



NIRB File No.: 08EN067
AANDC File No.: N2011C0033
KIA File No.: KTL308C008
NWB File No.: 2BE-HG0712

January 10, 2012

The Honourable John Duncan
Minister of Aboriginal Affairs and Northern Development
c/o Jeff Mercer, Manager Land Administration
Aboriginal Affairs and Northern Development Canada
Iqaluit, NU

Sent via Email: Jeff.Mercer@aandc.gc.ca; landsmine@aandc.gc.ca

Re: Application exempt from Screening pursuant to Section 12.4.3 of the NLCA: MMG Resources Inc.'s "Canoe Lake Exploration" & "MolyMag Campsite" project

Dear Jeff Mercer:

On December 22, 2011 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. N2011C0033) associated with MMG Resources Inc.'s "Canoe Lake Exploration" & "MolyMag Campsite" project. If granted, this new Land Use Permit would replace the previously issued Land Use Permit (N2007C0009) for the Project.

Please be advised that the original project proposal (NIRB File No.: 08EN067) was received by the NIRB from the Kitikmeot Inuit Association (KIA) on June 11, 2008 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On September 9, 2008 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the President of the KIA which indicated that the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

On January 13, 2010 the NIRB received an application for an amendment to land use license KTL308C008 from the KIA for the above mentioned project. After a thorough assessment of the amendment request, the NIRB determined that the application was exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed screening decision report on February 15, 2010.

On February 28, 2011 the NIRB received an application from Indian and Northern Affairs Canada (INAC; now AANDC) for a one-year extension to Land Use Permit No. N2009C0009 for the above mentioned project. After a thorough assessment of the extension request, the

NIRB determined that the application was exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed screening decision report on March 4, 2011.

The current AANDC application, the original NIRB Screening Decision Report (08EN067) and related file information are available from the NIRB's ftp site at the following link:

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2008/08EN067-Zinifex%20Canada%20Inc%20-%20Canoe%20Lake/>.

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 08EN067), the "Canoe Lake" project was located within the Kitikmeot region, approximately 180 kilometres (km) southeast of the community of Kugluktuk. The Proponent indicated that it intended to conduct drilling for potential base metal showings in Canoe Lake and surrounding areas from August 2008 to October 2008, with a second phase to occur during the spring of 2009.

The activities and components associated with the original screening included:

- Diamond drilling of potential base metal showings in Canoe Lake and surrounding areas;
- Helicopter use to transport crew and equipment;
- Potential movement of equipment and crew by snow machine during the spring months;
- Installation of temporary survival and equipment shacks;
- Staking and prospecting;
- Geophysical surveying;
- Water use for drilling activities;
- Temporary fuel storage at drill sites (1 or 2 diesel fuel drums, 1 or 2 20 pound propane bottles at each drill site); and,
- Use of High Lake Camp site.

The January 13, 2010 amendment to add the "MolyMag Campsite" included the following additional activities and components:

- Construction of campsite approximately 175 km east-southeast of Kugluktuk (40 km southeast of the High Lake deposits and existing High Lake Camp) on the south shore of the James River on Inuit Owned Land Parcel BB-68, specifically:
 - 10-12 canvas tents designed to accommodate up to 30 people for a total of 3000 person days, including kitchen facilities, dry facilities, and outhouses;
 - Grey water sump and fuel cache areas.
- Support ongoing exploration program that included diamond drilling, geophysical surveys and geological mapping;
- Water use for drilling activities and camp;
- Helicopter use to transport crew and equipment;
- Airplane use to transport personnel and supplies to camp via proposed tundra airstrip;
- Temporary fuel storage; and,
- Operation of camp from March 2010 to March 2012 with seasonal shutdown from November to February each year.

The activities and components associated with the previous February 28, 2011 extension included:

- Extend Land Use Permit No. N2007C0009 for one year, until March 2012, in order to continue exploration activities.

CURRENT APPLICATION:

MMG Resources Inc. is applying for a new Land Use Permit (No. N2011C0033) with Aboriginal Affairs and Northern Development Canada, in order to replace its previously-issued Land Use Permit (No. N2007C0009) and continue exploration activities until March 26, 2014.

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 request for a new Land Use Permit 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 recommended in the original September 9, 2008 Screening Decision Report (enclosed).

If you have any questions or concerns, please contact Tara Arko, Technical Advisor, at 867-983-4611 or tarko@nirb.ca.

Sincerely,



Ryan Barry
Executive Director

cc: Ted Muraro, MMG at ted.muraro@mmg.com
Stanley Anablak, Kitikmeot Inuit Association at sanablak@qiniq.com and geoff@qiniq.com
Phyllis Beaulieu, Nunavut Water Board at licensing@nunavutwaterboard.org

Enclosed: NIRB Screening Decision Report, File No.: 08EN067 (September 9, 2008)