

IZOK / HOOD / GONDOR (IZOK CORRIDOR)



2018 Annual Report Submittal 2BE – IZK1823

Presented
March 2019

MINERALS AND METALS GROUP
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PROJECT DESCRIPTION: IZOK / HOOD

The Minerals and Metals Group (MMG) is a mining development company that has the mineral rights for the Izok and Hood properties.

The Izok property is a VMS style poly-metallic deposit hosted in felsic rocks, the primary interest being its copper and zinc content. The property consists of three mineral leases and three claims. It is located approximately 300 km north of Yellowknife and is situated on both Crown and Inuit Owned Land (see figure 1).

The Izok Lake property has been well documented and explored by various groups over its 40 year history. Although activity in the region is documented since the 1960's, the first significant discovery was made in the mid-1970's by Texas Gulf. Since then, Izok Lake has played host to a number of interested groups, including Minnova and Inmet prior to the involvement of Wolfden and the subsequent series of takeovers that led the property to MMG.

MMG continued to test for extensions of the Izok resource until 2014, and actively followed up geophysical targets with exploration drilling. Although under a series of different companies (Wolfden/Zinifex/Oz) exploration has been continually managed under more or less the same technical team since the acquisition of Wolfden by Zinifex in 2007. During this period there has been several drill campaigns aimed at expanding the resource. The intervening years saw continued surface mapping and geophysical testing of surrounding rock units in the hopes of identifying extensions. Included in this regional work were the adjacent historic showings of Gondor and Hood River, previously explored by Kennecott and Inmet in the 1970s and 80s. Both locations host VMS style mineralization in greenstone geology, and represent potential additional resources that due to their proximity to Izok, are of interest.

Izok's remote location and the logistical challenges involved have discouraged possible developers over the years and it remains one of the last undeveloped large high grade base metal deposits.

Having determined that the project continues to fall short of positive economics at this time, MMG has no immediate plans to continue exploration efforts around the Izok site. The long term plan for the project site involves care and maintenance.

The project is supported by a 50 man camp located on Ham Lake, approximately 5km North of Izok Lake where the mineral resource is located. The camp is located on land under surface lease with the Kitikmeot Inuit Association that has been annexed from IOL CO-05.

Figure 1 : Location Map

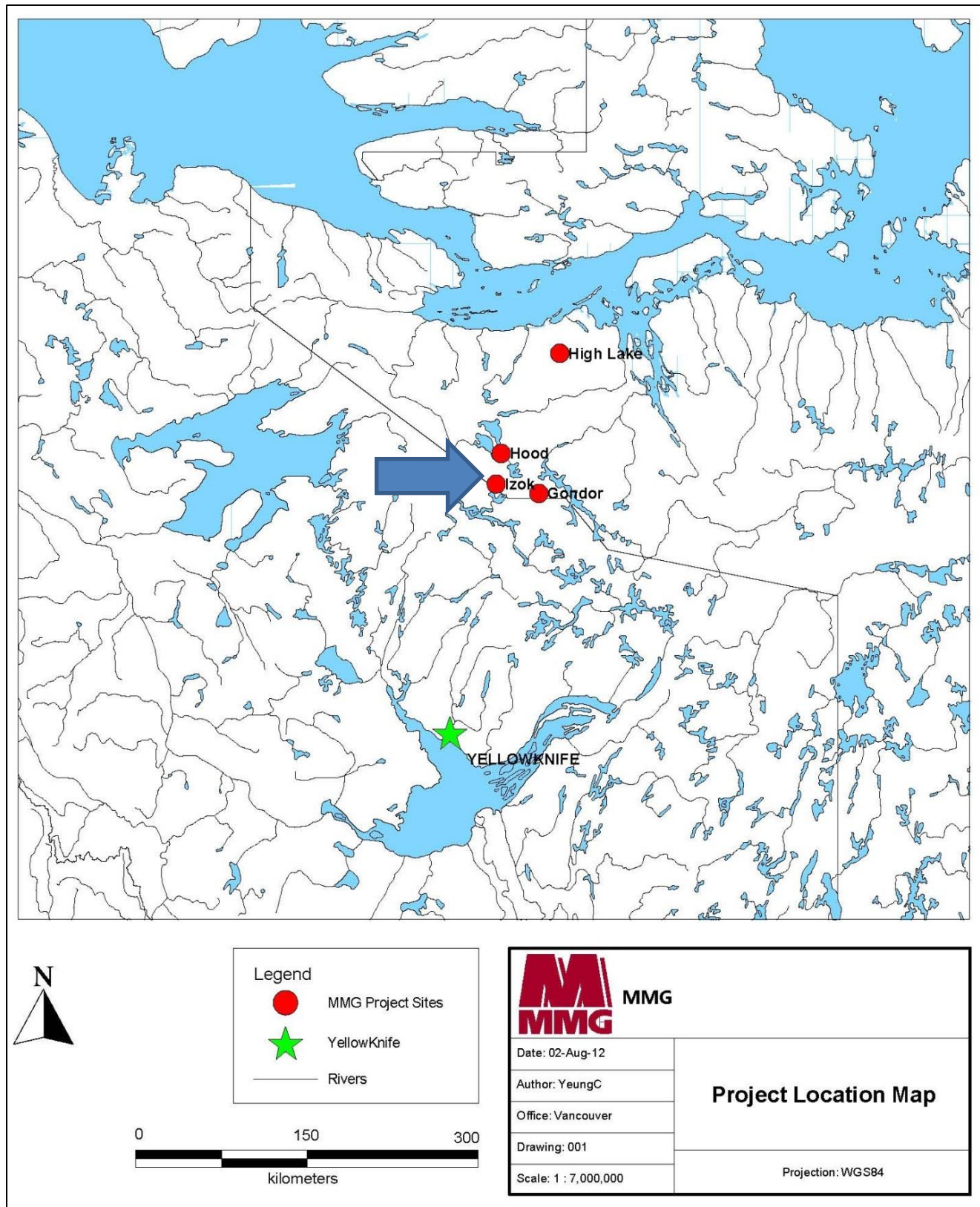


Figure 2 : IOL Package and Surface Leases Izok (air photo)

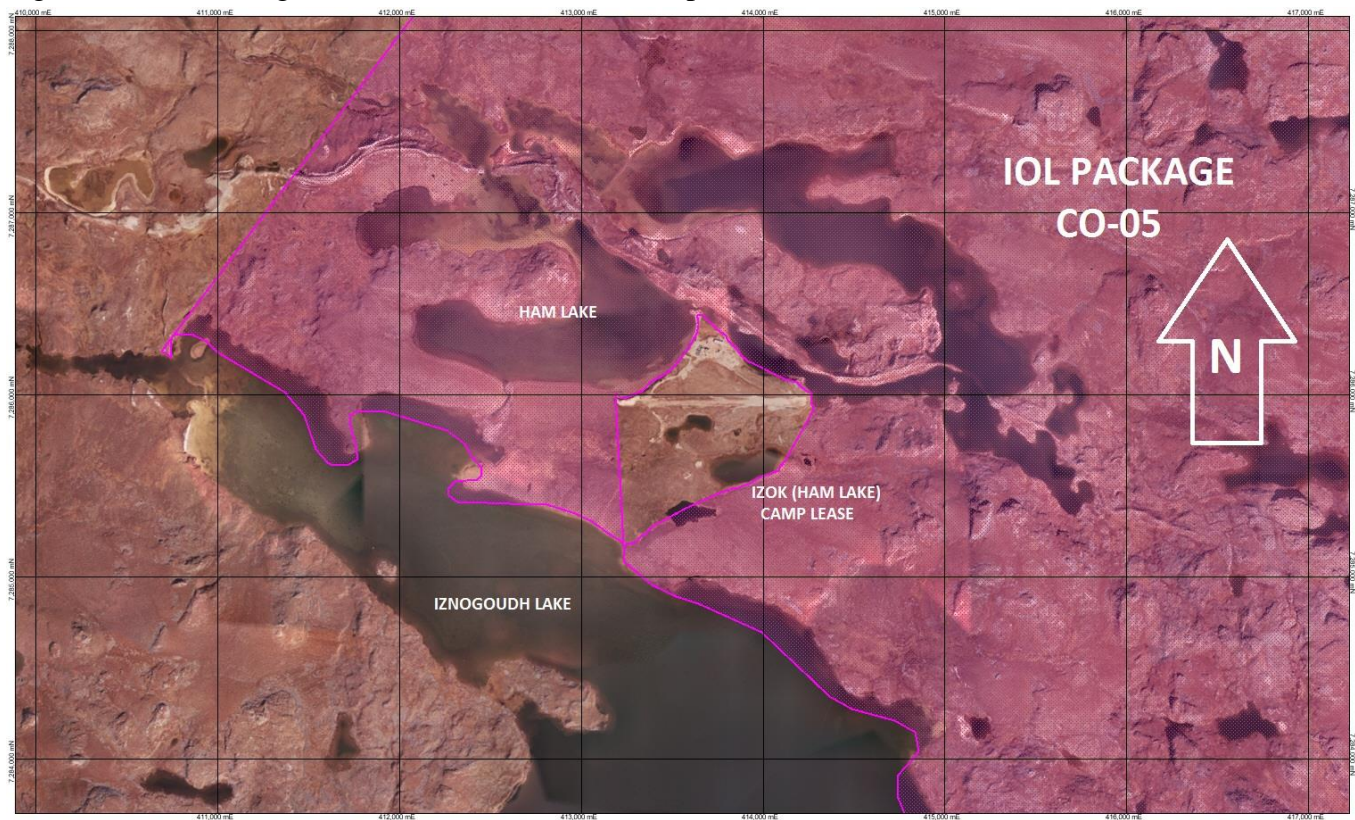


Figure 3 : IOL Package and Surface Leases Izok

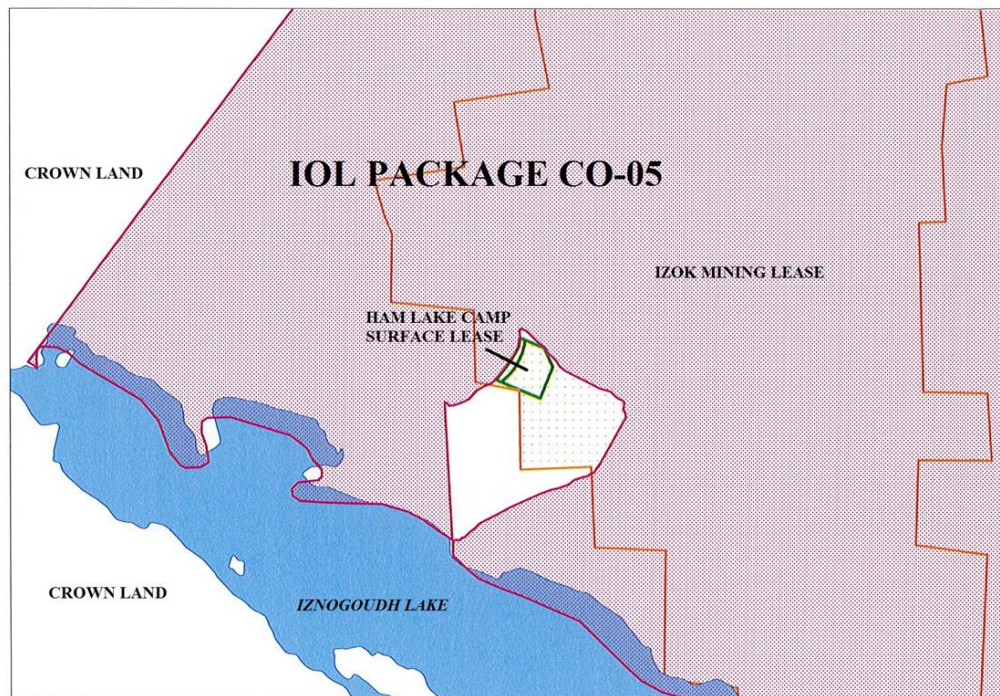
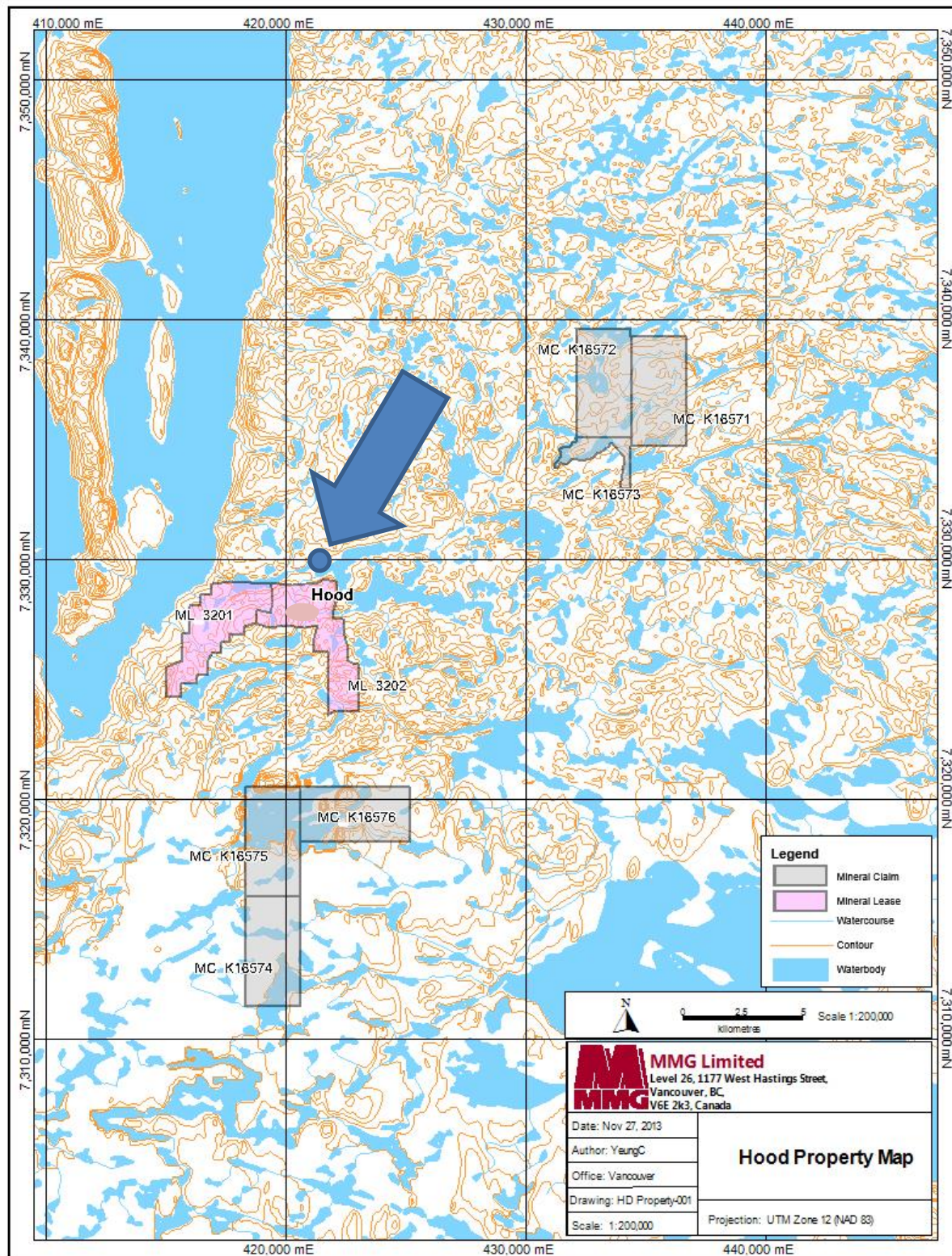


Figure 4 : Hood Site Location



IZOK / HOOD / GONDOR EXPLORATION ACTIVITY SUMMARY 2008-2014:

Exploration and development activity surrounding the Izok resource during the years of MMG operations has included extensive diamond drilling and engineering work associated with feasibility studies. In total some 180 diamond drill holes were completed. Additional information regarding drilling programs can be found in the summary of activity provided in 2016 as an addendum to annual reporting..

IZOK / HOOD / GONDOR FIELD PROGRAM 2018:

No field work was carried out on the properties in question during the past year. The camp remained unoccupied, and effectively has been on care and maintenance since the 2015 field season. Following inspection visits conducted in late 2015, an application to close out Land Use Permits held with both AANDC and the KIA (for both crown and IOL ground) was submitted. Final closure of these permits remains pending. A planned site visit in September of 2018 in order to make an inspection of the camp and address any outstanding issues was suspended due to early freezing conditions. That proposed program will be carried out in Spring 2019.

PLANNED EXPLORATION PROGRAM 2019:

There is no field program contemplated for the current year. A site visit will be carried out in April/May in order to inspect the site and address any issues encountered, as well as continued follow up to observations made in 2017 by AANDC inspectors. There is no contemplated opening of the camp. The scope of works to be undertaken will focus on removal of several historic structures at the old Inmet Camp at the “Hood” location to the East of Amoogabooga Lake.

ENVIRONMENTAL:

Environmental baseline work was discontinued at the end of the 2014 season, primarily due to MMG’s decision to not proceed with feasibility work at this time. Weather data continues to be collected by automated instruments that run on batteries charged with solar panels, and this data was last downloaded in September 2017 during a brief field visit to the site.

No drilling was undertaken in 2018, and therefor there is no associated environmental data presented in this report.

Normally an annual review of the Spill Contingency Plan is conducted, modifications are made if necessary, and the document is included in the appendices of the annual report. As the site is effectively on long term care and maintenance with no activity, and all fuel and lubricants have been removed, the Plan has not been modified from its previous version

WATER USAGE:

Water usage is divided into Industrial and Domestic applications, and is normally monitored if there is activity at the site and the camp is occupied. Water usage reporting normally included in the appendices is absent. 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. When operating, the Ham Lake camp draws its water from Ham 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. Sources for drilling are normally dependent on drill location and chosen based on an evaluation of volume and/or flow adequacy and proximity to area of work.

WILDLIFE:

Wildlife encounters and sightings during operations are normally documented by field personnel, and a copy of the 'sightings log' would be 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 MMGs Wildlife Management Plan is available on request.

COMMUNITY:

MMG's stakeholder relations officer in Kugluktuk, Mr. Donald Haviyok, acts as our community liaison. His primary job is to keep local community members informed of our activities, and address concerns and questions they may have on behalf of the company. In addition, Donald keeps us up to date on local politics and community affairs. He is also normally instrumental in the hiring of local staff, aiding applicants in resume preparation and conducting initial interviews on our behalf. Due to the absence of activity, there were no locally hired temporary staff employed by MMG during 2018. The table showing employment numbers normally included in this report is therefore absent.

AIR OPERATIONS:

Due to inactivity at the project site, there was no regular air operations conducted during 2018, accordingly the table that normally is included in this report documenting fixed and rotary wing activity is absent. It can be noted that a single flight was made to site in September to assess the site and address INAC observations. During normal operations, low level flight is avoided in order to minimize noise

impacts on local wildlife. When operational areas coincide with seasonal migration paths or calving grounds, activity is diverted or suspended.

RECLAMATION WORK:

There was no reclamation work carried out at Izok in 2018. Reclamation work completed in 2015 allowed MMG to put the Ham Lake Camp site on long term care and maintenance. All presence on surrounding Crown and IOL lands has been removed and the associated Land Use Permits have been either closed or are pending closure. . Remaining infrastructure is contained within the Surface Lease.

The annual site visit normally undertaken in late summer was suspended due to early freezing conditions in the western arctic. The visit will be undertaken in April of the current year. to the Ham Lake site and the refuse that had previously observed along the shores of Iznogoudh Lake was collected and disposed of. A summary of the 2017 site visit was provided with photos to INAC for review, and a subsequent document was received with further observations. These will be addressed in the 2019 visit.

WASTE REMOVAL:

There was no waste removal from the Izok site in 2018 due to inactivity and the suspension of the site visit planned for last September.

SPILL CONTINGENCY AND ABANDONMENT AND RESTORATION:

The Spill Contingency and Abandonment and Restoration Plans for the site underwent review and modification in January 2014 and the updated versions were forwarded to AANDC and the NIRB. The Plans have historically been included in the annual report submittals to regulatory agencies. MMG has now closed out the Land Use Permits associated with IOL ground, and closure of Crown Land permits are pending satisfaction of conditions. There was no site activity in 2018. All fuel and lubricants have been removed from site, therefore there has been no modification to the Spill Contingency Plan. The Abandonment and Restoration plan also remains unchanged from the version submitted previously.

SITE INSPECTIONS:

An inspection of the site was carried out in July of 2017, as part of the closure request for the Land Use Permit N2012C0005 currently held with AANDC. During this visit several observations were made that MMG subsequently addressed with a visit to site carried out in late August of that same year. A report was submitted to AANDC for review, and several additional observations were made. MMG had planned to address these during a 2018 site visit programed for early September. That site visit was

suspended due to early freezing conditions, and the contemplated remediation work will now be carried out in Spring of 2019. A copy of the 2017 inspection report is provided in the appendices.

PERMITTING:

A closure request for the LUP (N2012C0005) issued by Aboriginal Affairs and Northern Development Canada which served to cover MMG's exploration activities in both the Izok and the Hood/Gondor project areas on Crown Land, was submitted at the end of 2015. This request was initially communicated as approved but subsequently questioned and observed. The closure remains pending the satisfaction of INAC inspectors for reclamation observations related to historical drilling undertaken, primarily prior to MMG's involvement.

A closure request for the Land Use Agreement for operating on the IOL ground of the Kitikmeot Inuit Association (KTL306C019) was similarly requested and closure approval received following inspections in late 2015.

The current Water License (2BE – IZO1823) held with the Nunavut Water Board (NWB) was renewed in order to potentially support environmental and engineering work related to the Greys Bay road proposal at the request of the KIA.

APPENDICES

Appendix I : 2017 Site Inspections



Indigenous and
Northern Affairs Canada

Affaires autochtones
et du Nord Canada

WATER LICENCE INSPECTION FORM

☒ Original
☐ Follow-Up Report

Licensee MMG Resources Inc.	Licensee Representative Theodore Muraro
Licence No. / Expiry 2BE-IZO1217 (exp. Dec 31 2017)	Representative's Title
Land / Other Authorizations 86H/10-1-10 86I/2-1-10	Land / Other Authorizations N2012C0005
Date of Inspection 12-07-2017	Inspector Eva Paul
Activities Inspected <input checked="" type="checkbox"/> Camp <input type="checkbox"/> Drilling <input type="checkbox"/> Mining <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Reclamation <input checked="" type="checkbox"/> Fuel Storage <input type="checkbox"/> Roads/Hauling <input type="checkbox"/> Other:	

Conditions:	A- Acceptable	U-Unacceptable	C-Concern	NI-Not Inspected	NA- Not applicable
PART:				Item No.*	Condition
A: SCOPE, DEFINITIONS AND ENFORCEMENT					C
B: GENERAL CONDITIONS					A
C: CONDITIONS APPLYING TO WATER USE					NA
D: CONDITIONS APPLYING TO WASTE DISPOSAL					A
E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS					A
F: CONDITIONS APPLYING TO DRILLING OPERATIONS					NA
G: CONDITIONS APPLYING TO MODIFICATIONS					NA
H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING					A
I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING				I-10	U
J: CONDITIONS APPLYING TO MONITORING					NA
*The item number corresponds with specific conditions within the licence and the observation number corresponds with specific comments provided below.					
Samples taken by Inspector:		Location(s):			
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					

SECTION 1	<input checked="" type="checkbox"/> Comments (s.1)	<input checked="" type="checkbox"/> Non-Compliance with Act or Licence (s.2)	<input checked="" type="checkbox"/> Action Required (s.3)
An aerial inspection of the above project was conducted on July 12, 2017, followed by an administrative review. This project has been inactive since 2015, using no water and depositing no waste.			
1. The licence will expire December 31, 2017 but no renewal application is yet seen on file with the Nunavut Water Board. Renewal can take several months. As identified on the licence cover page: "The NWB recommends that an application for the renewal of this Licence be filed at least three months prior to the Licence expiry date."			
2. Drill stems are seen within Izok Lake around the island. A plan for removal of these drill stems is required.			
SECTION 2	<input type="checkbox"/> Comments	<input checked="" type="checkbox"/> Non-Compliance with Act or Licence	<input type="checkbox"/> Action Required
I-10: The Licensee shall restore all drill holes and disturbed areas to natural conditions immediately upon completion of the drilling. The restoration of drill holes must include the removal of any drill casing materials and if having encountered artesian flow, the capping of holes with a permanent seal.			
SECTION 3	<input type="checkbox"/> Comments	<input type="checkbox"/> Non-Compliance with Act or Licence	<input checked="" type="checkbox"/> Action Required
A. The renewal application should be filed as soon as possible, as the process can take several months.			
B. Please submit to the Inspector a plan (with timelines) for the removal of drill collars/anchors etc. from Izok Lake by March 31, 2018, to be carried out in 2018.			

Licensee or Representative	Inspector's Name
	Eva Paul
Signature	Signature
	Sent electronically
Date	Date
	26-10-2017

CC: Licensing Department, NWB
Erik Allain, Director of Lands, INAC





☒ Original
☐ Follow-Up Report

CROWN LAND USE INSPECTION FORM

Permittee	Representative
MMG Resources Inc.	Theodore Muraro
Permit No. / Expiry	Representative's Title
N2011C0033	
Other Authorizations	Land / Other Authorizations
76M/7-1-10 (31-12-2017)	2BE-HIG1722
Date of Inspection	Inspector
20-08-2017	Eva Paul
Activities Inspected	
<input checked="" type="checkbox"/> Camp <input type="checkbox"/> Drilling <input type="checkbox"/> Mining <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Reclamation <input checked="" type="checkbox"/> Fuel Storage <input type="checkbox"/> Roads/hauling <input type="checkbox"/> Other: <input type="checkbox"/> Other:	

Conditions:	A- Acceptable	U-Unacceptable	C-Concern	NI-Not Inspected	NA- Not applicable
Land Use Permit N2011C0033:					
31 (1)(a) Location and Area				Term No.* 2	Condition C Observation No. 1
31 (1)(b) Time				10	U 2
31 (1)(c) Equipment					A
31 (1)(d) Methods and Techniques					A
31 (1)(e) Type location, capacity and operation of facility				23	U 2
31 (1)(f) Control or prevent of flooding, erosion, and subsidence of Land					A
31 (1)(g) Use, storage, handling and disposal of chemical or toxic materials					A
31 (1)(h) Wildlife and fisheries habitat					A
31 (1)(i) Objects and places of recreation, scenic and ecological value					A
31 (1)(k) Petroleum fuel storage				54	C 3
31 (1)(m) Matters not inconsistent with the regulations					A
Lease # 76M/7-1-10:					
Term				2	C 4
Rent and Taxes					A
Use					A
Assignments/ Subletting					NI
Breach					A
Termination					NA
Reclamation					A
Environmental				22	U 2
Fuel and Hazardous Chemicals				25	A 2
Boundaries/Survey					NA
Improvements					A
Access					NA
Indemnification					NI
Notices					NI
Archeology					NI
General					A

*refers to specific terms and conditions found in the permit/lease in question.

SECTION 1	<input checked="" type="checkbox"/> Comments (s.1)	<input checked="" type="checkbox"/> Non-Compliance with Permit, Act or Regs (s.2)	<input checked="" type="checkbox"/> Action Required (s.3)
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A final plan was submitted for MMG's N2011C0033. N2011C0033 was preceded by 2007C0009 and N2004C0037. In 2009 the LUP area was expanded for exploration south and east. All obligations held under the preceding LUPs exist in the most recent LUP.

1. Debris was noted at several drill sites, and collars/anchors that were not removed.

1	HLE-10-001	N67 06 10.4 W110 04 56.9	Nothing found
2	HLE-10-005	N67 06 51.7 W110 04 51.8	collars/casing
3	HLE-10-008	N67 07 09.5 W110 06 24.0	collars/casing
4	BGC12-113	N67 28 35.6 W110 49 06.1	garbage/debris
5	BGC12-111	N67 23 08.3 W110 51 13.3	not found
6	HLGT-AB-11	N67 22 55.9 W110 50 57.6	looks to have cables in it (thermister?)
7	HLZ-07-219	N67 22 31.4 W110 51 21.0	Casing left with white PVC over it
8	HLK-RES-07	N67 22 12.0 W110 53 02.7	boards seen
9	HLZ-07-206	N67 19 56.2 W110 54 10.3	collars/casing



10	HLZ-07-218	N67 14 08.7 W110 59 29.4	boards/debris, collars/casing
11	CNL-09-001	N67 08 34.7 W111 06 47.0	core racks, collars/casing, several in this area.

2. Reclamation of the drill sites should have been done as each hole was completed, and verification done before MMG became inactive in the region. The camp was found in disarray – wildlife and possibly weather has resulted in debris, and cleaning supplies strewn about, including a boat's fuel tank found on the dock near the water's edge. Buildings were broken into. Blue tarps used on buildings are shredded and disintegrating. These pose a threat to wildlife if ingested. Where structures were burned, there is melted plastic, nails and screws, which are to be collected.

3. A fuel tank for the boat, and cleaning supplies were stored in a wooden bin on the dock at the water's edge. The cleaning supplies were pulled from the bin by wildlife and consumed, and the fuel tank was found on the dock.

4. The lease expires 31-12-2017. MMG has informed me that a renewal application has been submitted and is awaiting INAC action.

MMG was able to briefly engage Matrix Logistics, who were working in the area shortly after the August 20 inspection, to address some of the items above. The follow up report (received November 12, 2017) shows that debris was collected and the camp was boarded up. Other items will be addressed in July 2018.

SECTION 2 ☐ Comments ☒ Non-Compliance with Permit, Act or Regs ☐ Action Required

N2011C0033

2. The Permittee shall remove from Territorial Lands, all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material.

10. The Permittee shall complete all clean-up and restoration of the lands used prior to the end of each field season as well as the expiry date of this permit.

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

54. The Permittee shall not place any petroleum fuel storage containers within thirty-one (31) metres of the normal high water mark of any stream or body of water.

76M/7-1-10

22. The Lessee shall at all times keep the land in a condition satisfactory to the Minister.

25. The Lessee shall ensure that fuel storage containers are not located within... 30.48 metres of the ordinary high water mark of any body of water...

SECTION 3 ☐ Comments ☐ Non-Compliance with Permit, Act or Regs ☒ Action Required

A. All drill sites on Crown Land are to be inspected and reclaimed for closure of the LUP. Please provide a table that demonstrates which drill sites are on Crown Land vs. IOL, and which also identifies which drill holes have been purposely left with monitoring equipment. Closure of the Land Use Permit will not be possible until it has been demonstrated that all drilling on Crown Land meets the reclamation requirements. This table must be provided prior to final inspection.

B. Cleanup of the camp is to be done in the snow-free season. All locations where structures were burned should be raked for plastic and other debris (nails etc). Tarps are to be removed and/or replaced. Notification is requested well prior to the camp and drill site cleanup to facilitate charter scheduling, if MMG wishes a final inspection be done in 2018 to permit the LUP closure, as well as confirmation of the completion of the work. An updated final plan/report is also required, but can be submitted after the inspection if necessary.

C. Regular (at least annual) site maintenance is required in order to maintain the condition of the land.

D. Confirm removal of all chemicals stored less than 31m from the Ordinary High Water Mark.

Licensee or Representative	Inspector's Name
	Eva Paul
Signature	Signature
	Sent electronically
Date	Date
	16/11/2017

CC: Erik Allain, Director of Lands, INAC
Tracey McCaie, Manager of Lands Administration, INAC

ATT: Photos of August 20 2017 Inspection

Appendix II : Permitting



NUNAVUT WATER BOARD RENEWAL WATER LICENCE

Licence No. 2BE-IZO1823

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 RESOURCES INC.

(Licensee)

P.O. BOX 91460, WEST VANCOUVER, B.C. V7V 3P1

(Mailing Address)

Herein after called the Licensee, the right to alter, divert or otherwise use Water or deposit Waste for a period, subject to restrictions and conditions contained within this Licence:

Licence Number/Type: **2BE-IZO1823 / TYPE "B"**

Water Management Area: **COPPERMINE WATERSHED (NO. 28)**

Location: **IZOK PROJECT, KITIKMEOT REGION, NUNAVUT**

Classification: **MINING UNDERTAKING**

Purpose: **USE OF WATER AND DEPOSIT OF WASTE**

Quantity of Water use not to Exceed: **ONE HUNDRED (100) CUBIC METRES PER DAY**

Date of Licence Issuance: **FEBRUARY 7, 2018**

Expiry of Licence: **FEBRUARY 6, 2023**

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

Lootie Toomasie,
Nunavut Water Board, Chair

Licence No. 2BE-IZO1823

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Appendix III : Waste Management Plan

The waste management plan remains unchanged from that provided in previous reports. It has not been revised due to the inactivity of the Slave Project sites. A copy in digital form can be provided upon request.

Appendix IV : Spill Contingency Plan

The Spill Contingency Plan has not been modified from the version provided in previous years annual reporting due to inactivity at the Slave Project sites. A copy in digital form can be provided upon request.

Appendix V : Abandonment and Restoration Plan

The complete Abandonment and Restoration Plan has not been modified from the version provided in previous years reporting due to inactivity at the Slave Project sites. It can be provided in digital form upon request.