



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
Développement du Nord Canada

Land Administration
P.O. Box 100
IQALUIT, NU X0A 0H0
Phone: 867-975-4275
FAX: 867-975-4286

Your file - Votre référence

Our file - Notre référence

March 1st, 2012

MMG Resources Inc.
Suite 55-999 Canada Place
Vancouver, BC
V6C 3E1

Dear Theodore Muraro:

Re: Land Use Permit #N2012C0005
Type of Operation: Mining (Exploration)
Location: Izok Lake Area, Kitikmeot, NU, NTS 76E & 86H

Enclosed is your copy of Land Use permit number N2012C0005 authorizing your project as described in your application dated December 20th, 2011, received by this office January 24th, 2012.

Your application has received a wide distribution to other Federal departments, Government of the Nunavut departments, communities in the area of your operation and concerned Inuit groups. In distributing your application the Nunavut Impact Review Board (NIRB) sought comments from these various agencies based on their area of expertise that will help ensure minimum negative impact on the environment. The issuance of this permit indicates that as a result of the NIRB environmental screening process it was decided that the potentially adverse environmental effects that may be caused by your proposal are mitigable with known technology and are not significant. The terms and conditions in the permit will, in our opinion, provide the necessary protection to the environment.

Please ensure that you adhere to the operating conditions annexed to your permit. Should you have any questions regarding any conditions of this permit, please contact Tracey McCaie at (867) 975-4283 or email landsmining@inac.gc.ca.

Sincerely,

Tracey McCaie
Land Administration Specialist

cc: Manager, Field Operations
RMO - Kitikmeot
NIRB
CIDMS #509606

Canada



**LAND USE PERMIT
NORTHERN AFFAIRS PROGRAM**

**PERMIS D'UTILISATION DES TERRES
PROGRAMME DES AFFAIRES DU NORD**

Permit Class - Permis Catégorie

A

Permit No - NE de permis

N2012C0005

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

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

MMG Resources Inc.

Permittee - Détenteur de permis

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

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

Signature Theodore Muraro	Date March 1st, 2012
Type of Land Use Operation - Genre de travaux d'exploitation des terres Mining (Exploration)	
Location - Emplacement Izok Lake Area, Kitikmeot, NU, NTS76E & 86H	

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

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

Dated at
Date à **Iqaluit**

Engineer
Ingénieur

This
Ce **1st** Day of
jour de **March**, **2012**

Commencement Date
Date du début des travaux **March 1st, 2012**

Expiry Date
Date d'achèvement **February 28th, 2014**

NOTE

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

REMARQUE

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

Canada

**CONDITIONS ANNEXED TO AND FORMING PART
OF LAND USE PERMIT NUMBER N2012C0005
MMG Resources – Izok/Hood/Gondor properties**

31 (1) (a) - Location and Area

1	The Permittee shall not conduct this land use operation on any lands not designated in the accepted application, unless otherwise authorized in writing by the Lands Inspector.	PLANS
2	The Permittee shall remove from Territorial Lands, all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material.	REMOVE WASTE MATERIAL
3	The Permittee shall not construct an adit or drillsite within thirty-one (31) metres of the normal high water mark of a stream unless approval in writing is obtained from the Lands Inspector.	LOCATION OF ADITS & DRILLSITES
4	The Permittee shall locate all camps on gravel, sand or other durable land.	CAMP LOCATION
5	The Permittee shall provide updated locations of all infrastructures and drill sites related to this project in Latitude and Longitude from a GPS within thirty (30) days of the establishment of the infrastructure and fuel caches to the Inspector and Engineer.	UPDATE LOCATIONS
6	The Permittee shall notify the Lands Inspector of all campsites using GPS Lat and Long Co-ordinates within Ten (10) Days of Establishment.	CAMP LOCATION

31 (1) (b) – Time

7	The Permittee's Field Supervisor shall contact or meet with a Land Use Inspector at the Kugluktuk office of the Department of Aboriginal Affairs and Northern Development Canada, phone number (867) 982-4306 or email to baba.pedersen@aandc-aadnc.gc.ca, at least 48 hours prior to the commencement of this land use operation.	CONTACT INSPECTOR
8	<p>The Permittee shall advise a Land Use Inspector at least 10 days prior to the completion of the land use operation of ;</p> <p>a) his plan for removal or storage of equipment and materials, and</p> <p>b) when final clean-up and restoration of the lands used will be completed.</p>	REPORTS BEFORE REMOVAL
9	The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this permit.	CLEAN-UP

10	The Inspector reserves the right to impose closure to any area to the Permittee in periods when dangers to natural resources are severe.	CLOSURE
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31 (1) (c) - Equipment

11	The Permittee shall not use any equipment except of the type, size and number that is listed in the accepted application, unless otherwise authorized in writing by the Land Use Inspector.	ONLY APPROVED EQUIPMENT
12	The Permittee shall use a forced-air fuel-fired incinerator to incinerate all combustible garbage and debris.	INCINERATORS
13	The Permittee shall burn all combustible garbage and debris in an Incinerator acceptable to a Land Use Inspector. The Permittee shall keep all ash in a covered metal container until it is disposed of at an approved facility.	INCINERATION
14	The Permittee shall keep all garbage and debris in a covered metal container until Incinerated or removed from site.	GARBAGE CONTAINERS
15	<p>The Permittee shall, in camps of more than five (5) personnel, maintain the following fire-fighting equipment in the base camp and in active readiness:</p> <p>(a) Four (4) backpack bags or cans complete with hand pumps.</p> <p>(b) A minimum of two pieces of each of the following; pulaskis, axes, shovels</p>	FIRE FIGHTING EQUIPMENT

31 (1) (d) - Methods and Techniques

16	The Permittee shall plug all bore holes as the land use operation progresses.	PLUG HOLES
17	The Permittee shall refill and restore bore hole craters as the land use operation progresses.	REFILL CRATERS
18	The Permittee shall ensure that disturbance of vegetation from deposit of drill fluids/cuttings is restricted to the area of the sump and the ground prepared for re-vegetation upon abandonment.	DRILL FLUIDS
19	The Permittee shall inspect each drill site for contamination before moving to the next drill site and immediately clean up any contamination.	DRILL CONTAMINATION

20	The Permittee shall not erect camps or store material on the surface ice of streams.	STORAGE ON ICE
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31 (1) (e) - Type, Location, Capacity and Operation of Facilities

21	The Permittee shall not locate any sump within thirty-one (31) metres of the normal high water mark of any stream or body of water.	SUMPS FROM WATER
22	The Permittee shall backfill and restore all sumps prior to the expiry date of this permit.	BACKFILL SUMPS
23	The Permittee shall ensure that the land use area is kept clean and tidy at all times.	CLEAN WORK AREA

31 (1) (f) - Control or Prevention of Flooding, Erosion and Subsidence of Land

24	<p>(a) The Permittee shall, where flowing water from bore holes is encountered, plug, the bore hole in such a manner as to permanently prevent any further outflow of water.</p> <p>(b) The artesian occurrence shall be reported to the Engineer within forty-eight (48) hours.</p>	PLUG ARTESIAN WELLS
25	The Permittee shall remove any obstruction to natural drainage caused by any part of this land use operation.	NATURAL DRAINAGE
26	The Permittee shall not cut any stream bank unless authorized in writing by a Land Use Inspector.	STREAM BANKS
27	The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging. The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.	SUSPEND OVERLAND TRAVEL
28	The Permittee shall select a winter route that maximizes the amount of frozen water bodies used.	WINTER ROUTE
29	The Permittee shall ensure that no disturbance of the stream bed or banks of any definable watercourse be permitted, and no mechanized clearing carried out immediately adjacent to any watercourses.	WATERCOURSE DISTURBANCE
30	The Permittee shall move any equipment or vehicles without prior testing the thickness of the ice to ensure the lake is in a state capable of fully supporting the equipment or vehicles.	TESTING ICE THICKNESS
31	The Permittee shall ensure that winter lake/stream crossings are located to minimize approach grades and constructed entirely of ice and snow materials. Ice or snow free of sediment should be the only materials used to construct temporary crossings over any ice covered watercourse.	WINTER CROSSINGS

32	The Permittee shall avoid disturbance on slopes prone to natural erosion, and alternative locations shall be utilized.	AVOID SLOPE DISTURBANCE
33	The Permittee shall ensure that temporary crossings constructed from ice and snow, which may cause jams, flooding or impede fish passage and/or water flow, are removed prior to spring break-up.	REMOVE TEMPORARY CROSSINGS
34	The Permittee shall implement sediment and erosion control measures prior to, and during operations to prevent sediment entry into the water during the spring thaw. This includes ensuring that a sufficient thickness of snow and ice is present on the winter road to prevent unnecessary erosion of the underlying ground surface and impact on underneath vegetation.	EROSION CONTROL MEASURES
35	The Permittee shall not construct interceptor or off-shoot drainage ditches unless approved in writing by the Land Use Inspector.	DITCHES
36	The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.	PREVENTION OF RUTTING
37	The Permittee shall re-vegetate exposed soil to assist in road-bed stabilization and sediment control.	RE-VEGETATION

31 (1) (g) - Use, Storage, Handling and Disposal of Chemical or Toxic Material

38	The Permittee shall not use chemicals in connection with the land use operation without the prior approval of the Engineer.	APPROVAL OF CHEMICALS
39	The Permittee shall not use the following materials during the drilling operation without the prior written approval of the Engineer. Chlorinated phenols (Dowicide B, etc.) Compounds composed primarily of heavy metals Asbestos	PROHIBITED CHEMICALS
40	The Permittee shall deposit all drill waste into a sump.	DRILL WASTE
41	The Permittee shall not allow any drilling waste to spread to the surrounding lands.	DRILL WASTE CONTAINMENT
42	The Permittee shall remove all non-combustible garbage and debris from the land use area to a disposal site.	REMOVE GARBAGE
43	The Permittee shall remove and treat hydrocarbon contaminated soils on site or transport them to an approved disposal site for treatment.	CONTAMINATED SOIL TREATMENT
44	The Permittee shall dispose of all combustible waste petroleum products by removal.	WASTE PETROLEUM DISPOSAL

45	The Permittee shall dispose of all toxic or persistent substances in a manner as approved in writing by the Engineer.	WASTE CHEMICAL DISPOSAL
46	The Permittee shall dispose of all fluids used to wash machinery and equipment in a sump unless otherwise authorized in writing by an Engineer.	RIG WASH DISPOSAL
47	The Permittee shall ensure that all on site personnel are properly trained in fuel and hazardous waste handling procedures as well as spill response procedures.	PERSONNEL TRAINING
48	The Permittee shall maintain a supply of spill kits, shovels, barrels, sorbents, and pumps on site at the camp, the main fuel cache, the drill sites, and at the camp.	SPILL KITS
49	The Permittee shall report all spills immediately in accordance with instructions contained in "Spill Report" form NWT 1752(05/93). Twenty four (24) hour spill report line (867)920-8130.	REPORT CHEMICAL AND PETROLEUM SPILLS

31 (1) (h) - Wildlife and Fisheries Habitat

50	The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation.	HABITAT DAMAGE
51	The Permittee shall restrict aircraft/helicopter activity related to the project to a minimum altitude of 610 m above ground level unless there is a specific requirement for low-level flying, which does not disturb wildlife and migratory birds. Ensure that aircraft maintain a vertical distance of 1000 m and a horizontal distance of 1500 m from any observed groups (colonies) of migratory birds. It is recommended aircraft avoid critical and sensitive wildlife areas at all times by choosing alternate flight corridors. The Permittee shall also advise all pilots of relevant flight restrictions and enforce their application over the project area and flight paths to/from the project area.	LOW LEVEL FLIGHT RESTRICTIONS
52	During the period of May 15 to July 15 when caribou are observed within 1 km of project operations, the Permittee shall suspend all operations, including low-level over flights, blasting, and use of snow mobiles and all terrain vehicles outside the immediate vicinity of the camps. Following July 15, if caribou cows or calves are observed within 1 km of project operations, the Proponent shall also suspend all operations in the vicinity, including low-level over flights, blasting, and use of snow mobiles and all terrain vehicles, until caribou are no longer in the immediate area.	WILDLIFE SENSITIVITIES

53	Prior to significant operational movements (i.e. before moving drill rigs), the proponent should undertake high altitude (>610 m) aerial reconnaissance with the assistance of an independent wildlife monitor, to determine whether caribou cows and calves are present within a 20 km radius of the camp or drill sites, or if caribou are migrating close by. If caribou are observed the monitor will instruct the proponent to suspend any activities within 10 km of the sightings.	RESTRICTION ON OPERATIONAL MOVEMENT
54	The Permittee shall ensure that all field personnel are made aware of the measures in place to protect wildlife and are provided training and/or advice on how to implement these measures.	WILDLIFE PROTECTION MEASURES
55	The Permittee shall ensure that there is minimal disturbance to any nesting birds and wildlife in the area. Harassment of wildlife is prohibited. This includes persistently worrying or chasing animals, or disturbing large groups of animals.	NO HARASSING WILDLIFE
56	Your operation is in an area where bears may be encountered. Proper food handling and garbage disposal procedures will lessen the likelihood of bears being attracted to your operation. Information about the latest bear detection and deterrent techniques can be obtained from the Department of Renewable Resources at 867-982-7450	BEAR/MAN CONFLICT

31 (1) (i) - Objects and Places of Recreational, Scenic and Ecological Value

57	The Permittee shall confirm there are no active nests (i.e. nests containing eggs or young) in the vicinity before activities commence. If active nests of any birds are encountered, the Permittee shall avoid these areas until nesting is complete and the young have left the nest.	NO DISTURBING NESTS
58	The Permittee shall not feed wildlife.	NO FEEDING WILDLIFE

31 (1) (k) - Petroleum Fuel Storage

59	The Permittee shall report in writing to a Land Use Inspector the location (using Lat and Long) and quantity of all petroleum fuel caches within ten (10) days after the establishment.	REPORT FUEL LOCATION
60	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.	FUEL BY STREAM
61	The Permittee shall provide approved covered Secondary Containment for all Fuels stored associated with this Land Use permit.	SECONDARY CONTAINMENT
62	The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies.	FUEL CONTAINMENT

63	The Permittee shall have one extra fuel storage container on site equal to, or greater than, the size of the largest fuel container.	FUEL EXTRA CONTAINER
64	The Permittee shall construct a dyke around each stationary fuel container or group of stationary fuel containers where any one container has a capacity exceeding 4,000 litres.	DYKE FUEL CONTAINERS
65	The Permittee shall line the dyke and area enclosed by the dyke with a type of plastic film liner approved by the Engineer.	LINE DYKE
66	The volume of the dyked area shall be 10% greater than the capacity of the largest fuel container placed therein.	CAPACITY
67	The Permittee shall ensure that the dyke and the area enclosed by the dyke shall be impermeable to petroleum products at all times	IMPERMEABLE DYKE
68	The Permittee shall: a) examine all fuel storage containers for leaks a minimum of once every day. b) repair all leaks immediately.	CHECK FOR LEAKS
69	The Permittee shall mark all stationary petroleum products storage facilities with flags, posts or similar devices so that they are at all times plainly visible to local vehicle travel.	MARK FUEL LOCATION
70	The Permittee shall seal all container outlets except the outlet currently in use.	SEAL OUTLET
71	The Permittee shall mark all fuel containers with the Permittee's name and LUP #.	MARK CONTAINERS

31 (1) (m) - Matters Not Inconsistent with the Regulations

72	The Permittee shall display a copy of this permit in a conspicuous place in each campsite established to carry out this land use operation.	DISPLAY PERMIT
73	The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit.	COPY OF PERMIT
74	The Permittee shall provide in writing to the Land Use Inspector, at least forty-eight (48) hours prior to commencement of this land use operation, the following information: a) person, or persons, in charge of the field operation to whom notices, orders, and reports may be served; b) alternates; c) all the indirect methods for contacting the above person(s).	IDENTIFY AGENT

75	<p><u>Part 1</u> - In this Permit:</p> <p>"sump" means a man-made pit, trench hollow or cavity in the earth's surface used for the purpose of depositing waste material therein.</p> <p>"drill waste" means all materials or chemicals, solid or liquid, associated with the drilling of bore holes and includes bore hole cuttings.</p>	DEFINITIONS
76	<p>a) During migration of caribou, the Permittee shall not locate any operation so as to block or cause substantial diversion of migration.</p> <p>b) The Permittee shall cease activities that may interfere with migration, such as airborne geophysics surveys or movement of equipment, until the migrating caribou have passed</p>	CARIBOU PROTECTION MIGRATION
77	The Permittee shall abide by and comply with all applicable lawful rules, acts, regulations, and by-laws of Canada, Nunavut, any Municipal or regulatory body or authority having jurisdiction, the Nunavut Land Claim Agreement, and all other agreements, permits, licenses, and other instruments whatsoever related to the project.	ADHERENCE TO LAWFUL RULES, ACTS, REGS & BYLAWS
78	<p>"archaeological site" means a place where an archaeological artifact is found.</p> <p>"archaeological artifact" means any tangible evidence of human activity that is more than 50 years old and in respect of which an unbroken chain of possession or regular pattern of usage cannot be demonstrated, and includes a Denesuline archaeological specimen referred to in section 40.4.9 of the Nunavut Land Claims Agreement.</p> <p>"paleontological site" means a site where a fossil is found.</p> <p>"fossil" includes:</p> <ul style="list-style-type: none"> (a) natural casts (b) preserved tracks, coprolites and plant remains; and (c) the preserved shells and exoskeletons of invertebrates and the eggs, teeth and bones of vertebrates. 	DEFINITIONS
79	The Permittee shall avoid any known or suspected archaeological and/or paleontological sites.	AVOIDANCE OF ARCHAEOLOGICAL AND/OR PALEONTOLOGICAL SITES
80	The Permittee shall not remove, disturb, or displace any archaeological artifact or site, or any palaeontological site or fossil.	DISTURBANCE OF ARCHAEOLOGICAL AND/OR PALEONTOLOGICAL SITE

81	<p>The Permittee shall immediately cease any activity should a suspected archaeological, paleontological, or burial site be discovered during the course of a land use operation. The Permittee is required to immediately contact the Land Administration division at Indian and Northern Affairs Canada at (867)975-4283 or (867)975-4285 or (867)975-4280 as well as the Department of Culture, Language, Elders and Youth at (867)934-2046 or (867)975-5500 or 1(866)934-2035.</p> <p>Permission to resume land use operations must be obtained from the Engineer. At such time the Engineer may, at his/her discretion, require that you have an archaeologist or palaeontologist perform the following functions:</p> <ul style="list-style-type: none"> (a) Survey (b) Inventory and documentation of the archaeological or paleontological resources of the land use area (c) Assessment of potential for damage to archaeological or paleontological sites (d) Mitigation (e) Marking boundaries of archaeological or paleontological sites (f) Site restoration 	<p>CEASE OPERATION OF LAND USE ACTIVITY</p>
82	<p>The Permittee shall ensure that all persons working under the authority of the permit are aware of these conditions pertaining to archaeological sites and artifacts as well as paleontological sites and fossils.</p>	<p>KNOWLEDGE OF ARCHAEOLOGICAL AND PALEONTOLOGICAL TERMS AND CONDITIONS</p>

CIDM#507264