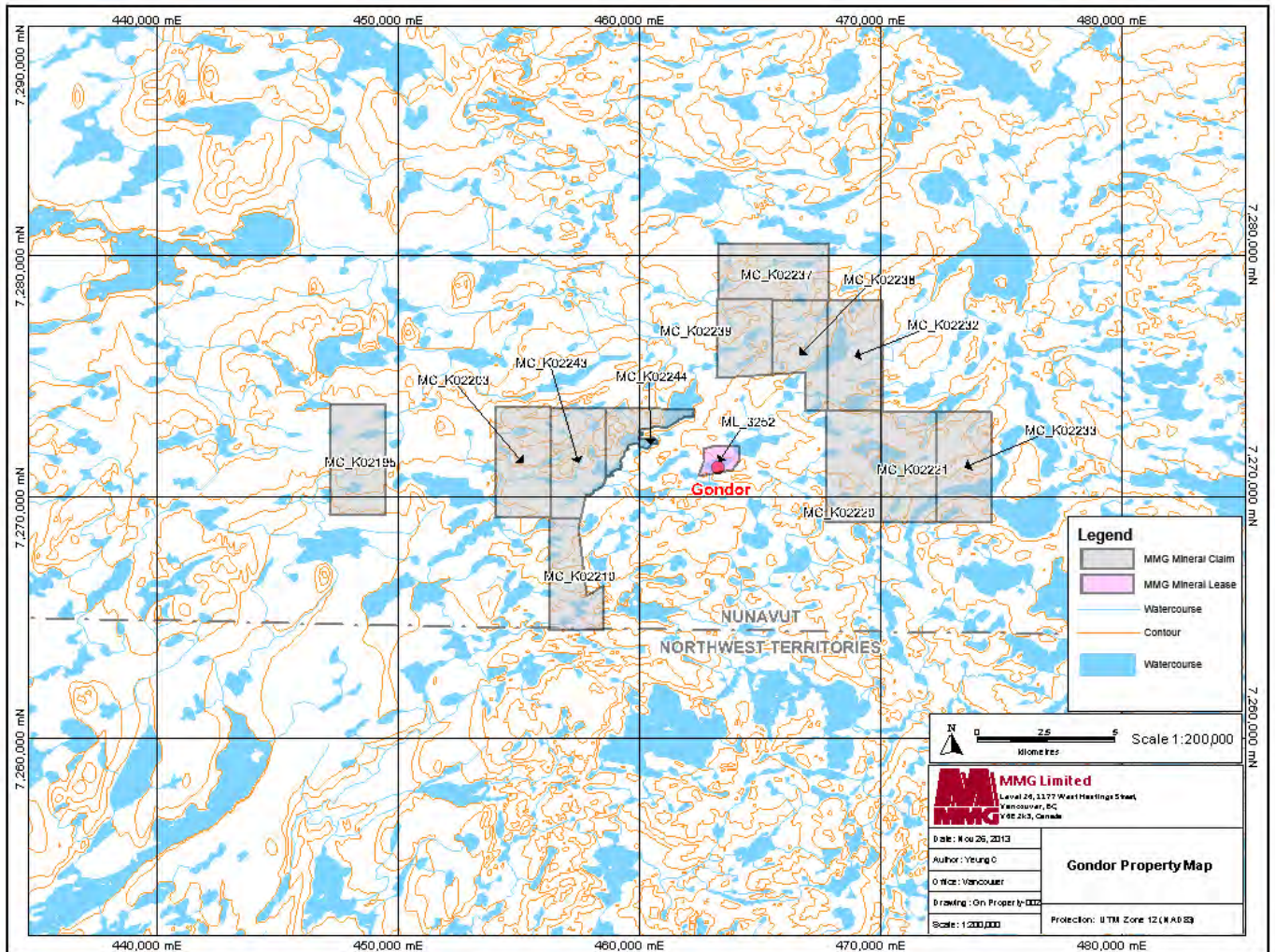






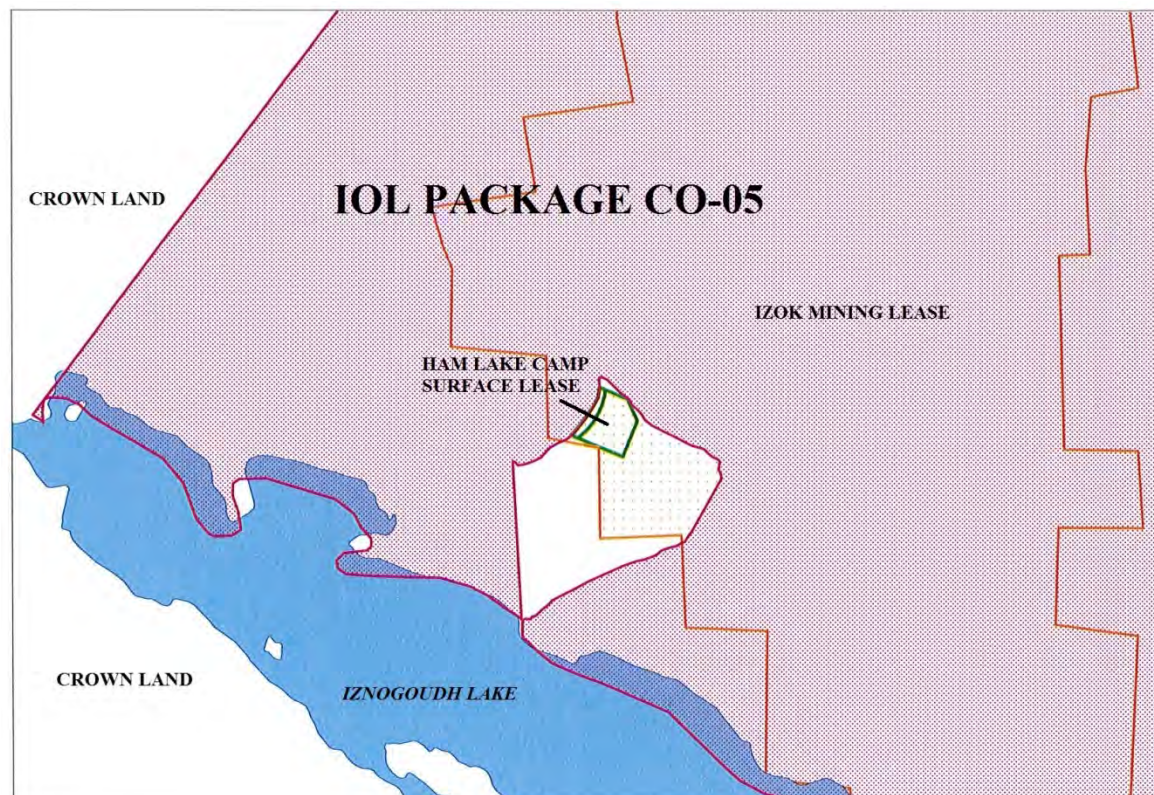
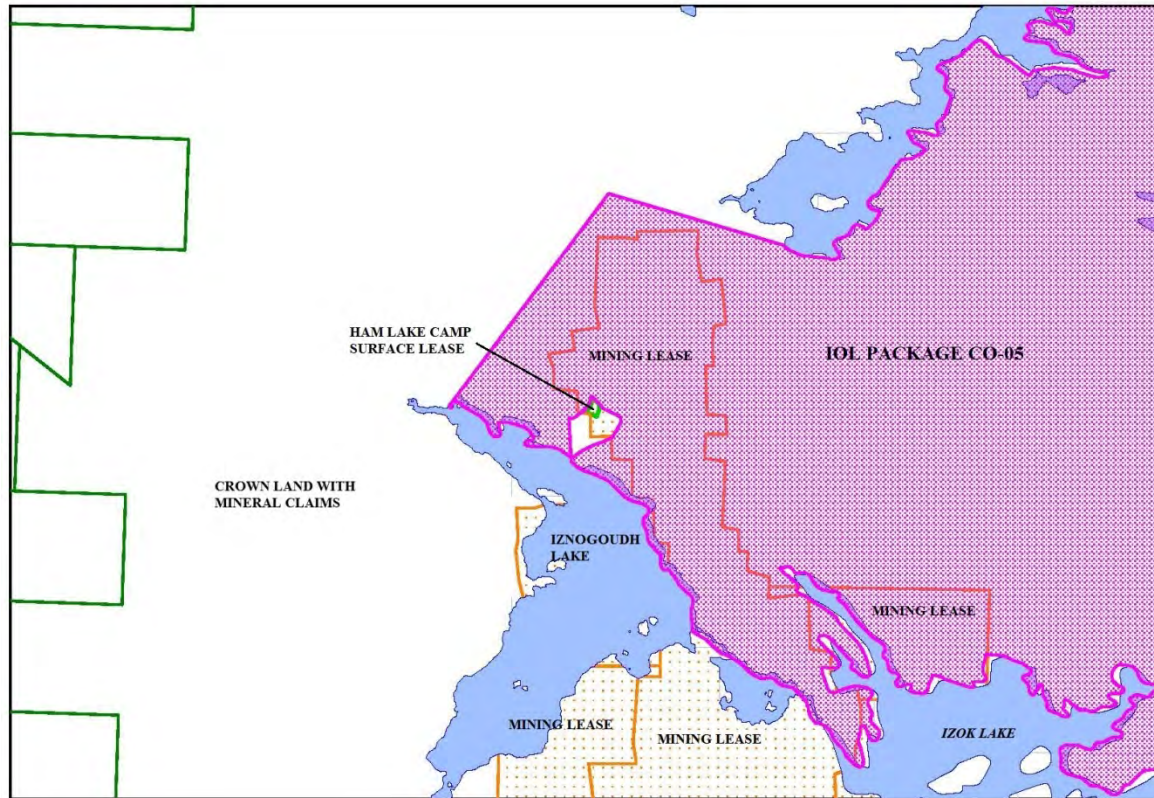






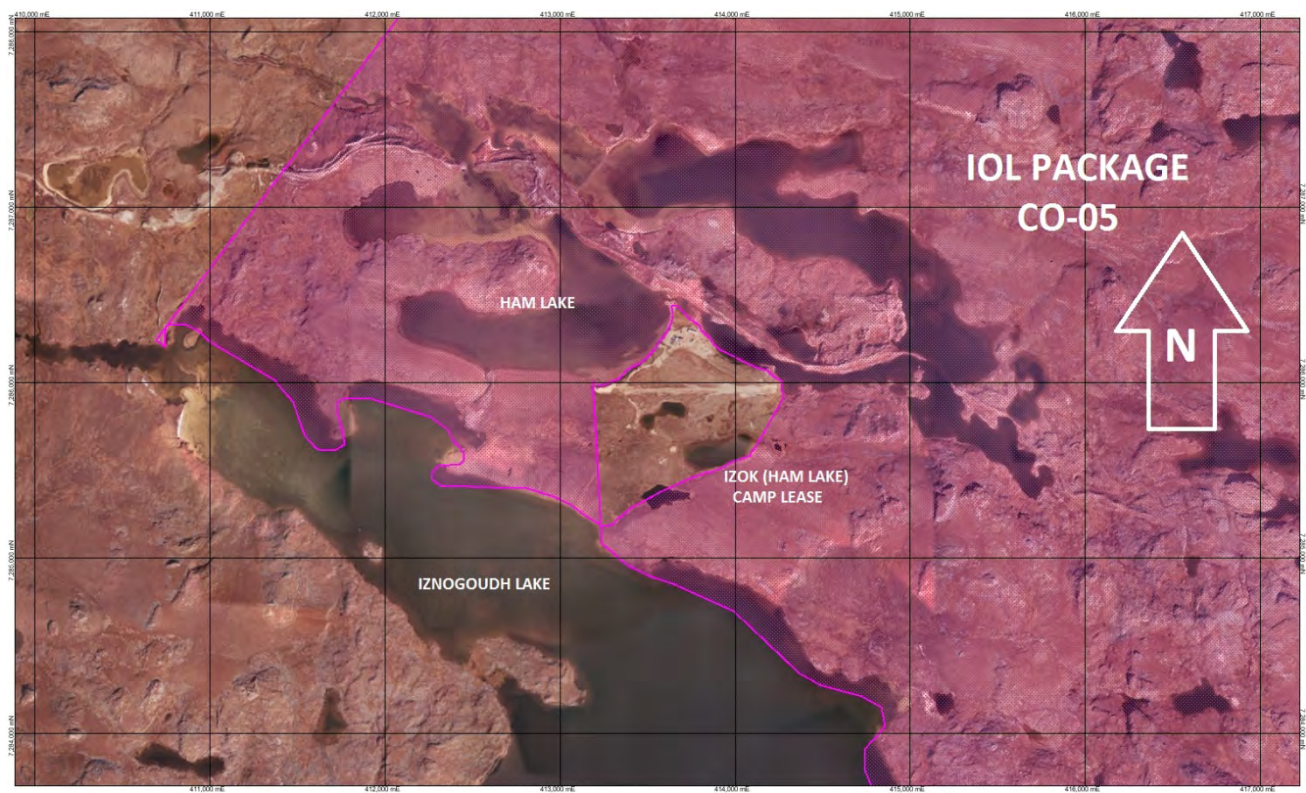
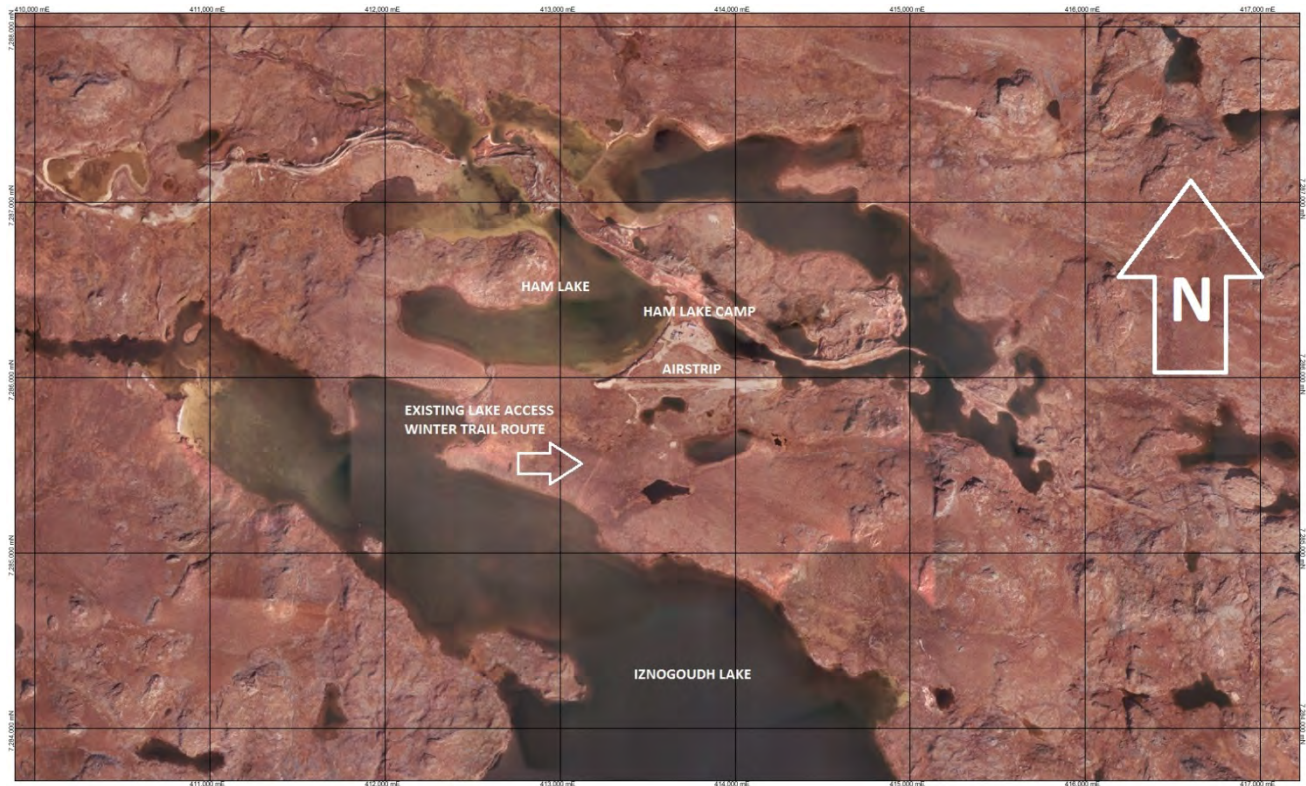


## Detailed Map Showing Leases and IOL Ground





## Imagery of Izok Surface Lease





# Map of Annexed Surface Lease at Hood Location

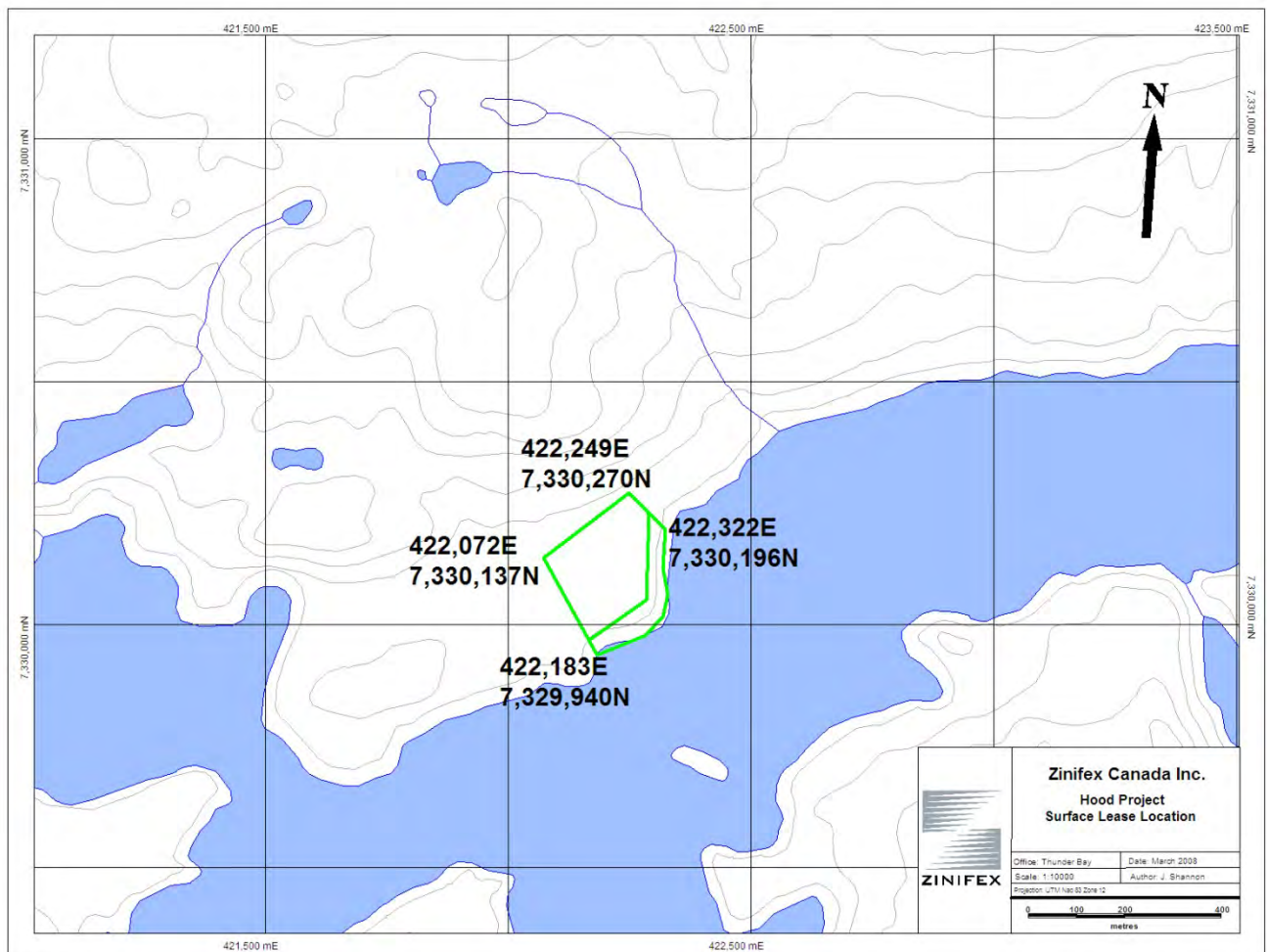





Table 1: Land Leases

				
<b>IZOK, HOOD AND GONDOR LAND LEASES</b>				
	<u>PURPOSE</u>	<u>LEASE #</u>	<u>PROJECT</u>	<u>EXPIRY</u>
MINING		ML 5397	IZOK	May 2023
		ML 5398	IZOK	May 2023
		ML 5399	IZOK	May 2023
		ML 5400	IZOK	May 2023
		ML 5401	IZOK	March 2023
		ML 5402	IZOK	March 2023
		ML 5403	IZOK	October 2026
		ML 5404	IZOK	October 2026
		ML 3201	HOOD	May 2027
		ML 3202	HOOD	May 2027
		ML 3252	GONDOR	May 2029
SURFACE		86H-10-1-10	IZOK	May 2018
		86H-10-2-11	IZOK	May 2018
		86I-2-1-11	HOOD	May 2018



NIRB: 2014 Exemption under Previous License



**NIRB File No.: 06EN066**

AANDC File No.: N2012C0005

*Previous AANDC File Nos.: N2006C0027, N2008C0020*

NWB File No.: 2BE-IZO0712

KIA File No.: KTL306C019

February 7, 2014

The Honourable Bernard Valcourt  
Minister of Aboriginal Affairs and Northern Development  
c/o Jeff Mercer, Manager Land Administration  
Aboriginal Affairs and Northern Development Canada  
P.O. Box 100  
Iqaluit, NU X0A 0H0

Sent via email: [jeff.mercer@aandc.gc.ca](mailto:jeff.mercer@aandc.gc.ca); [landsmining@aandc.gc.ca](mailto:landsmining@aandc.gc.ca)

**Re: Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: MMG Resources Inc.'s "Izok and Hood" Project, Kitikmeot Region**

Dear Jeff Mercer:

On January 10, 2014 the Nunavut Impact Review Board (NIRB or Board) received an application from Aboriginal Affairs and Northern Development Canada (AANDC) for an extension to AANDC Land Use Permit (LUP) N2012C0005 associated with MMG Resources Inc.'s (MMG) "Izok and Hood" project proposal. A conformity determination from the Nunavut Planning Commission was not required for this file, as the proposed project is located within the Kitikmeot Region which does not currently have an approved land use plan in place.

Please be advised that the original project proposal (NIRB File No.: 06EN066) was received by the NIRB from the Kitikmeot Inuit Association (KIA) on June 23, 2006 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On September 19, 2006 the NIRB issued an 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.

Please note that the current application pertains to the ongoing exploration program at the Izok and Hood sites, and while related in name and location, the exploration work is considered to be a separate and distinct project proposal from the "Izok Corridor" project that has been proposed by MMG and is currently undergoing Review by the NIRB pursuant to Article 12, Part 5 of the NLCA (NIRB File No. 12MN043).



Additional authorization and extension requests associated with the “Izok and Hood” project have also been reviewed by the NIRB following screening of the original project proposal. A summary of the additional applications associated with NIRB File No.:06EN066 is presented in Table 1.

**Table 1: Additional Applications Associated with NIRB File No.: 06EN066**

Authorization	Application			NIRB Decision	
	Date Received by NIRB	Type	Reason for Application	Date Issued	Type
KIA Land Use Licence	June 23, 2006	New licence	New application	September 19, 2006	SDR issued per NLCA 12.4.4 (a)
INAC Lease Renewal File 086H10002	June 6, 2008	Amendment	Airstrip at Ham Lake	July 3, 2008	Reissued September 19, 2006 SDR
INAC LUP N2008C0020	November 3, 2009	Extension	Extension of project activities	November 18, 2009	Reissued September 19, 2006 SDR
INAC LUP N2006C0027	February 18, 2010	Amendment	Construction of temporary winter road between Ham Lake camp and Izok Lake	March 22, 2010	New terms and conditions issued per NLCA 12.4.4 (a)
AANDC LUP N2006C0027	June 13, 2011	Extension	Extension of project activities	June 17, 2011	Reissued March 22, 2010 SDR
AANDC LUP N2012C0005	January 24, 2012	New LUP	LUP to replace two previously issued LUPs (N2006C0027, N2008C0020)	February 23, 2013	Reissued March 22, 2010 SDR

Notes: AANDC= Aboriginal Affairs and Northern Development Canada; INAC= Indian and Northern Affairs Canada; KIA= Kitikmeot Inuit Association; Land Use Permit= land use permit; NIRB= Nunavut Impact Review Board; SDR= Screening Decision Report

The current AANDC application, the original NIRB Screening Decision Report (File No.: 06EN066) and related file information are available from the NIRB’s online public registry at the following location: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/>.

#### PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No.: 06EN066), the ‘Izok and Hood’ project was located within the Kitikmeot Region, approximately 260 kilometres (km) southeast of Kugluktuk. The Proponent indicated that it intended to explore for base metals on both the Izok and Hood properties from December 2006 to December 2008.

The activities and components associated with the original screened proposal included:

- On-land and on-ice drilling of up to 30,000 metres (m) total between the Izok property and Hood property;
- Use of existing Ham Lake camp, and associated 2,500 m gravel airstrip;
- Establishment of a non-permanent weather haven camp (20-40 persons);
- Fuel and chemical storage at camp consisting of:
  - 385,000 litres (L.) of diesel fuel stored in seven fuel tanks,
  - 2,050 L of gasoline stored in ten 205 L drums,
  - 5000 pounds (lbs) of propane stored in 100 lb containers,
  - 20,500 L of aviation fuel (Jet B) stored in drums at airstrip,
  - Petroleum lubricants and drill additives;
- Temporary fuel storage at drill-site locations;
- Research in the areas of wildlife/fish/birds/marine and archaeology;
- Use of water for camp and drilling purposes.

The activities associated with the February 18, 2010 application for an amendment to the LUP (N2006C0027) for this proposal included:

- Winter access trail from Ham Lake camp to Izok Lake;
  - Winter access to include one access trail from the airstrip to Isnogouhd Lake (775 m), ice road over Isnogouhd Lake (5 km) and a second access from Isnogouhd to Izok Lake (450 m);
  - Winter access trail(s) to be prepared with a Bobcat, a front end loader and a grader;
- Winter access trail to be used for crew changes twice daily and drill resupply once daily between March and May; and
- Movement of drummed fuel over trail.

MMG's January 24, 2012 application for a new AANDC LUP (N2012C0005) was to replace the previously issued and expiring AANDC LUPs (N2006C0027 and N2008C0020) and to continue with previously permitted exploration activities from March 2012 to September 2014, including the following additional components and activities:

- Establishment of a fuel cache at the Hood site to include 150 x 205 L drums of diesel fuel (30,750 L total) and 50x 205 L drums of Jet B fuel (total 10,250 L); and
- Increase amount of Jet B fuel stored in barrels at Ham Lake from 20,500 L to 205,000 L to allow for entire annual supply for project activities (as previously permitted) to be stored on site at one time.

#### CURRENT APPLICATION:

MMG is proposing to extend its AANDC LUP (N2012C0005) for one additional year to continue exploration activities on the Izok and Hood properties.



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 proposed extension 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 March 22, 2010 Screening Decision Report (enclosed).

Similar to correspondence the NIRB issued on December 18, 2013 to MMG for its "Canoe Lake Exploration and MolyMag Campsite" project (NIRB File No.: 08EN067), the NIRB requests that MMG provide evidence that they have considered alternatives to using incineration as its primary disposal method at their "Izok and Hood" project (NIRB File No.: 06EN066), including a discussion of any efforts undertaken to meet the *Canadian Wide Standards for Dioxins and Furans* and the *Canadian Wide Standards for Mercury* as such pertain to the incineration of wastes on site. The Board requests that this be provided to our office within 60 days of receipt of this correspondence.

If you have any questions or require additional clarification, please contact Catherine Braun Rodriguez, Technical Advisor, at (867) 983-4607 or [cbraunrodriguez@nirb.ca](mailto:cbraunrodriguez@nirb.ca).

Sincerely,



Ryan Barry  
Executive Director  
Nunavut Impact Review Board

cc: Ted Muraro, MMG Resources Inc.  
Tracey McCaie, Aboriginal Affairs and Northern Development Canada  
Phyllis Beaulieu, Nunavut Water Board  
Geoff Clark, Kitikmeot Inuit Association

Enclosure: NIRB Screening Decision Report, File No.: 06EN066 (March 22, 2010)

### 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 40 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, and engineering studies, as well as environmental monitoring and baseline 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. Large mammals and other species of birds are occasionally seen in the vicinity of the camp. MMG's 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.

<b>Table 1 – Environmental Resources and Potential Impacts</b>	
<b>Resource/Topic</b>	<b>Potential Impact</b>
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.	<p>Pre-drilling terrain mapping and reconnaissance site visit will assist in identifying potential archaeological sites.</p> <p>Personnel training on archaeological resource identification.</p> <p>Standard notification procedures will be followed in the event that archaeological artifacts are encountered.</p>
	Disturbance, removal and/or destruction of archaeological specimens or sites.	<p>Project activities that encounter or disturb an archaeological site or specimen shall be stopped, and the proper regulatory authorities shall be immediately notified.</p> <p>All persons working on site will be made aware of this mitigation procedure and any permit conditions.</p> <p>Archaeological specimens or sites shall not knowingly be removed, disturbed or displaced.</p>

#### CONSULTATION:

MMG continues to liaise 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 on the following page.

Table 3: Consultation

2017

Date	Group	Attendees and Role/Position
Oct-02	INAC	Baba Pedersen (Lands Inspector)
	GN	Mila Kamingoak (MLA Kugluktuk)
	KIA Lands	John Roche (Lands Officer – TMAC)
	Kugluktuk HTO	Amanda Nip (Manager)
Oct-03	Sabina	Matthew Pickard (VP Sustainability)
Oct-04	Kitikmeot Mayor's Conference	Mayors of all five Kitikmeot communities
	Cambridge Bay Coast Guard Auxiliary	Jimmy Haniliak
Oct-05	Kugluktuk	Ryan Nivingolak (Mayor), Don Leblanc (SAO)
	NPC	Alana Vigna (Planner)
	NIRB	Kelli Gillard (Manager Assessment)
	Bathurst Inlet/Bay Chimo HTO	Peter and Martine Kapolak
	Cambridge Bay Hunters and Trappers	Board members: Bobby Greenley – Chair, George Angohiatok - V.Chair, Peter Evalik - Sec. Treas., Mercy Panegyuk – Director, Clarence Kaiyogana – Director, Jimmy Haniliak - Director.
Oct-06	KIA	Stanley Anablak (President), Paul Emingak (Executive Director)
	NTI	Carson Gillis (Director, Lands)

2016

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	Tlichio	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:  
\$250,000.00

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 are provided on the following pages.*

### 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
<b>Total equity</b>	<b>2,589.6</b>	<b>2,175.2</b>	<b>414.4</b>

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) <sup>1</sup>	10,339.5	10,357.8
Less: cash and cash equivalents	552.7	598.3
<b>Net debt</b>	<b>9,786.8</b>	<b>9,759.5</b>
Total equity	2,589.6	2,175.2
<b>Net debt + Total equity</b>	<b>12,376.4</b>	<b>11,934.7</b>
<b>Gearing ratio</b>	<b>0.79</b>	<b>0.82</b>

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.



AS AT 31 DECEMBER			
	NOTE	2016 US\$ MILLION	2015 US\$ MILLION
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	17,084.3	11,873.0
Intangible assets	14	620.6	628.6
Inventories	17	29.8	61.2
Deferred income tax assets	18	291.1	358.5
Other receivables	19	160.7	82.0
Other financial assets	20	12.5	12.4
<b>Total non-current assets</b>		<b>13,198.5</b>	<b>13,025.7</b>
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>2,031.5</b>	<b>1,634.3</b>
<b>Total assets</b>		<b>15,230.0</b>	<b>14,660.0</b>
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	2,863.3	2,350.1
Reserves and retained profits	23	(1,832.8)	(1,692.5)
		1,030.5	657.6
Non-controlling interests	16	1,559.1	1,508.6
<b>Total equity</b>		<b>2,589.6</b>	<b>2,175.2</b>

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

		AS AT 31 DECEMBER	
	NOTE	2016 US\$ MILLION	2015 US\$ MILLION
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<b>11,030.5</b>	<b>11,640.6</b>
<b>Current liabilities</b>			
Borrowings	24	737.0	276.9
Provisions	25	111.0	137.7
Trade and other payables	26	652.6	393.0
Current income tax liabilities		3.1	31.8
Derivative financial instruments	12	5.8	0.3
		<b>1,540.1</b>	<b>839.7</b>
Liabilities of disposal group classified as held for sale	28	69.8	4.5
<b>Total current liabilities</b>		<b>1,609.9</b>	<b>844.2</b>
<b>Total liabilities</b>		<b>12,640.4</b>	<b>12,484.8</b>
<b>Net current assets</b>		<b>421.6</b>	<b>790.1</b>
<b>Total equity and liabilities</b>		<b>15,230.0</b>	<b>14,660.0</b>

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:



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*

A handwritten signature in black ink, appearing to read "Carol Prest".

**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.

<b>Year</b>	<b>Company</b>	<b>Work Done</b>	<b>Results</b>
1973	Texasgulf Inc.	Recce mapping	Identified favourable felsic volcanic hosts, sulphide showings
1974	Texasgulf Inc.	Detailed mapping, soil geochemistry, geophysics in showing areas	High grade float discovered
1975-1977	Texasgulf Inc.	Mapping, geophysics, diamond drilling	Discovery of the Izok Lake deposit
1982	Kidd Creek Mines	VLF, DeepEM	No new conductors
1991	Minnova Inc.	Property acquisition	Pre-feasibility study initiated
1992	Minnova Inc.	Mapping, lithogeochemistry, DeepEM, diamond drilling	Discovered the Inukshuk deposit, increased Izok reserve, identified additional targets
1993	Minnova/Metall	DeepEM, diamond drilling, mapping	Increased Izok and Inukshuk reserves, identified additional targets
1994	Metall	DeepEM, diamond drilling	No new conductors, intersected Ham Lake deposit
1995	Metall	Diamond drilling	Defined limits of Inukshuk deposit
1996	Inmet (name change from Metall)	Demobilization of drilling equipment	Further development on hold pending favourable economics

1997	Inmet	Geochemical sampling	Low gold values
2006	Wolfdan Resources Inc. purchases a 100% interest in Izok from Inmet	No work performed	No results
2007	Zinifex acquires a 100% interest in Wolfdan	Diamond drilling	Testing down plunge extent of the Inukshuk Zone
2008	Zinifex merges with Oxiana to become OZ Minerals.	Diamond drilling, HLEM, TDEM, IP, Total Field Magnetic Surveys.	Testing geophysical targets around the periphery of the ore lenses. No significant results.
2009 to present	MMG purchases OZ Minerals	Diamond drilling, HLEM, TDEM, IP, Total Field Magnetic Surveys.	Surface exploration and drilling. Discovery of High Lake East zone. New Feasibility study and continuation of permitting. Following completion of a negative feasibility study, project is put on care and maintenance in 2015.

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

<..\..\..\..\WATER LICENSE RENEWALS\New folder\IZOK\IZK 2016 Annual Report NWB final.pdf>

### Appendix C – Inuktitut Translation

<C:\Users\MuraroT\Desktop\PROJECT DESCRIPTION IZK Inuktitut.docx>

### Appendix D – Spill Plan

<..\..\..\..\WATER LICENSE RENEWALS\New folder\IZOK\IZK SPILL CONTINGENCY PLAN 2013.pdf>

### Appendix E – Abandonment and Restoration Plan

<..\..\..\..\WATER LICENSE RENEWALS\New folder\IZOK\IZK A AND R PLAN 2014 revisedNOV13.pdf>

### Appendix F - Waste Management Plan



WASTE  
MANAGEMENT PLAN.