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NWB File No.: 2BE-ANG0813

August 2, 2012

Jeff Ward, President
Kivalliq Energy Corporation
Suite 1020, 800 W. Pender St.
Vancouver, BC V6C 2V6

Via email: info@kivalliqenergy.com

RE: Acknowledgement of Receipt of Annual Report for the Angilak Project

Dear Jeff Ward:

Thank you for submitting Kivalliq Energy Corporation's 2010 and 2011 annual reports for the Angilak Project to the Nunavut Impact Review Board (NIRB or Board) as recommended in the July 31, 2008 Screening Decision Report.

Term and Condition #3 of the Screening Decision Report recommended the following:

3. The Proponent shall submit a comprehensive *Annual Report* to the NIRB, with copies to INAC, GN-DOE, EC and KIA by January 31st of each year of project activities. The report must contain, but not be limited to, the following information:
 - a. A summary of activities undertaken for the reporting year;
 - b. A work plan for the following year, including any progressive reclamation work to be undertaken;
 - c. A *Wildlife Monitoring Report* as described above in item (2);
 - d. A discussion regarding the steps taken (including any baseline work conducted) by the Proponent to thoroughly identify, analyze and manage the environmental impacts and cumulative effects from the project activities, particularly in respect to caribou;
 - e. Site photos;
 - f. Efforts made to achieve compliance with the *Canadian Wide Standards for Dioxins and Furans*, and the *Canadian Wide Standards for Mercury*;
 - g. Efforts to implement a comprehensive waste management strategy (especially waste segregation) that is designed to reduce and control the volumes of wastes produced, transported, and disposed of;
 - h. A summary of emissions from the sewage incineration as per the National Pollutant Release Inventory (NPRI); as well as the following:
 - i. manufacturer, model and year of the incinerator

- ii. air pollution control equipment used
- iii. handling procedures for transporting the sewage from the “Pacto Toilets” to the incinerator
- i. A summary of community consultations conducted; and
- j. A summary of how the Proponent has complied with the NIRB terms and conditions contained within this Screening Decision, and the terms and conditions associated with all authorizations for the project.

Upon review of your submission we have concluded that the annual report contains the above specified information and there are no deficiencies to note.

Please note that the latest NIRB Screening Decision Report includes the following additional reporting requirements for consideration in the 2012 annual report for the project.

Term and Condition #4 of the March 23, 2012 Screening Decision Report recommended the following:

4. The Proponent shall continue to submit a comprehensive annual report with copies provided to the same authorizing agencies by January 31 of each year of permitted activities. The annual report must also contain, but not limited to, the following information:
 - a. Records of any fuel spills, actions taken to remediate the spill site, and reports from any resulting inspections,
 - b. Use of the ice airstrip including landing dates and times as well as any action taken by the Proponent to mitigate any impacts of the ice airstrip or protect the lake resources on which the ice airstrip is located.
 - c. Any updates regarding the Proponent's plans to move from caching large quantities of fuel in barrels to using larger fuel storage tanks.

Thank you for providing the information requested by the Board. If you have any questions or concerns, please feel free to contact me at (867) 983-4611 or at info@nirb.ca.

Sincerely,



Tara Arko
Technical Advisor
Nunavut Impact Review Board

cc: Jeff Mercer, Aboriginal Affairs and Northern Development Canada
Tracey McCaie, Aboriginal Affairs and Northern Development Canada
Luis Manzo, Kivalliq Inuit Association
Phyllis Beaulieu, Nunavut Water Board
Andrew Berry, Kivalliq Energy Corporation
Maria Egerton, Kivalliq Energy Corporation