

NIRB File No.: 11EN019
AANDC File No: N2011C0011
NWB File No.: 2BE-KLG1116

May 8, 2013

Christopher Pennimpede
Prosperity Goldfields Corp.
Suite 800, 789 West Pender St.
Vancouver, BC B6C 1H2

Sent via Email: chrisp@prosperitygoldfields.com

Re: Application Acknowledgement and Comment Request for Prosperity Goldfields Corp.'s Application for a *new* AANDC Quarry Permit for the “Kiyuk Lake” Project, Kivalliq Region

Dear Christopher Pennimpede:

On April 4, 2013 the Nunavut Impact Review Board (NIRB or Board) received a positive conformity determination from the Nunavut Planning Commission (Keewatin Regional Land Use Plan) for Prosperity Goldfields Corp.'s "Kiyuk Lake" project. On April 22, 2013 the NIRB received an application from Aboriginal Affairs and Northern Development Canada (AANDC) for a new Quarry Permit for the "Kiyuk Lake" project.

Please be advised that the original project proposal (NIRB File No.: 11EN019) was received by the NIRB from Indian and Northern Affairs Canada (now AANDC) on March 3, 2011 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On March 15, 2011 it was determined that the project proposal was exempt from Screening pursuant to item 2 of Schedule 12-1 of the NLCA (*Land Use Activities requiring only a Class B permit under the Territorial Land Use Regulations*).

On April 1, 2011 the NIRB received a referral for screening from INAC for a Class A Land Use Permit Application for the “Kiyuk Lake” project. On May 31, 2011 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the Minister of INAC which indicated that the proposed project could proceed subject to the NIRB’s recommended project-specific terms and conditions.

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

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 program was proposed to take place between the spring of 2011 and the fall of 2016 with the goal of evaluating the Kiyuk Lake Gold deposit.

Project components/activities included the following:

- 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;
- Transportation of bulk fuel and supplies by fixed wing aircraft and helicopter;
- Construction of a 20 person temporary camp composed of two structural insulated panel (SIP) structures, 10 Kevlar based dome tents, a generator, water pumps, and incinerator, as well as All-Terrain Vehicle (ATV) for camp use only;
- Installation of 5 double walled, 4,540 litre (L) 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 (m) deep;
- Movement of drill by tractor when the ground is frozen, and by helicopter during the surface thaw period; and
- Estimated water usage of 55 (m³/day) to support drilling and camp operations.

On December 2, 2011 the NIRB received an application for an amendment from AANDC to the Land Use Permit for the above mentioned project. After a thorough assessment of the amendment request as well as comments received from interested parties, 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 December 15, 2011. Project components/activities included the following:

- Increasing on-site fuel and fuel storage capacity from a maximum of 5 (4,540 L) tanks to a maximum of an additional 6 (4,540 L) tanks (for a combined total of 11 tanks or 49,940 L);
- Increasing the size and function of the camp by adding buildings and infrastructure, specifically adding 1 ATV, 1 camp generator, and water pumps;
- Expansion of exploration activities to include:
 - Addition of one drill plus two water pumps and one generator;
 - Increasing drilling activity from 22 holes at 250 m depth as projected in 2011, to 60 holes at 200 m depth to be drilled in 2012; and
- Increase overall water use from 55 (m³/day) to 100 (m³/day).

On July 4, 2012 the NIRB received an application for an amendment from AANDC to the Land Use Permit for the above mentioned project. After a thorough assessment of the amendment request as well as comments received from interested parties, 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 August 22, 2012. Project components/activities included the following:

- Addition of one 4,540 L bulk fuel storage tank to existing bulk fuel storage;
- Addition of one tent to existing camp infrastructure; and
- 6-week exploration program including airborne geophysics of the property (approximately 1200 square kilometres), prospecting, mapping, and sampling of rock, till, soil, and vegetation.

On December 5, 2012 the NIRB received an application from AANDC for an amendment to the Land Use Permit (No. N2011C0011) associated with the above mentioned project. After a thorough assessment of the amendment request as well as comments received from interested parties, 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 25, 2013. The activities and components associated with the amendment application included the following:

- Increase on-site fuel storage by adding (2) two 30, 000 L bulk fuel storage tanks for an updated total capacity of on-site bulk fuel storage of 120,368 L;
- Addition of (2) two fuel transport tanks (each with 500 gallon capacity);
- Increase water usage from 100 m³/day to 160 m³/day;
- Increase camp infrastructure to accommodate up to 50 people by adding:
 - 3 administration tents and 5 accommodation tents,
 - 2 bathrooms,
 - (2) two snowmobiles,
 - (2) two all-terrain vehicles,
 - (2) two MST 2200 Morooka track machines;
- Expand the drilling exploration program to include:
 - (1) one additional drill for a total of 3 drills, and
 - Increase drilling activities from 60 holes at 200m depth to 135 holes; and,
- Additional machinery on site, including (1) one Caterpillar bulldozer, (1) one 315 CL Caterpillar track excavator and (1) tip-trailer to site via Hercules.

CURRENT APPLICATION:

Prosperity Goldfields Corp. has currently applied for a quarry permit in support of the proposed construction of an all-weather airstrip not considered by the NIRB through previous applications associated with the “Kiyuk Lake” project.

The project activities associated with the current application include:

- Collection of 5,700 m³ of sand to construct the all-weather airstrip;

- Use of heavy equipment to flatten sand (i.e., Caterpillar bulldozer, excavator and tip-trailer);
- Removal of 6,000 square metres (m²) of trees and shrubs; and
- Use of the removed timber to support on-site infrastructure (e.g., footings for buildings or drill pads and helicopter landing pad).

The NIRB has determined that this request may result in a change to the original scope of the project.

The AANDC application and the original NIRB screening file (No.: 11EN019) 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/>

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.”

The NIRB is of the opinion that the Proponent's application for a new quarry permit is not likely to *significantly* change the general scope of the original project activities. Therefore the NIRB is *proposing* to re-issue the same terms and conditions as those in the enclosed May 31, 2011 Screening Decision, along with any new terms and conditions the NIRB considers appropriate. The NIRB is copying parties and municipalities potentially affected by this project and we invite interested persons to comment directly to the NIRB by **May 22, 2013**.

The NIRB would like Parties to provide comments regarding:

- Whether the inclusion of the additionally proposed component(s) and/or activity(ies) would significantly modify the project;
- Any additional mitigation measures that are appropriate; and
- Any other matter of importance to the Party related to the project proposal.

Please send your comments directly to the NIRB at info@nirb.ca or via fax to **(867) 983-2594**.

If you have any questions or concerns, please do not hesitate to contact the NIRB's Assistant Technical Advisor Tannis Bolt via email at tbolt@nirb.ca or by phone at (867) 983-4603.

Sincerely,



Catherine Braun Rodriguez
Technical Advisor
Nunavut Impact Review Board

cc: Distribution List
 Luis Manzo, Kivalliq Inuit Association
 Phyllis Beaulieu, Nunavut Water Board
 Jeff Mercer, Aboriginal Affairs and Northern Development Canada
 Tracey McCaie, Aboriginal Affairs and Northern Development Canada

Attachment: Comment Forms (English and Inuktitut)

Enclosed: NIRB Screening Decision Report, File No.: 11EN019 (May 31, 2011)