IZOK PROJECT

LICENSE 2BE – IZK0712

SUPPLEMENTARY INFORMATION PACKAGE

TO WATER LICENSE RENEWAL APPLICATION UNDER EXISTING PERMITTED CONDITIONS AND SCOPE

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SUMMARY OF EXPLORATION ACTIVITIES:

MMG has been actively exploring in the Izok area for several years under the active Land Use Permit #N2012C0005 and Water License 2BE-IZK0712. The "scope" of exploration in terms of infrastructure, equipment, methodology and area under investigation remains unchanged. The existing historic camps at the Ham Lake site and the Hood site (formerly INMET camps) continue to be used as operational bases for exploration activities and there is no current plan to expand at either location.

The attached general location map shows the two camp locations relative to Yellowknife. Also included is a more detailed map showing the areas of interest (claims) presently permitted under LUP#N2012C0005.

Anticipated exploration activities include core drilling and sampling from surface, prospecting and geological mapping, ground and airborne geophysics, as well as environmental baseline and engineering studies. Drill programs are target dependent for the most part, and diamond drills will operate from land or from lake ice in the winter and early spring. Some geotechnical drilling for engineering studies is anticipated, and up to 3 drills may be involved in the anticipated programs. The Izok project remains of economic interest to MMG and it is anticipated that exploration work will be ongoing for the foreseeable future. The purpose of these activities is to identify additional mineral resources in the Izok lake region and continue to advance the feasibility of the known deposit.

HAM LAKE CAMP

The historic Ham Lake Camp, to the north of Izok Lake, provides accommodations for up to 50 people in a combination of steel clad buildings, and aluminium framed "weatherhaven" style tents. Electric baseboard heaters supply heat to the majority of the accommodations. Access is by air only, and the site has an associated 3000ft. gravel airstrip. A helicopter is normally stationed on site during occupancy. The camp is opened seasonally in early March by a small crew in order to facilitate an airlift re-supply using the First Air C130 Hercules aircraft. A V-Plow and a loader onsite are utilized to construct the permitted provisional landing strip on the frozen surface of Iznogoudh Lake. Portable secondary containment berms onsite allow for the temporary storage of up to 800 drums of fuel, in addition to 5 double walled, skid mounted 11,000L bulk tanks. A generator provides electricity to the camp. Water is drawn from Ham Lake with a submersible pump and used to fill plastic storage tanks located in the "dry" for domestic use. Toilets are "Pacto" style, with human waste contained in plastic bags for incineration. Greywater from domestic use runs through a grease trap before draining into a settling tank. It is pumped from here to a sump location in a prepared

pit dug into esker material behind the camp. Burnable waste is incinerated on site. All other waste products are sealed in empty fuel drums and transported to Yellowknife where they are turned over to KBL Waste Management for proper disposal. There is very little vegetation in the operational environment, and overburden is not normally disturbed in the course of exploration work. Minimizing foot traffic over tundra is policy on site. See attached photos of the Ham Lake camp as well as a layout of facilities.

HOOD SITE

The historic Hood site was constructed by Inmet during the late 1980s in order to facilitate drilling programs designed to test new mineral occurrences identified to the north of Izok Lake. The site that is just west of Taqujaq Lake has been almost completely dismantled. A steel clad core storage facility remains, along with two wood frame canvas tents. MMG uses the site as a logistical staging area and there is no present plan to occupy it as a camp. Portable secondary containment berms allow for the temporary storage of up to 400 drums of fuel. See attached photos of the Hood site.

FUEL HANDLING

Fuel is airlifted seasonally into the Ham Lake site using First Air's C-130 Hercules aircraft onto the frozen lake surface. The fuel is transported in standard 205L steel drums. Once unloaded, it is transported to the adjacent fuel storage area using a loader equipped with forks. The storage area is on level esker material, and different Fuel types are separated into different caches. All of the caches are placed within secondary containment berms. Fuel drums are slung with helicopter, or transported by vehicle from the cache sites as required to various locations around camp, and out to the drill rig site. A Twin Otter is used to shuttle fuel from the Ham Lake site to other permitted locations if needed (Hood).

In addition to drum fuel, the Ham Lake site also has bulk fuel storage in 5, portable double walled fuel storage tanks. These tanks are skid mounted and hold 11,000L each. Fuel is transported using a bladder installed in Arctic Sunwests C-3 Buffalo Aircraft. Upon arrival, the contents of the bladder are transferred with an electric fuel pump to a tanker truck that then again transfers the fuel to the bulk tanks. Secondary containment is employed at the fuel transfer sites. This bulk fuel is transferred to the generators, truck mounted "tidy-tanks", or drums as needed.

Fuel is transferred from drums by manual or electric fuel pumps with flexible hoses, by designated personnel. Secondary containment and absorbent matting is employed at all fuel transfer locations, and spill kits are close at hand. Staff are trained in spill response protocols and an annual review is conducted during field operations.

WASTE DISPOSAL

Burnable garbage is incinerated on site in a forced air diesel fired furnace built for that purpose. Industrial waste that is not burnable and remnants from the incinerator are sealed in drums and removed from site for proper disposal in Yellowknife, as are used lubricants and petroleum products. Waste arriving in Yellowknife is handled by KBL Environmental, and if required is transported to Edmonton for disposal. Sewage is collected daily from the Pacto style toilet facilities and sealed in plastic bags which are then incinerated on site. Greywater from domestic use runs through a grease trap and a settling tank before draining to a sump location located behind the kitchen and dry facilities. There is very little vegetation in the operational environment, and overburden is not normally disturbed in the course of exploration work. Drill moves are helicopter supported and drill platforms are built on timbers to prevent damage to the tundra surface. Surface vehicle travel is limited to existing permitted gravel roads and seasonal ice roads. Minimizing foot traffic over tundra is company policy on project sites.

DRILLING

Drilling has traditionally been contracted to Major Drilling, based in Moncton New Brunswick, although in 2012 Geotech Drilling out of British Columbia was also onsite. Drilling operations on the frozen lake surface of Izok Lake are supported by heavy equipment from the Ham Lake Camp. A “winter trail” is included in the land use permitting associated with Izok which allows access over Iznogoudh Lake. Drilling operations in the summer months are helicopter supported; the drill is dismantled and flown piece by piece to the next pad location where it is re-assembled. The drill is positioned on a temporary plank floor constructed over wooden timbers (12”X12”). Secondary containment and spill kits are employed at fuel transfer points. Water used for diamond drilling is pumped a source proximal to the pad location. Water source locations are reported annually. Approximately 25% of the water supplied to the drill is actually “consumed” in the drilling process. The remainder returns to surface where it is re-circulated in a closed system and any rock cuttings allowed to settle before being returned to the bit face. At the completion of drilling, water contained in the settling tanks is filtered and inspected before being returned to the environment. Cuttings from the tanks are collected and deposited in sump locations. These locations are normally natural depressions or open fractures in rock that allow for suitable

natural containment. If lake-bottom targets are identified, drilling from the frozen lake surface is carried out in the winter months. Lake water is tested prior to and after completion of drill holes in order to ensure that there are no contaminants escaping the closed system. Water samples and photos documenting ice drill platforms are sent to ALS laboratories for analysis and the results are provided annually to the Nunavut Water Board in our annual report. Cuttings are carefully collected and deposited on land in chosen sump locations. Sump locations are reported annually with the completion of drilling. Any disturbed ground is re-seeded.

IMPACTS:

Potential Impacts and Planned Mitigations remain as originally permitted, and are outlined in the following table.

SUMMARY OF POTENTIAL IMPACTS

RESOURCE/TOPIC	POTENTIAL IMPACT	PROPOSED MITIGATION
Tundra / 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 tundra surface. Site will be left in a stable state. Proper storage of fuel containers and use of drip pans. See Attached 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 water will be required if downhole circulation is lost. Lost circulation is un-common and amounts are expected to be minimal.
Hydrology	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 .
Surface Water Quality	None – no direct discharge to water bodies, negligible	Minimum 30m distance from surface water bodies enforced for all

	sedimentation.	activities.
Fish and Fish Habitat	Entrainment of fish and other aquatic life with extraction of water for drilling and domestic camp purposes.	Use of screens over pump 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. Closed system on drill water return. 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. Operations will be modified or suspended if found to be affecting seasonal migration or nesting activities.
Wildlife and Wildlife Habitat	Disturbance of wildlife from low-level aircraft activities.	Low-level fixed wing aircraft activity will be restricted to take off and landing. Likewise helicopter flight will be restricted to the necessary slinging of drill equipment and take off and landing.
Socio-economics	Positive impacts. Local employment and training. Continued employment opportunities for field personnel from the local communities, with the possibility of expansion in the future.	Local employment provides jobs, employment benefits and income to individuals and families in isolated communities with few opportunities. Boosts local economy which in turn has beneficial effects.
Archaeology / Cultural Sites	Minor disturbance to immediate drilling areas.	Pre-drilling terrain mapping and reconnaissance site visit will assist in identifying potential archaeological sites. Personnel training on archaeological resource identification. Standard notification procedures will be followed in the event that archaeological artifacts are encountered, and operations

		modified or suspended.
Archaeology / Cultural Sites	Disturbance, removal and/or destruction of archaeological specimens or sites.	Project activities that encounter or disturb an archaeological site or specimen shall be stopped, and the proper regulatory authorities shall be immediately notified. All persons working on site will be made aware of this mitigation procedure and any permit conditions. Archaeological specimens or sites shall not knowingly be removed, disturbed or displaced.

RELATED RIGHTS, LICENSES, AND PERMITS

Permit/License No.	**Regulatory Body**	**Type**	**Expiry**
NWB2E-IZK05712	Nunavut Water Board	Water License Type B	DEC 31, 2012
SL-86I / 2-1-11	Dept. Aboriginal Affairs and Northern Development	Surface Lease (HOOD)	April 30, 2018
KTL306C019	Kitikmeot Inuit Association	Land Use License	Feb.15, 2013
ML3201; ML3202	Dept. Aboriginal Affairs and Northern Development	Mining Lease (HOOD)	May 5, 2027
W2008C0002	Wek'eezhil Land and Water Board	Land Use Agreement	March 16, 2013

MMG MINERAL LEASES :

Izok, Hood and Gondor

LEASE	NAME	TYPE	REGION	GRANT DATE	PROJECT	MAP SHEET	EXPIRY DATE	GOVT. OFFICE
3563	3563	Mineral Lease	Region	18/11/1996	High Lake	076L14	18/11/2017	AANDC
3201	3201	Mineral Lease	NT	31/05/1985	Hood	086I02	31/05/2027	AANDC
3163	3163	Mineral Lease	BOTH	19/10/1984	Izok	086H10	19/10/2026	AANDC
3202	3202	Mineral Lease	NT	31/05/1985	Hood	086I02	31/05/2027	AANDC
4474	4474	Mineral Lease	BOTH	01/03/2002	Izok	086H10	01/03/2023	AANDC
4475	4475	Mineral Lease	BOTH	23/05/2002	Izok	086H10	23/05/2023	AANDC
4676	4676	Mineral Lease	BOTH	23/05/2002	Izok	086H10	23/05/2023	AANDC
4675	4675	Mineral Lease	NT	01/03/2002	Izok	086H10	01/03/2023	AANDC
4674	4674	Mineral Lease	BOTH	01/03/2002	Izok	086H10	01/03/2023	AANDC
2385	2385	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2384	2384	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
3290	3290	Mineral Lease	NT	08/11/1968	High Lake	076M07	08/11/2010	AANDC
2382	2382	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2373	2373	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2383	2383	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2379	2379	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2378	2378	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2374	2374	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2375	2375	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2372	2372	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2380	2380	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2377	2377	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2381	2381	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
2376	2376	Mineral Lease	NT	16/04/1971	High Lake	076M07	16/04/2013	AANDC
127304	F73235	Mineral Claim	NT	30/08/2001	Hood	086I10	13/03/2012	AANDC
127323	F73051	Mineral Claim	NT	30/08/2001	Hood	086I10	13/03/2012	AANDC
128937	F74770	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128941	F74774	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128944	F74777	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128945	F74778	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128947	F74780	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128948	F74781	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128951	F75431	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128952	F75432	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128953	F75433	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128955	F75435	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128956	F75436	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128967	F75447	Mineral Claim	NT	13/03/2002	Hood	086I10	13/03/2012	AANDC
128965	F75445	Mineral Claim	NT	13/03/2002	Hood	086I10	13/03/2012	AANDC
128968	F75448	Mineral Claim	NT	13/03/2002	Hood	086I10	13/03/2012	AANDC
130465	F75774	Mineral Claim	NT	04/04/2002	High Lake	076M02	04/04/2005	AANDC
130480	F75788	Mineral Claim	NT	04/04/2002	High Lake	076M02	04/04/2005	AANDC
127324	F73052	Mineral Claim	NT	30/08/2001	Hood	086I10	13/03/2012	AANDC
130489	F75797	Mineral Claim	NT	04/04/2002	High Lake	076M03	04/04/2012	AANDC
41578	F31092	Mineral Claim	NT	26/01/1993	Hood	076L04	13/03/2012	AANDC

128946	F74779	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128950	F75430	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128957	F75437	Mineral Claim	NT	13/03/2002	Hood	086I11	13/03/2012	AANDC
128969	F75449	Mineral Claim	NT	13/03/2002	Hood	086I10	13/03/2012	AANDC
130478	F75786	Mineral Claim	NT	04/04/2002	High Lake	076M02	04/04/2005	AANDC
130488	F75796	Mineral Claim	NT	04/04/2002	High Lake	076M03	04/04/2012	AANDC
41579	F31093	Mineral Claim	NT	26/01/1993	Hood	076L04	13/03/2012	AANDC
41581	F31095	Mineral Claim	NT	26/01/1993	Hood	076L04	13/03/2012	AANDC
130490	F75798	Mineral Claim	NT	04/04/2002	High Lake	076M02	04/04/2012	AANDC
130477	F75785	Mineral Claim	NT	04/04/2002	High Lake	076M02	04/04/2005	AANDC
130463	F75772	Mineral Claim	NT	04/04/2002	High Lake	076M02	04/04/2005	AANDC
MC_K02 192	GW11	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	086H09	07/11/2016	AANDC
MC_K02 194	GW13	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	086H09	07/11/2016	AANDC
MC_K02 195	GW14	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	086H09	07/11/2016	AANDC
MC_K02 196	GW15	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	086H09	07/11/2016	AANDC
MC_K02 197	GW16	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	086H09	07/11/2016	AANDC
MC_K02 198	GW17	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	086H09	07/11/2016	AANDC
MC_K02 200	GW19	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	086H09	07/11/2016	AANDC
MC_K02 202	GW21	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	086H09	07/11/2016	AANDC
MC_K02 203	GW22	MC- Mineral Claim (NT)	NT	07/11/2006	Gondor	076E12	07/11/2016	AANDC
MC_K02 210	GW29	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 213	GW32	MC - Mineral Claim (NWT)	NWT	11/11/2006	Gondor	076E05	11/11/2016	AANDC
MC_K02 219	GW38	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 220	GW39	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 221	GW40	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 227	GW46	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 229	GW48	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 232	GW51	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 233	GW52	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 237	GW56	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 238	GW57	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 239	GW58	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 240	GW59	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 241	GW60	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 242	GW61	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
MC_K02 243	GW62	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC

MC_K02244	GW63	MC- Mineral Claim (NT)	NT	11/07/2006	Gondor	076E12	11/07/2016	AANDC
K03821	HLE1	Mineral Claim	NT	9/26/2008	High Lake	076M01	9/26/2018	AANDC
K12398	HLE10	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K12399	HLE11	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K12400	HLE12	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K03610	HLE13	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K03616	HLE14	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K03617	HLE15	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K03618	HLE16	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K03619	HLE17	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K01212	HLE18	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K06180	HLE19	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K03825	HLE2	Mineral Claim	NT	09/26/2008	High Lake	076M01	09/26/2018	AANDC
K03611	HLE20	Mineral Claim	NT	07/22/2009	High Lake	076M05	07/22/2019	AANDC
K03615	HLE21	Mineral Claim	NT	07/22/2009	High Lake	076M04	07/22/2019	AANDC
K03614	HLE22	Mineral Claim	NT	07/22/2009	High Lake	076M04	07/22/2019	AANDC
K14552	HLE23	Mineral Claim	NT	11/01/2010	High Lake	076M01	11/01/2020	AANDC
K14454	HLE24	Mineral Claim	NT	11/01/2010	High Lake	076M01	11/01/2020	AANDC
K12393	HLE5	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K12394	HLE6	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K12396	HLE7	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K12396	HLE8	Mineral Claim	NT	07/22/2009	High Lake	076M01	07/22/2019	AANDC
K03808	HW 102	Mineral Claim	NWT	03/11/2006	Izok		11/03/2016	AANDC
K03809	HW 103	Mineral Claim	NWT	03/11/2006	Izok		11/03/2016	AANDC
K02257	HW13	Mineral Claim	NT	07/11/2006	Izok	086H14	07/11/2016	AANDC
K02258	HW14	Mineral Claim	NT	07/11/2006	Izok	086H14	07/11/2016	AANDC
K02260	HW16	Mineral Claim	NT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02262	HW18	Mineral Claim	NT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02264	HW20	Mineral Claim	NWT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02265	HW21	Mineral Claim	NWT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02267	HW23	Mineral Claim	NWT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02268	HW24	Mineral Claim	NWT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02269	HW25	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02270	HW26	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02272	HW28	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02273	HW29	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02274	HW30	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2006	AANDC
K02275	HW31	Mineral Claim	NWT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02277	HW33	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02278	HW34	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02281	HW37	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02283	HW39	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02284	HW40	Mineral Claim	NWT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02285	HW41	Mineral Claim	NWT	07/11/2006	Izok	086H11	07/11/2016	AANDC
K02286	HW42	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02287	HW43	Mineral Claim	NWT	07/11/2006	Izok	086H10	07/11/2016	AANDC
K02289	HW45	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC
K02290	HW46	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC
K02291	HW47	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC
K02292	HW48	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC

K02293	HW49	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC
K02294	HW50	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC
K02295	HW51	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC
K02296	HW52	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC
K02297	HW53	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2016	AANDC
K02300	HW56	Mineral Claim	NWT		Izok	086H06	07/11/2016	AANDC
K02305	HW61	Mineral Claim	NWT	07/11/2006	Izok	086H06	07/11/2006	AANDC
	ML_3252	MC- Mineral Claim (NT)	NT	5/25/1987	Gondor			AANDC
MC_K15572	MMG2	Mineral Claim	NT	10/21/2011	High Lake			AANDC
MC_K15573	MMG3	Mineral Claim	NT	10/21/2011	High Lake			AANDC
MC_K15574	MMG4	Mineral Claim	NT	10/21/2011	High Lake			AANDC
MC_K15575	MMG5	Mineral Claim	NT	10/21/2011	High Lake			AANDC
MC_K15576	MMG6	Mineral Claim	NT	10/21/2011	High Lake			AANDC
MC_K15577	MMG7	Mineral Claim	NT	10/21/2011	High Lake			AANDC
MC_K15578	MMG8	Mineral Claim	NT	10/21/2011	High Lake			AANDC
MC_K15579	MMG9	Mineral Claim	NT	10/21/2011	High Lake			AANDC
F80522	WR-01	Mineral Claim	NT	10/08/2002	High Lake	076M10	10/08/2012	AANDC
F80520	WR-02	Mineral Claim	NT	10/08/2002	High Lake	076M07	10/08/2012	AANDC
F80521	WR-03	Mineral Claim	NT	10/08/2002	High Lake	076M07	10/08/2012	AANDC
K10580	ZX10	Mineral Claim	NT	05/02/2008	High Lake	076M01	05/02/2018	AANDC
K10578	ZX8	Mineral Claim	NT	05/02/2008	High Lake	076M01	05/02/2018	AANDC
K10579	ZX9	Mineral Claim	NT	05/02/2008	High Lake	076M01	05/02/2018	AANDC

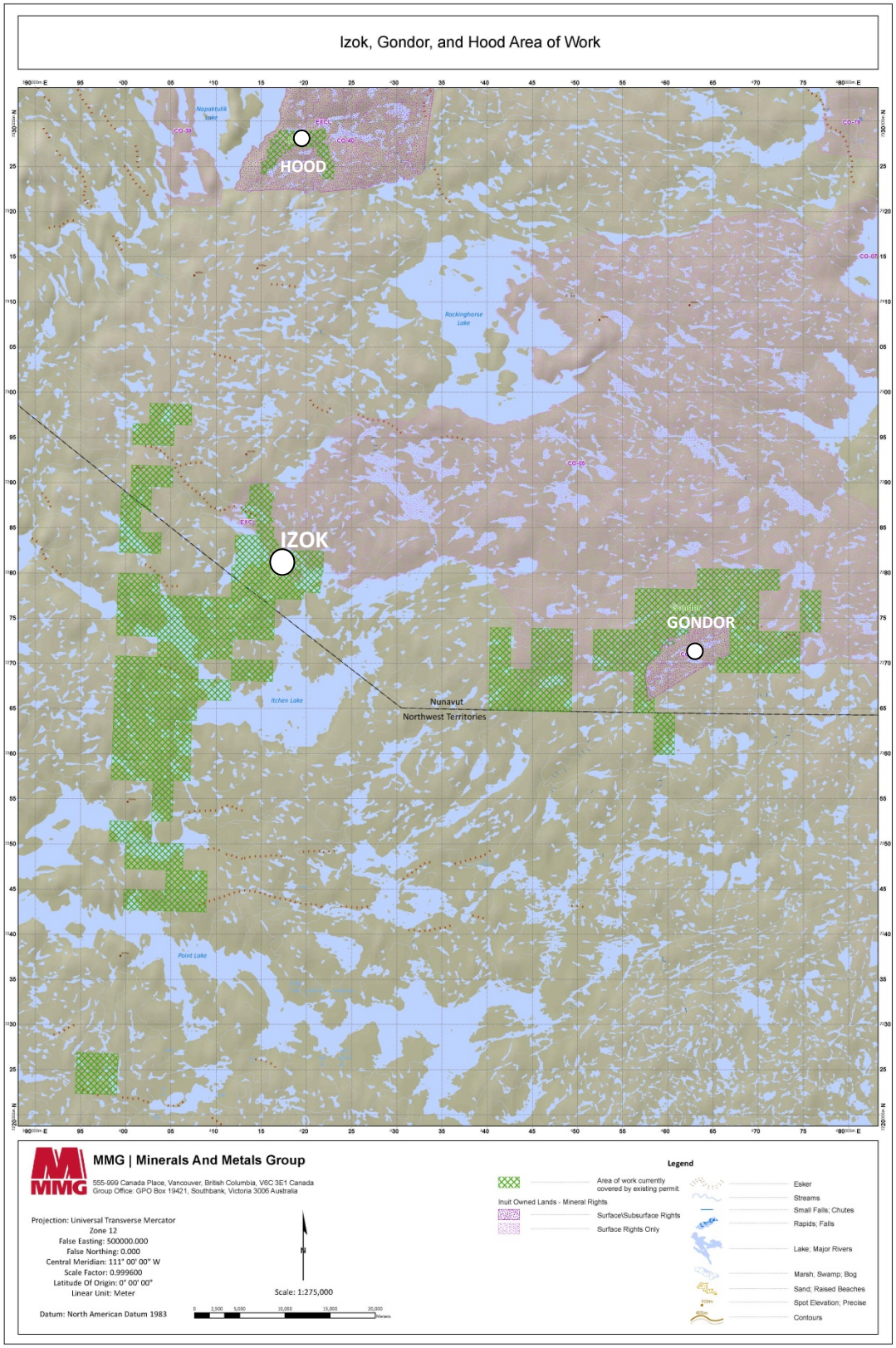
STUDIES UNDERTAKEN:

STUDY	DESCRIPTION	DATE	UNDERTAKEN BY
PRE FEASIBILITY	TECHNICAL ASSESMENT OF ECONOMIC POTENTIAL	2007/2008	ZINIFEX/OZ
PRE FEASIBILITY	TECHNICAL ASSESMENT OF ECONOMIC POTENTIAL	2010/2011	MMG
ENV. BASELINE	BASELINE DATA GATHERING IN A MULTITUDE OF DISCIPLINES FOR RISK ASSESMENT AND MITIGATION STRATEGY DEVELOPMENT	2005-PRESENT WITH SEVERAL GAPS	WOLFDEN/ZINIFEX/OZ/MMG

* The studies listed above are umbrella studies. Each contains a multitude of specific studies aimed at different aspects of the project proposal as it was presented at that time. Examples of technical studies within the scope of a typical pre-feasibility study would include metallurgical studies related to mine planning and processing of ore, geological and geotechnical studies related to mine planning and operational requirements, geotechnical studies related to construction of infrastructure, geotechnical studies related to water management, etc.

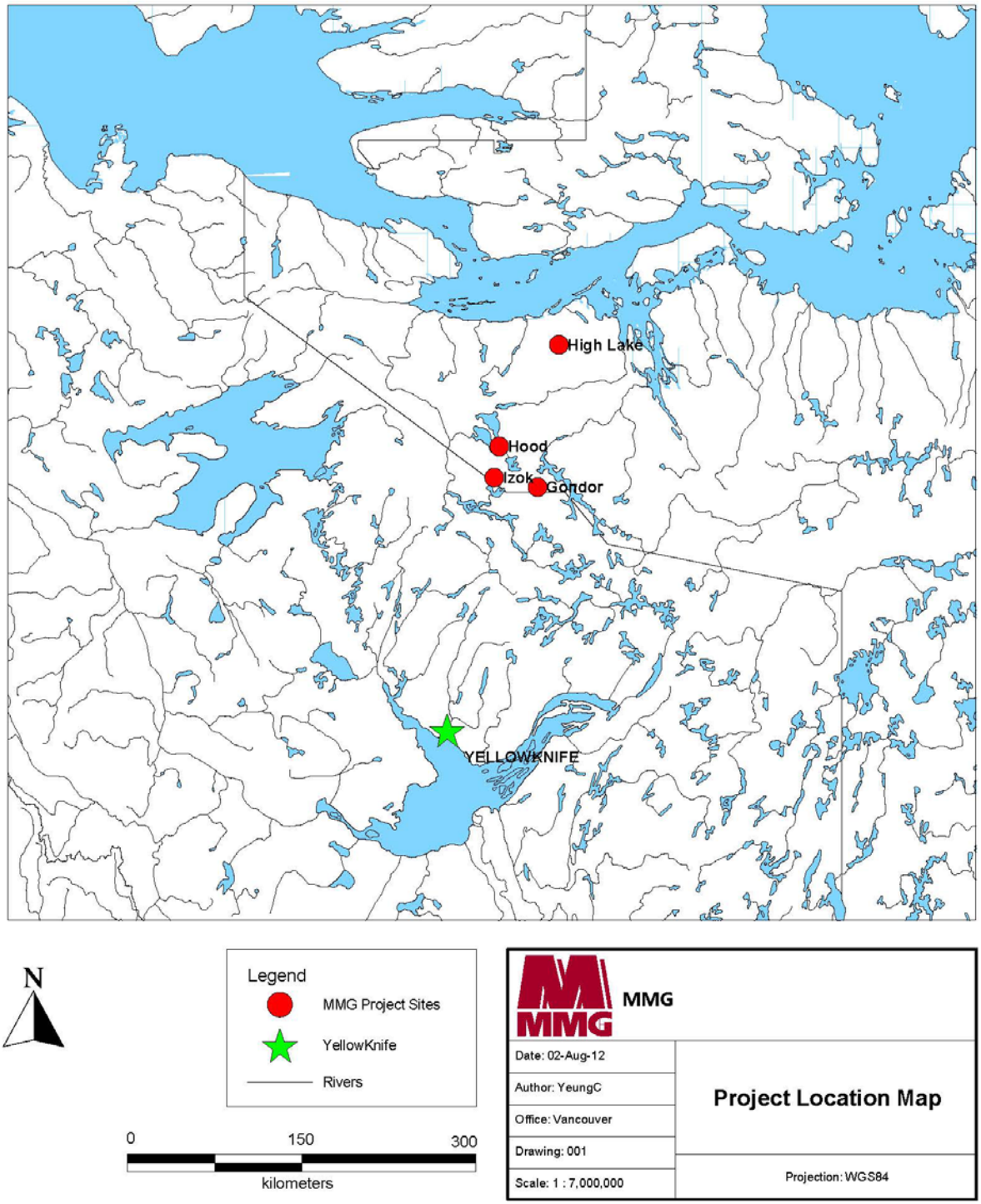
** Although the principal “owner” for each study is named, a multitude of contracted engineering firms have taken part in the various studies over the years, including Hatch, Fleur-Daniels, Wardrop, etc.

SPECIFIC AREAS OF INTEREST:



GENERAL LOCATION: SLAVE PROJECTS

Project Location Map



HAM LAKE CAMP – IZOK

HISTORIC INMET CAMP – HOOD

NIRB SCREENING DECISION:

NIRB File No.: 06EN066
AANDC File No.: N2012C0005
Previous INAC File No.: N2006C0027 & N2008C0020
NWB File No.: 2BE-IZO0712
KIA File No.: KTL306C019

February 23, 2012

Honourable John Duncan
Minister of Aboriginal Affairs and Northern Development
c/o Jeff Mercer, Manager Land Administration
Aboriginal Affairs and Northern Development Canada
Box 100
Iqaluit, NU, X0A 0H0

Via email: Jeff.Mercer@aandc.gc.ca and landsmining@aandc.gc.ca

Re: Application exempt from Screening pursuant to Section 12.4.3 of the NLCA: MMG's 'Izok and Hood' project

Dear Jeff Mercer:

On January 24, 2012 the Nunavut Impact Review Board (NIRB or Board) received an application from Aboriginal Affairs and Northern Development Canada (AANDC) for a new Land Use Permit (No. N2012C0005) associated with Minerals and Metals Group's (MMG) 'Izok and Hood' project. The new Land Use Permit would replace two previously issued Land Use Permits (N2006C0027 and N2008C0020) for this project.

Please be advised that the NIRB received the original project proposal (NIRB File No.: 06EN066) from the Kitikmeot Inuit Association (KIA) on June 23, 2006. The proposal was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA) and on September 19, 2006 the NIRB issued its NLCA 12.4.4(a) screening decision to the President of the KIA indicating that the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

On June 6, 2008 the NIRB received applications from Indian and Northern Affairs Canada (INAC; now AANDC) and a request to screen a renewal to MMG's Surface Lease and an amendment to the surface lease for the airstrip at Ham Lake associated with the Izok and Hood properties (INAC File No.'s 086H10001, 086H10002, 086I02001). After a thorough assessment of the renewal and amendment requests and public comments received, the NIRB determined that the request did not significantly change the general scope of the original project activities

and that it was therefore exempt from the requirement for further screening. The NIRB re-issued the original Screening Decision Report on July 3, 2008 as per Section 12.4.3 of the NLCA.

On November 3, 2009 the NIRB received an extension request from INAC for Land Use Permit N2008C0020 in support of the above mentioned project. After a thorough assessment of the extension request, the NIRB determined that the application was exempt from the requirement for further screening as per Section 12.4.3 of the NLCA, and reissued the original Screening Decision Report on November 18, 2009.

On February 18, 2010 the NIRB received an amendment request from INAC for Land Use Permit N2006C0027 to include the construction of a temporary winter road between the Ham Lake camp and Izok Lake. After a thorough assessment of the amendment request and comments received, the NIRB determined that this request would result in a change to the original scope of the project. Therefore, on March 22, 2010 the NIRB re-issued the original recommended project-specific terms and conditions contained in the September 19, 2006 Screening Decision in addition to new recommended terms and conditions designed to mitigate any potential impacts to the environment (enclosed).

On June 13, 2011 the NIRB received an extension request from AANDC for Land Use Permit N2006C0027 in support of the above mentioned project. After a thorough assessment of the extension request, the NIRB determined that the application was exempt from the requirement for further screening as per Section 12.4.3 of the NLCA, and on June 17, 2011 re-issued the March 22, 2010 Screening Decision Report.

The current AANDC application, the March 22, 2010 NIRB Screening Decision Report (NIRB File No. 06EN066) and related file information are available from the NIRB's ftp site at the following link:

http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2006/06EN066-MMG(Wolfden)-Izok%20and%20Hood%20Project/

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 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 Land Use Permit for this file include:

- 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.

CURRENT APPLICATION:

MMG is applying for a new Land Use Permit (No. N2012C0005) with AANDC, in order to replace its previously issued Land Use Permits (N2006C0027 and N2008C0020) for the "Izok and Hood" project and to continue exploration activities from March 2012 to September 2014. MMG has also applied for renewal of its current water licence (NWB File No. 2BE-IZO0712). Furthermore, MMG is proposing the following additional components and activities associated with the "Izok and Hood" project:

- Establishment of a fuel cache at Hood site to include 150 x 205 Litre (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.

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 amendment and 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 as recommended in the March 22, 2010 Screening Decision Report (enclosed).

If you have any questions or concerns, please contact Sophia Granchinho, Technical Advisor, at (867) 793-4633 or sgranchinho@nirb.ca.

Sincerely,

Ryan Barry
Executive Director

cc: Ted Muraro, MMG
Phyllis Beaulieu, Nunavut Water Board
Stanley Anablak, Kitikmeot Inuit Association
Nicholas Kavanagh, Aboriginal Affairs and Northern Development Canada

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

FINANCIAL STATEMENT :

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	NOTE	SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Cash flows from operating activities			
Continuing operations			
Net cash generated from operations		413.0	460.9
Income tax paid		(113.7)	(152.9)
		299.3	308.0
Discontinued operations		-	(62.9)
Net cash generated from operating activities		**299.3**	**245.1**
Cash flows from investing activities			
Continuing operations			
Purchase of property, plant and equipment		(321.2)	(150.1)
Proceeds from disposal of property, plant and equipment		0.3	2.2
Proceeds from disposal of financial assets		-	311.3
Proceeds from disposal of investments	15	28.5	0.6
Acquisition of subsidiaries	6	(1,310.5)	-
Purchase of financial assets		(4.5)	(58.9)
		(1,607.4)	105.1
Discontinued operations		-	(32.0)
Net cash (used in)/generated from investing activities		**(1,607.4)**	**73.1**
Cash flows from financing activities			
Continuing operations			
Net proceeds from issue of shares		-	494.3
Proceeds from borrowings		751.0	-
Proceeds from related party borrowings	15	300.0	-
Proceeds from repayment of related party loan	15	95.0	-
Repayments of borrowings		(810.4)	(8.6)
Repayments of related party borrowings		-	(694.2)
Dividends paid to non-controlling interests		(15.0)	-
Repayments of finance lease liabilities		(0.5)	(0.6)
Interest received		2.0	2.2
Interest and financing costs paid		(29.0)	(15.0)
		293.1	(221.9)
Discontinued operations		-	92.9
Net cash generated from/(used in) financing activities		**293.1**	**(129.0)**
Net (decrease)/increase in cash and cash equivalents		(1,015.0)	189.2
Cash and cash equivalents at 1 January		1,096.5	398.2
Cash and cash equivalents – acquisition of subsidiaries	6	73.3	-
Exchange gains on cash and bank balances		0.5	4.4
Cash and cash equivalents at 30 June		**155.3**	**591.8**

**** NOTE :*** THE ABOVE BALANCE SHEET IS AN UN-EDITED VERSION OF 2012 INTERIM FINANCIALS

***** NOTE :*** MMG IS NOT A PUBLICALLY TRADED COMPANY, THIS INFORMATION HAS BEEN APPROVED FOR INCLUSION IN THIS PERMIT APPLICATION, PLEASE RESPECT THE CONFIDENTIALLITY OF THIS DATA.

CERTIFICATE OF COMPLIANCE

No.: **ET7191**

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Nunavut

CANADA

BUSINESS CORPORATIONS ACT

CERTIFICATE OF COMPLIANCE OF AN EXTRA-TERRITORIAL CORPORATION

LOI SUR LES SOCIÉTÉS ACTIONS

CERTIFICAT DE CONFORMITÉ D'UNE SOCIÉTÉ PAR ACTIONS EXTRATERRITORIALE

I HEREBY CERTIFY THAT **JE CERTIFIE PAR LA PRÉSENTE QUE**

MMG RESOURCES INC.

a body corporate incorporated under the laws of **une personne morale constituée En vertu des lois**

Ontario

registered under Part XXI of the *Business Corporations Act of Nunavut,* has filed with the Registrar of Corporations, the required annual returns and is, with respect to the filing of annual returns, in good standing on the records of the Registrar.

enregistrée en vertu de la partie XXI de la *Loi sur les sociétés par actions au Nunavut,* a déposé auprès du registraire des sociétés par actions le rapport annuel exigé et renconte les exigences du registraire relatives au dépôt des rapports annuels.

REGISTRAR OF CORPORATIONS
NUNAVUT
REGISTRAIRE DES SOCIÉTÉS PAR ACTIONS

Dated **Fait le** **20-Jun-2012**

Jeff Mason

DEPUTY / REGISTRAR OF CORPORATIONS
REGISTRAIRE OU REGISTRAIRE ADJOINT DES SOCIÉTÉS PAR ACTIONS

NUNVAVUT BUSINESS LICENSE

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BUSINESS LICENCE

ᓇᓕᒥᓂᖅᑲᓂᔪᒃ ᐱᓱᖏᓇᐅᑎᑕᕋᓱᖏᓂᔪᒃ ᐱᕐᐸᓴᖅ
Business Licensing Act
ᒪᑦᓴᔭᒍ ᓇᓕᒥᓂᖅᑲᕐᓂᔪᒃ ᐱᓱᖏᓇᐅᑎᑕᕋᓱᖏᓂᔪᒃ ᐱᕐᐸᓴᖅ
Subject to the Business Licence Act, the
ᒪᑦᑌᐃᑦᓗ ᐊᕐᑭᒃᓱᒪᓕᒃᑯᑦ ᐃᓱᖏᑎᖏᓂᖅ
Regulations and to the limitations endorsed
ᐅᖏᓂ
hereunder
MMG Resources INC.
ᑭᓕᓇ ᐱᓱᖏᓇᐅᑎᐅᓱᖏᓂᖅ ᓇᒥᓂᖅᑲᓂᔪᒃ ᐅᒥᖏᓚ
is licensed to carry on the business of
Mineral Exploration

ᐅᖏᓂ: **ᓄᓇᕗᑦ**
at: **Nunavut**

ᐅᓇ ᐃᓱᓕᔪᖏᓚ: **ᒪᐃᔨ 31, 2013**
This Licence Expires: **March 31, 2013**

ᐱᓇᓱᐊᖅᑐᑦ ᐊᑎᖏᓚ:
Applicants Name: **Sahba Safavi**

ᑐᖃᑎᖏᓚ ᓇᓕᒥᓂᖅᑲᖅᑐᑦ:
Address of Business: **555-999 Canada Place, Vancouver BC V6C 3E1**

ᑎᑎᕋᖅᑕᐅᓂᖏᓕᑕ ᐅᑦᓗᐊ:
Date of Issue: **February 23, 2012**

ᐱᓱᖏᓇᐅᑎᑕᖅᑎᑦᓱᓕ
Licence Issuer

ᑭᓕᓇ ᐱᓱᖏᓇᐅᑦ ᐊᑐᕋᔭᖏᑐᖅ ᓄᓇᓕᐅᓱᓂ ᐱᕐᐸᓴᖅᑲᖅᑐᑐᓂ ᓇᒥᓂᖅᑲᖅᑐᑦ ᐊᖏᑎᖅᑕᐅᓱᒪᓂᓂ
THIS LICENCE IS NOT VALID IN MUNICIPALITIES WHERE BUSINESS LICENSING BY-LAWS ARE IN EFFECT

ᑭᓕᓇ ᐱᓱᖏᓇᐅᑦ ᓴᓪᑭᔪᓐᓇᐊᓕᓚᖅ ᖃᐅᔨᓴᓇᓕᐅᑉᐸᓂᖅᑐᑦ ᓴᖅᑭᑐᓴᖅᑕᐅᓱᒪᓂᓂ ᓴᓇᔨᓴᖅᑕᐅᓱᒪᓂᓂ ᐃᓚᖓᑕᐅᓱᒪᓂᓂ
THIS LICENCE SHALL BE AVAILABLE FOR INSPECTION AT ALL TIMES

ᑐᓴᐃᑦ
File #: _____
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Licence # **12-007**

CORPORATE OFFICERS OF MMG RESOURCES INC.

NAME	ADDRESS	POSITION
Ian Neill	5015 Bear Lane, West Vancouver, BC V7W 1L2, CANADA	Manager Exploration Canada
Marcelo Bastos	209 Dendy St, Brighton East, Vic, 3187 AUSTRALIA	Global Manager SHEC
Sahba Safavi	2881 Alamein Ave., Vancouver, B.C, V6L 1S4, CANADA	Manager Izok Development
Karen Stoffels	4 Elgin Ave, Armadale, Vic, 3143 AUSTRALIA	General Manager Finance


HAM LAKE CAMP – IZOK PROJECT
N
LAYDOWN AREA
HAM LAKE
DRILL CORE STORAGE
KITCHEN STORAGE
GREY WATER SUMP
WATER INTAKE
SLEEP TENTS
SHOPS
KITCHEN
INCINERATOR
TOILETS
DRY FACILITIES
HELICOPTER PADS
OFFICE
ABANDONED INMET TRAILER CAMP
ACCOMODATIONS AND FIRST AID
BULK FUEL TANKS
ABANDONED FUEL FARM
CORE CUTTING
HELICOPTER MAINTENANCE SHED
GENERATORS
STORAGE
CORE SHACK
ACCESS TO DRUM FUEL STORAGE AND AIR STRIP
DRILL CORE STORAGE