

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

December 18, 2013

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

Sent via email: jeff.mercer@aandc.gc.ca; landsmining@aandc.gc.ca

Re: Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: MMG Resources Inc.’s “Canoe Lake Exploration and MolyMag Campsite” Project, Kitikmeot Region

Dear Jeff Mercer:

On December 9, 2013 the Nunavut Impact Review Board (NIRB or Board) received an application from Aboriginal Affairs and Northern Development Canada (AANDC) for an extension to the Land Use Permit (LUP) (No. N2011C0033) associated with MMG Resources Inc.'s (MMG or the Proponent) "Canoe Lake Exploration and MolyMag Campsite" 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 the KIA Land Use License (No. KTL308C008) 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 further 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 LUP N2007C0009 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 further screening pursuant to Section 12.4.3 of the NLCA and reissued the enclosed screening decision report on March 4, 2011.

On December 22, 2011 the NIRB received an application from AANDC for a new LUP (No. N2011C0033) associated with this project. After a thorough assessment of the application, the NIRB determined that the application was exempt from the requirement for further screening pursuant to Section 12.4.3 of the NLCA and reissued the enclosed screening decision report on January 10, 2012.

The current AANDC application, the original NIRB Screening Decision Report (File No.: 08EN067) and related file information are available from the NIRB's online public registry at the following location: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/>.

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 08EN067), the "Canoe Lake Exploration and MolyMag Campsite" 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 (1-2 drums diesel fuel, 1-2 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 February 28, 2011 extension included:

- Extend LUP No. N2007C0009 for one year to continue exploration activities.

The activities and components associated with the December 22, 2011 LUP application included:

- New LUP (No. N2011C0033) to replace the previous AANDC LUP (No. N2007C0009) to continue exploration activities until March 2014.

CURRENT APPLICATION:

The Proponent is applying for an extension to its AANDC LUP (No. N2011C0033) to continue with previously permitted exploration activities for an additional year.

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, the NIRB is of the understanding that the proposed 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 recommended in the original September 9, 2008 Screening Decision Report (enclosed).

In its original September 9, 2008 Screening Decision Report the NIRB recommended that the Proponent consider alternatives to waste disposal and not use incinerators for sewage. The NIRB therefore requests evidence that MMG has considered alternatives to using incineration as its primary disposal method, including a discussion of any efforts undertaken to meet the *Canadian Wide Standards for Dioxins and Furans* and the *Canadian Wide Standards for Mercury* as such pertain to the incineration of wastes on site. The Board requests that this be provided to our office within 60 days’ of receipt of this correspondence.

In conclusion, the NIRB cautions the Proponent and AANDC that progressive amendments and extensions to the physical and temporal scope of the Canoe Lake and MolyMag project since the conclusion of the original NIRB assessment in September 2008 may result in potential additive effects not contemplated during the original assessment and associated development of

management plans by the Proponent. Additional proposed changes to the Project could warrant a new screening by the NIRB of all associated activities.

If you have any questions or require additional clarification, please contact Catherine Braun Rodriguez, Technical Advisor, at (867) 983-4607 or cbraunrodriguez@nirb.ca.

Sincerely,

A handwritten signature in black ink that reads "Ryan Barry". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ryan Barry
Executive Director
Nunavut Impact Review Board

cc: Ted Muraro, Minerals and Metals Group
Tracey McCaie, Aboriginal Affairs and Northern Development Canada
Phyllis Beaulieu, Nunavut Water Board
Geoff Clark, Kitikmeot Inuit Association

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