

NIRB File No.: 12YA007

GN-DoE File No.: WL 006891 NRI File No.: #0400708N-M

DFO File No.: S-07/08-1035-NU

NWB File No. 2BE-HIG0712, 2BE-IZO0712 AANDC File No.: N2011C0033, N2012C0005

KIA File No.: KTL310C001, KTL308C008, KTL306C019

March 8, 2012

Scott Trusler Minerals and Metals Group 555-999 Canada Place Vancouver, BC V6C 3E1

Via email: scott.trusler@mmg.com

Re: Notice of Part 4 Screening for MMG's "Izok and High Lake Project 2012 Environmental Baseline Program" project proposal

Dear Scott Trusler:

On February 9, 2012 the Nunavut Impact Review Board (NIRB or Board) received Minerals and Metals Group's (MMG) "Izok and High Lake Project 2012 Environmental Baseline Program" project proposal from the Nunavut Research Institute (NRI). The NIRB has assigned this project proposal file number 12YA007 — please reference this file number in related future correspondence.

The project is located in the Kitikmeot region, 280 kilometres southeast of Kugluktuk. The overall objective of the baseline field programs is to gather information for the preparation of a project proposal that would potentially include an open pit and underground mine at both the High Lake and Izok Lake sites. The information gathered would also help MMG understand and document the potential environmental effects of a future project. The baseline field programs are proposed to take place beginning in April 2012 and continue to September 2012.

The proposed project activities and components include:

Baseline field programs to occur at the present site of the Izok Lake property, the High Lake property, and at Gray's Bay, as well as along the proposed future site of an all season road between Izok Lake and Grays' Bay. The programs would include the following:

- Water and sediment sampling in streams and lakes up to four site visits to the project sites as well as other lakes, streams, and rivers downstream of the project are planned
- o Marine environment surveys, including characterization of the proposed port area
- o Snow surveys, including snow depth measurements during spring
- O Stream flow and water level measurements, including the set-up of data logger and gauging stations with subsequent site visits to collect water measurements
- o Soil surveying, including soil sampling with a shovel
- o Vegetation and habitat mapping, including the collection of plant specimen
- o Wildlife surveys
- Archaeological surveys
- o Fish and aquatic organism sampling and fish habitat mapping
- Use of helicopters and small fixed wing aircraft to move field crew from site to site;
- Use of small boats to complete surveys;
- Use of existing accommodations and facilities at both Izok and High Lake sites (previously screened and allowed to proceed per NIRB File Nos. 06EN066 and 06EN048);
- Staff to be transported to camp sites in fixed wing aircraft from Yellowknife; and,
- Summary of data collected including sampling locations, times and methodology, to be submitted to the NRI at the completion of the field programs.

All documents received and pertaining to this project proposal can be obtained from the NIRB's ftp_site_at_http://ftp.nirb.ca/01-SCREENINGS/ACTIVE%20SCREENINGS/12YA007-MMG-Izok%20and%20Hood/01-APPLICATION/ including:

- NRI Scientific Research Application & Appendices in English
- Non-technical Project Proposal summary in English
- Non-technical Project Proposal summary in Inuinnagtun
- Non-technical Project Proposal summary in Inuktitut
- Map

Pursuant to Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA), the NIRB shall proceed to screen this project proposal. The NIRB may request additional information at any time during the process. The NIRB will copy you on screening process related correspondence and upload related documents to the above ftp site for public access.

Be advised that the NIRB is copying parties and municipalities potentially affected by this project proposal. Interested parties are encouraged to comment directly to the NIRB by March 19, 2012.

The NIRB would like parties to provide comments regarding:

- Whether the project proposal is likely to arouse significant public concern; and if so, why;
- Whether the project proposal is likely to cause significant adverse eco-systemic and socio-economic effects; and if so, why;

- Whether the project is of a type where the potential adverse effects are highly predictable and mitigable with known technology, (please provide any recommended mitigation measures); and
- Any matter of importance to the Party related to the project proposal.

Please note that *proposed* project-specific terms and conditions, should the project proceed, have been attached for consideration and comment (**Appendix A**).

Please send your comments to the NIRB at info@nirb.ca or via fax at (867) 983-2594.

If you have any questions or concerns, feel free to contact me directly at (867) 793-4633 or sgranchinho@nirb.ca.

Sincerely,

Sophia Granchinho Technical Advisor

Nunavut Impact Review Board

cc: Distribution List

Phyllis Beaulieu, Nunavut Water Board Stanley Anablak, Kitikmeot Inuit Association Mosha Cote, Nunavut Research Institute

Jeff Mercer, Aboriginal Affairs and Northern Development Canada Elisapee Nowdluk, Government of Nunavut, Department of Environment Doug Stenton, Department of Culture, Language, Elders and Youth

Derrick Moggy, Fisheries and Oceans Canada

Attachments: Appendix A – Proposed Project Specific Terms and Conditions

Enclosures (3): Comment Forms (English, Inuktitut and Inuinnagtun)

Appendix A

Proposed Project Specific Terms and Conditions

The following is a list of project-specific terms and conditions which, should the project proceed, may be recommended to be attached to any approval.

General

- 1. Minerals and Metals Group (the Proponent) shall maintain a copy of the Project Terms and Conditions at the site of operation at all times.
- 2. The Proponent shall forward copies of all permits obtained and required for this project to the Nunavut Impact Review Board (NIRB) prior to the commencement of the project.
- 3. The Proponent shall operate in accordance with all commitments stated in correspondence provided to the NIRB (Scientific Research Licence, February 9, 2012).
- 4. The Proponent shall operate the site in accordance with all applicable Acts, Regulations and Guidelines.

Water Use

5. The Proponent shall not extract water from any fish-bearing waterbody unless the water intake hose is equipped with a screen of appropriate mesh size to ensure that there is no entrapment of fish. Small lakes or streams should not be used for water withdrawal unless approved by the Nunavut Water Board.

Waste Disposal

6. The Proponent shall keep all garbage and debris in bags placed in a covered metal container or equivalent until disposed of at an approved facility. All such wastes shall be kept inaccessible to wildlife at all times.

Wildlife - General

- 7. The Proponent shall ensure that there is no damage to terrestrial or marine wildlife habitat in conducting this operation.
- 8. The Proponent shall not harass terrestrial or marine wildlife. This includes persistently worrying or chasing animals, or disturbing large groups of animals. The Proponent shall not hunt or fish, unless proper Nunavut authorizations have been acquired.
- 9. The Proponent shall ensure that all project personnel are made aware of the measures to protect wildlife and are provided with training and/or advice on how to implement these measures.

Migratory Bird and Raptor Disturbance

10. The Proponent shall not disturb or destroy the nests or eggs of any birds. If nests are encountered and/or identified, the Proponent shall take precaution to avoid further interaction and or disturbance (e.g., a 100 metre buffer around the nests). If active nests of any birds are discovered (i.e. with eggs or young), the Proponent shall avoid these areas until nesting is complete and the young have left the nest.

Aircraft Flight Restrictions

- 11. The Proponent shall restrict aircraft/helicopter activity related to the project to a minimum altitude of 610 metres above ground level unless there is a specific requirement for low-level flying, which does not disturb wildlife and migratory birds.
- 12. The Proponent shall ensure that aircraft maintain a vertical distance of 1000 metres and a horizontal distance of 1500 metres from any observed groups (colonies) of migratory birds. Aircraft should avoid critical and sensitive wildlife areas at all times by choosing alternate flight corridors.
- 13. The Proponent shall ensure that aircraft/helicopter do not, unless for emergency, touch-down in areas where wildlife are present.
- 14. The Proponent shall advise all pilots of relevant flight restrictions and enforce their application over the project area, including flight paths to/from the project area.

Caribou and Muskoxen Disturbance

- 15. The Proponent shall cease activities that may interfere with the migration or calving of caribou or muskox, until the caribou or muskox have passed or left the area.
- 16. The Proponent shall not block or cause any diversion to caribou migration, and shall cease activities likely to interfere with migration such as surveys or movement of equipment or personnel until such time as the caribou have passed.

Physical Environment

17. The Proponent shall ensure that the land use area is kept clean and tidy at all times.

Restoration

- 18. The Proponent shall ensure that all disturbed areas are restored to a stable or pre-disturbed state as practical as possible upon completion of field work.
- 19. The Proponent shall remove all garbage, fuel and equipment upon abandonment.
- 20. The Proponent shall complete all clean-up and restoration of the lands used prior to the end of each field season and/or upon abandonment of site.

Other

- 21. All field operations staff should be made aware of the proponents' commitments to the committed mitigation measures and be provided with appropriate training prior to commencement of the project.
- 22. The Proponent should, to the extent possible, hire local people and consult with local residents regarding their activities in the region.
- 23. The Proponent shall abide by all other terms and conditions previously committed to (NIRB Files 06EN048 & 06EN066) which include water usage, waste disposal/incineration, fuel and chemical storage and camp.