

IZOK



2011 Annual Report
Aboriginal and Northern Affairs Canada

Presented
January 2012

MINERALS AND METALS GROUP
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PROJECT DESCRIPTION:

IZOK

The Minerals and Metals Group (MMG) is a mining development company that has the mineral rights for the Izok and portions of the Hood River 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 continues to test for extensions of the Izok resource, and follow 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.

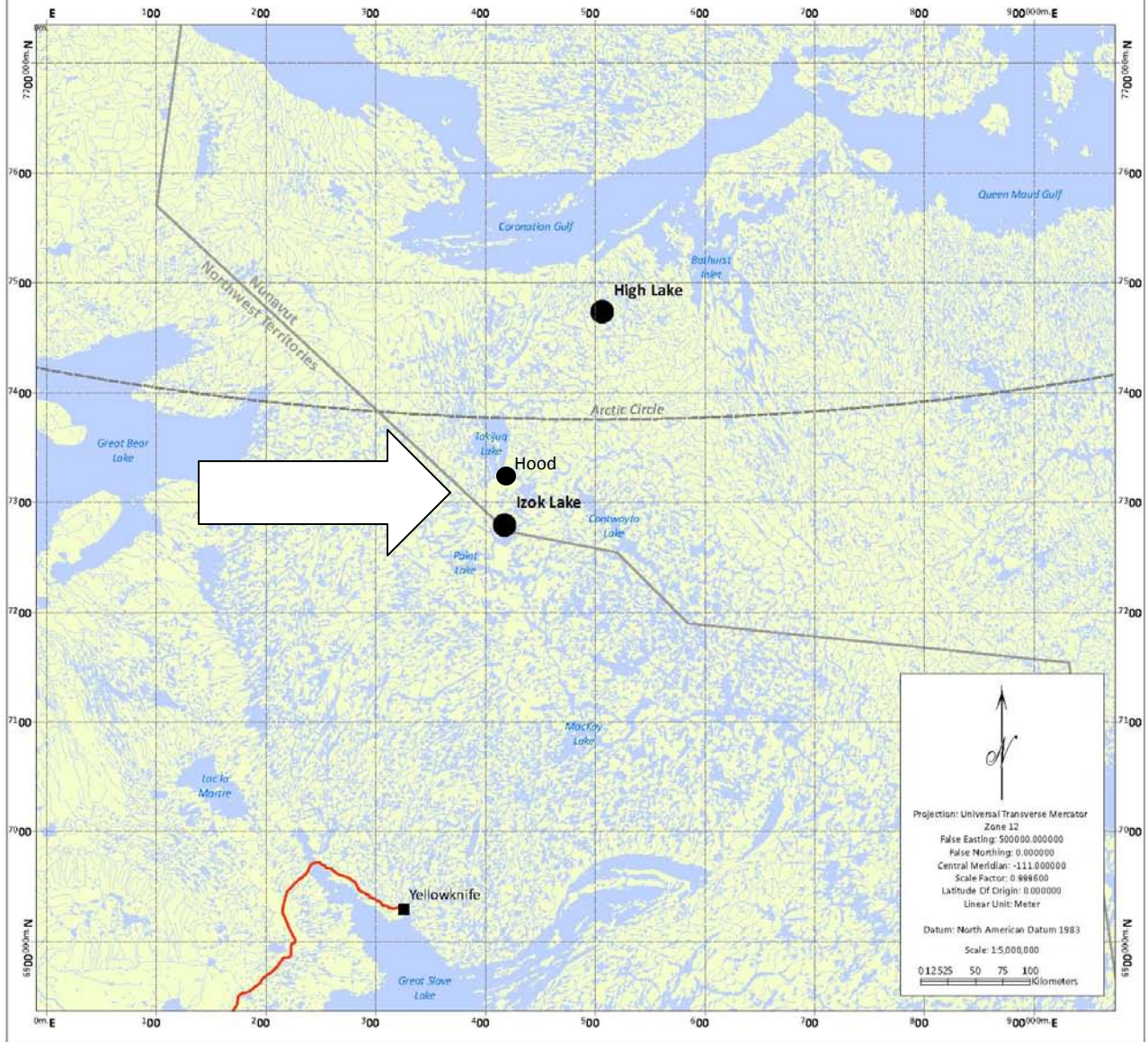
Izok's remote location and the logistical challenges involved have discouraged possible developers over the years and it remains one of the last undeveloped large high grade base metal deposits. The most recent published resource was completed under Zinifex and is estimated at 14.4 million tons of material grading 12.94%Zn, 2.52%Cu, and silver credits of 71 g/ton.

MMG intends to continue exploring in the area in the hopes of expanding the current resource at Izok.



MMG | Minerals And Metals Group

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EXPLORATION PROGRAM 2011:

The 2011 exploration program at Izok included a diamond drilling campaign under MMG management, as well as surface and downhole geophysics, mapping, and sampling. 41 diamond drill holes were completed representing a total of 15,108m. of drilling. Roughly half (19 holes) of the 2011 exploration drilling was carried out on ice over lake-bottom targets (see figure 2) beneath Izok Lake.

In addition to the diamond drilling program, a 3 km by 6km surface area received electro-magnetic and induced polarization geophysical surveying. As well, some, 6825 gravity survey stations were also completed regionally in order to identify additional outlying exploration targets for the 2012 drilling campaign. These stations vary in their distribution, from 50m to 500m and 1km spacing. Below is a table which summarizes the 2011 drilling on the Izok property which is followed by a surface plot of these locations.

2011 Diamond Drilling Summary : Izok Project

HOLE ID #	EASTING	NORTHING	DATUM	UTM ZONE	HOLE DEPTH
HEN448	417329.6	7279718	NAD83	12N	348
HEN449	417446.2	7279798	NAD83	12N	408.72
HEN450	416892.6	7279728	NAD83	12N	453
HEN451	417582.9	7279892	NAD83	12N	408
HEN452	417024.3	7279806	NAD83	12N	441
HEN453	417689.6	7279970	NAD83	12N	303
HEN454	417161.3	7279887	NAD83	12N	240
HEN455	417689.6	7279970	NAD83	12N	369
HEN456	417192.7	7280326	NAD83	12N	261
HEN457	416630.6	7280111	NAD83	12N	282
HEN458	417727.6	7280049	NAD83	12N	351
HEN459	416718.6	7280196	NAD83	12N	336
HEN460	417687.3	7280237	NAD83	12N	273
HEN461	416363.2	7280761	NAD83	12N	380
HEN462	417895.6	7280331	NAD83	12N	300
HEN463	417568.2	7280458	NAD83	12N	498
HEN464	416597.4	7280594	NAD83	12N	278
HEN465	417265.1	7280500	NAD83	12N	525
HEN466	416763.8	7280842	NAD83	12N	321
HEN467	417788.6	7279652	NAD83	12N	360
HEN468	417828.8	7279750	NAD83	12N	423
HEN469	417709.3	7279750	NAD83	12N	330

HOLE ID #	EASTING	NORTHING	DATUM	UTM ZONE	HOLE DEPTH
HEN470	417828.8	7279750	NAD83	12N	9
HEN471	417814.3	7279835	NAD83	12N	327
HEN472	417709.3	7279750	NAD83	12N	45
HEN473	417520	7279681	NAD83	12N	396
HEN474	417980.9	7279875	NAD83	12N	498
HEN475	417595	7279557	NAD83	12N	399
HEN476	417257.2	7281434	NAD83	12N	343.37
HEN477	417023.7	7279564	NAD83	12N	381
HEN478	417814.4	7279981	NAD83	12N	408
HEN479	416510.6	7280112	NAD83	12N	348
HEN480	418180.4	7279925	NAD83	12N	490.25
HEN481	417091.9	7279361	NAD83	12N	294
HEN482	417869	7279681	NAD83	12N	549
HEN483	417402.2	7279597	NAD83	12N	402
HEN484	415823.6	7279719	NAD83	12N	195
HEN485	417996.6	7279718	NAD83	12N	630
HEN486	417841.1	7279854	NAD83	12N	399
HEN487	417964.7	7279852	NAD83	12N	444
HEN488	418082.6	7279939	NAD83	12N	414.15
HEN489	417824	7279590	NAD83	12N	249.41

PLANNED EXPLORATION PROGRAM 2012:

The proposed exploration program for the 2012 field season will include a similar amount of diamond drilling, along with surface geophysical surveys (magnetic, electromagnetic and induced polarization), and geological mapping. Drilling will continue to be concentrated in the known resource area of Izok Lake, although some regional exploration drilling is also being considered on the Hood claims, some 40km north of Izok and to the East of Taquijak Lk. If encouraging results continue to be obtained, subsequent field seasons would include further field investigations and additional diamond drilling. The company's goal continues to be adding tonnage to the existing resource currently identified at Izok.

ENVIRONMENTAL:

Apart from weather station data and water usage/testing, there was no other environmental work conducted during the 2011 exploration program. Wind speed and temperature data is routinely monitored during field operations, and water usage volumes for domestic and drilling purposes are recorded for the annual water board report.

Lake water is tested before and after drilling during winter campaigns when the drill is positioned on lake ice. Primarily this is to ensure that suspended sediments are not escaping the re-circulation system, and that no drilling additives are entering the water bodies. Analysis results are included in the annual report to the Nunavut Water Board. Drill cuttings are settled out and collected from this system and deposited in natural sumps on land to prevent contamination. Sump locations are normally chosen in rocky areas where there are cavities between frost heaved rocks or some other form of natural depression.

Baseline data gathering in support of the advances towards feasibility of the project will ramp up in 2012. Mammal and bird counts, fisheries studies, vegetation work, archaeological surveys, and water and air quality work are all planned in association with development work and under supervision of Charlotte Mougeot.

An annual review of the Spill Contingency Plan is conducted, modifications are made if necessary, and the document is included in the annual report to the Nunavut Water Board.

Water sampling from winter lake drilling and sump locations, laboratory results, and corresponding photos are also included in the annual report to the Nunavut Water Board.

WILDLIFE:

Wildlife encounters and sightings during operations are documented by field personnel. 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.

COMMUNITY:

MMG maintains an office in Kugluktuk, the closest Inuit community to our project sites. We have on permanent staff there Mr. Donald Haviyok, who acts as our community liaison. He keeps local community members informed of our exploration activities, and addresses concerns and questions they may have on behalf of the company. He is also instrumental in the hiring of local staff, aiding applicants in resume preparation and conducting initial interviews on our behalf.

AIR OPERATIONS:

In order to facilitate the seasons drill program, Izok was opened in March of 2011 and an ice airstrip constructed to receive First Air's C-130 Hercules to mobilize equipment and fuel. The Arctic Sunwest C5 Buffalo continued to make runs into the all weather airstrip at Izok with bulk fuel roughly every two to three weeks from April to August. Weekly crew changes along with food re-supply and equipment was achieved with the Dash8 also operated by Arctic Sunwest. Occasionally twin otters were employed.

Throughout drilling operations, a helicopter was based onsite that made local flights daily in order to allow for drill shift changes, drill support/moves, and surface work. On most days multiple flights would be logged of varying duration.

During 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:

Reclamation work occurs at each diamond drilling site on an ongoing basis during the exploration program. All efforts are made to return drill pads as close as possible to their natural state with as little disturbance as possible at the conclusion of each drill hole. Cleanup around the Izok camp location is continuous and ongoing, with the removal of unused material and equipment. A cleanup at the historic 'Hood Camp' (originally built by Falconbridge) location north of Izok was undertaken in July and August of 2011. A total of 4 wooden frame tents and 2 plywood clad

buildings were dismantled and removed from the site. Some 36 antiquated fuel drums were flown back to Izok for use in the incinerator, and another 160 empty drums collected and stacked in preparation for removal this winter. Several sealed drums of non-burnable waste were removed for transport back to Yellowknife and proper disposal with KBL.

WASTE REMOVAL:

All burnable waste is incinerated on site by a diesel powered forced air furnace. Incineration remains including metal scraps and ash are collected and sealed in empty 45 gallon fuel drums for transport back to Yellowknife. Waste is handled by expeditors in Yellowknife and transferred over to KBL for appropriate disposal. Waste that involves petroleum or other chemical products is transported to Edmonton for disposal in a certified facility. Plastic containers are collected and sent to Yellowknife for recycling, with proceeds donated to local charities. Human waste is collected in 'pacto' style toilets and incinerated on site.

ABANDONMENT AND RESTORATION:

The Abandonment and Restoration Plan originally presented to INAC and the NIRB with the existing Land Use Permits (LUP#N2006C0027 and LUP#N2008C0020) for Izok, undergoes annual review and modification. The Plan has been included in subsequent yearly submittals to the Nunavut Water Board along with the Spill Contingency Plan. As the methodology and scope of Exploration activity remains largely unchanged, so too does the plan.

SITE INSPECTIONS:

Visual site inspections of the Izok project were conducted by Andrew Keim of Indian and Northern Affairs (also acting on behalf of the Nunavut Water Board), and Stanley Anablak of the Kitikmeot Inuit Association. A copy of the INAC inspection report is included in the Appendices with dates and findings. No serious observations were recorded and all suggestions and comments were taken into consideration. To this date we have not yet received a copy of the KIA inspection report from Stanley.

PERMITTING:

The current active Land Use Permits associated with the Izok Property are #N2006C2007 and #N2008C0020. These permits will expire in June of 2012. Extensions on these permits were applied for in 2011 and granted prior to the expiry of the previous approvals. As the exploration work being conducted remains within the scope of the original permits, these permits have been extended on a yearly basis. We understand that these permits will not again be granted further extension, therefore, prior to their anniversaries, we will be applying for new Land Use Permits for the project. However it's worth noting that the areas of interest and the scope of work being carried out remains as covered in the present permits. Copies of 2011 permit extensions are included in the Appendices.

APPENDICES :

Appendix I : 2011 Site Inspections

Indian and Northern Affairs Canada
Affaires Indiennes et du Nord Canada

WATER USE INSPECTION REPORT FORM

Date: July 10, 2011	Licensee Rep. (Name/Title): Ted Muraro
Licensee: MMG: Mineral and Metals Group	Licence No: 2BE-IZO0712

WATER SUPPLY

Source(s): Ham Lake	Quantity used: Unknown – Records provided on site (21,020 L)- camp
Owner: MMG : Mineral and Metals Group	

Indicate: A - Acceptable U - Unacceptable NA - Not Applicable NI - Not Inspected

Intake Facilities: A	Storage Structure: A	Treatment Sys: A	Chemical Storage: NA
Flow Meas. Device: A	Conveyance Lines: A	Pumping Stations: A	Screen : A

Comments: Water is drawn from Ham Lake. Water is pumped to holding tanks. Water for consumption is run through a series of 2 and 5 micron filters and UV treated prior to use. Records for usage were reviewed on site. Water for camp use is metered. Meters are to be installed on pumps for drill water before the period of the next inspection. Accurate water records are to be submitted with the 2011 Annual report.

WASTE DISPOSAL

Sewage: Sewage Treatment System (Prim./Sec/Ter.): Human wastes are incinerated on site

Natural Water Body: NA	Continuous Discharge (land or water): NA
Seasonal Discharge: NA	Wetlands Treatment: NA Trench: NA

Comments: Sewage wastes are incinerated on site. Depending on activity levels in future years the licensee will look at other options for the treatment and disposal of waste water.

Solid Waste:

Landfill: NA	Burn & Landfill: NA	Other: Incinerator & backhaul
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Comments: Hazardous wastes have been shipped off site to an off site expediter. Licensee is to provide the signed shipping documents at licensed treatment facility with 2011 Annual report. This is to include hazardous wastes from 2010 and 2011. All other wastes are either shipped off site to Yellowknife or incinerated on site. It is noted that a recycling program was initiated in camp for plastic bottles and cans.

FUEL STORAGE:

Indicate: A - Acceptable U - Unacceptable NA - Not Applicable NI - Not Inspected

Berms & Liners: U	Water within Berms: NA	Evidence of Leaks: NI
Drainage Pipes: NA	Pump Station & Catchments Berm: NI	
Pipeline Condition: NA	Condition of Tanks: A	

Comments: At the IZOC site there is a number of old tanks that were identified in previous inspections. These tanks appear to have been registered with Environment Canada and a registration number is noted on the tanks. These tanks are not in service and can not be filled until properly tested. Fuel for the camp is stored in 4 double walled containers. These are filled via bower truck when fuel is transferred from the Lupin site by Plane to the IZOC strip. The Licensee is to install secondary containment (Liner) at the fuel transfer area as well as the heavy equipment parking location adjacent to the power generators. The Licensee is also to post the Spill contingency plan at the fuel transfer areas and keep accurate records of all spills on site and at drill locations.

Waste Oil Storage: None noted, All Barrels have been shipped off site.

SURVEILLANCE NETWORK PROGRAM (SNP)

Samples Collected		Owner /Operator: MMG- Sampling results to be provided in Annual report.	
None		INAC:	
Signs Posted	SNP: None		Warning: None
Records & Reporting: Annual reporting (sampling and analysis) is required.			
Geotechnical Inspection: N/A			

Non-Compliance of Act or Licence: To ensure compliance the licensee has committed to comply with the following requirements;

- The Licensee is to provide up-dated spill contingency plans with the 2011 Annual report
- Water meters are to be installed on all drills
- Accurate water usage is to be provided in the 2011 annual report
- Provide accurate GPS locations for all drill cuttings deposited on shore during the On-Ice Drill Program
- Provide all before and after sampling results collected during the On-Ice drilling program in the 2011 Annual report.
- Licensee is to monitor wastes and develop a program to ensure hazardous wastes do not end up in the incinerator
- Open burning is not allowed.
- Install a liner within the Garage/ shop work area.

A.Keim

Inspector's Name

Sent by E-mail

Inspector's Signature

Appendix II : 2011 Permitting



Indian and Northern
Affairs Canada

www.inac.gc.ca

Affaires indiennes
et du Nord Canada

www.ainc.gc.ca

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

April 11, 2011

MMG Minerals and Metals Group
Suite 555-999 Canada Place
Vancouver, BC
V6C 3E1

Dear Ms. Kimberley Bailey:

Re: Land Use Permit #N2008C0020
Type of Operation: Mining (Exploration)
Location: Ham Lake Area, Kitikmeot, NU

Further to your letter dated March 31, 2011, this will confirm that the above land use permit is hereby extended from May 13, 2011 to May 13, 2012.

All conditions annexed to land use permit N2008C0020 will apply to this extension.

Sincerely,

Tracey McCaie
Land Administrator Specialist

cc: Manager, Field Operations
RMO - Kitikmeot
NIRB

CIDM#455403

Canada



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

www.inac.gc.ca

www.ainc.gc.ca

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

June 24, 2011

Theodore Muraro
c/o MMG Resources
200-1159 Alloy Drive
Thunder Bay, ON
P7B 6M8

Dear Mr. Muraro:

Re: Land Use Permit #N2006C0027
Type of Operation: Mining (exploration)
Location: Izok Lake, Kitikmeot, NU, NTS 086H10

Further to our letter dated June 13, 2011, this will confirm that the above land use permit is hereby extended from July 3, 2011 to July 3, 2012.

All conditions annexed to land use permit 2006C0027 will apply to this extension.

Sincerely,

John Craig
A/ Land Administrator Specialist
Land Administration

cc: Manager, Field Operations
RMO - Kitikmeot RMO
NIRB
NPC

CIDM#

Canada

Appendix III : Photos Izok



Izok Camp on Ham Lake showing airstrip in the background – August 2011



Fuel farm 11,000L double walled storage tanks with spill kit – August 2011



Drum storage onsite with secondary containment berms – July 2011

Photos - Hood Camp Cleanup:



Hood - Prior to cleanup showing plywood clad structures and general site condition



Hood - post cleanup shot from the air of drill core storage shed



Hood site - post cleanup from the air showing 'lower camp' and empty drums ready for removal in March 2012