

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

**Re: Application exempt from Screening pursuant to Section 12.4.3 of the NLCA:
Prosperity Goldfield Corp.'s "Kiyuk Lake" project**

On December 2, 2011 the Nunavut Impact Review Board (NIRB or Board) received an application from Aboriginal Affairs and Northern Development Canada (AANDC), for an amendment to Land Use Permit N2011C0011 and Water License 2BE-KLG1116 previously issued to Prosperity Goldfield Corp. for its “Kiyuk Lake” project. Also on December 2, 2011 the NIRB received a conformity determination from the Nunavut Planning Commission (Keewatin Regional Land Use Plan) for this file.

Please be advised that the original project proposal (NIRB File No.: 11EN019) was received by the NIRB from AANDC on April 1, 2011. The proposal was screened in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA) and on May 31, 2011 the NIRB issued the enclosed 12.4.4(a) screening decision to the Minister of Aboriginal Affairs and Northern Development indicating the proposed project could proceed subject to NIRB's recommended project-specific terms and conditions.

The current AANDC application, the original NIRB Screening Decision Report (11EN019) and related file information are available from the NIRB's ftp site at the following link: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2011/11EN019-Prosperity%20Goldfield%20Corp%20-%20Kiyuk%20Lake/>.

As previously screened by the NIRB (File No. 11EN019), the “Kiyuk Lake” project was located within the Kivalliq region, approximately 350 kilometres (km) southwest of Arviat and 100 km

north of the Manitoba border. The Proponent indicated that it intended to evaluate the Kiyuk Lake gold deposit from the spring of 2011 through the fall of 2016.

The activities and components associated with the previously screened proposal included:

- Overland transport of construction materials, supplies, and wastes using snow machines and a treaded tractor for approximately 6 trips per season;
- Use of treaded tractor to clear an ice strip for fixed wing aircraft support;
- Construction of an esker airstrip for summer fixed wing aircraft support;
- Air transport of bulk fuel and supplies by fixed wing aircraft and helicopter;
- Construction of a 20 person temporary camp composed of two Structural Insulated Panels (SIP) structures, 10 Kevlar based domes, a generator, water pumps, and incinerator, as well as ATV use for in camp use only;
- Installation of 5 double walled, 4540 litre bulk fuel storage tanks placed near the camp;
- Fuel caches to support drilling program;
- Drilling program consisting of 1 diamond drill, 22 holes, each hole a maximum 250 metres deep. Drill to be moved by tractor when the ground is frozen, and helicopter during the surface thaw period;
- Estimated water usage of 55 cubic metres per day to support drilling and camp operations.

CURRENT APPLICATION:

Prosperity Goldfield Corp. is proposing to amend its Land Use Permit (N2011C0011) and Water License (2BE-KLG1116) to include the following additional components and activities:

- Increase on-site fuel and fuel storage capacity from a maximum of 5 (4540 L) tanks to a maximum of an additional 6 (4540 L) tanks (total capacity = 49,940 L);
- Increasing the number of personnel on site from 14 to 35, and the number of days on site from 28 to 77 which will require an increase to the size and function of the camp by adding both buildings and infrastructure, specifically adding 1 Honda ATV, 1 camp generator, and water pumps;
- Expand exploration activities including:
 - Adding one more drill plus two water pumps and one generator; as well as
 - Increasing drilling activity from 22 holes at 250 m deep projected in 2011, to 60 holes at 200 m deep to be drilled in 2012;
- Increase overall water use from 55 cubic metres per day to 100 cubic metres per day.

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.”

On December 2, 2011 NIRB distributed the current amendment request to a regional distribution list, requesting submission of any comments or concerns related to the application by December 12, 2011.

On or before December 12, 2011 comments regarding the proposed amendment were received from Environment Canada (EC), the Athabasca Denesuline Negotiation Team (ADNT), and the Manitoba Denesuline (MD). A *summary* of issues raised in comment submissions is as follows:


- EC: restate previous recommendations, with clarification to the general and fuel handling related conditions;
- ADNT: do not support this project due to the degree of impact it may have on AD unextinguished Treaty and/or aboriginal rights;
- MD: do not consider the amendment would significantly change the general scope of the project activities.

In the Board's May 31, 2011 Screening Decision Report for this file, the NIRB recommended that "the Proponent should, to the extent possible, hire local people and to consult with local residents regarding their activities in the region".¹ Given the outstanding concerns raised by the Athabasca Denesuline regarding the proposed project activities, the NIRB re-emphasizes its recommendation for Prosperity Goldfield Corp. to consult with local residents regarding potential project impacts to wildlife and planned mitigation.

After completing a review of the information provided in support of the current application as well as the comments received from interested parties, the NIRB is of the understanding that the proposed amendment 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 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 May 31, 2011 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: R. Bruce Duncan, Prosperity Goldfield Corp.
Saz Yaqzan, Geotarget Consulting Ltd.
Tracey McCaie, AANDC
Nicholas Kavanagh, AANDC
Phyllis Beaulieu, NWB
Enclosed: NIRB Screening Decision Report, File No.: 11EN019 (May 31, 2011)

¹ Project term and condition # 63, Page 7 of NIRB Screening Decision Report for File No. 11EN019 (May 31, 2011)