



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

November 15, 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
P.O. 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: Prosperity Goldfields Corp.'s "Kiyuk Lake" Project, Kivalliq Region

Dear Jeff Mercer:

On October 17, 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. N2011C0011) for Prosperity Goldfields Corp.'s "Kiyuk Lake" project proposal.

Please be advised that the original project proposal (NIRB File No.: 11EN019) was received by the NIRB from Indian and Northern Affairs Canada (INAC; now Aboriginal Affairs and Northern Development Canada or AANDC) on April 1, 2011 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On March 30, 2011 the NIRB received a positive conformity determination (Keewatin Regional Land Use Plan) from the Nunavut Planning Commission for this file. On May 31, 2011 the NIRB issued a screening decision report to the Minister of INAC (now AANDC) in accordance with NLCA Section 12.4.4(a), recommending that the project be allowed to proceed subject to the project-specific terms and conditions issued therein.

Additional authorization and extension requests associated with the "Kiyuk Lake" project have also been reviewed by the NIRB following screening of the original project proposal (File No.: 11EN019). A summary of the additional applications associated with NIRB File No.: 11EN019 is presented in Table 1.

Table 1: Additional Applications Associated with NIRB File No.: 11EN019

Authorization	Application			NIRB Decision	
	Date Received by NIRB	Type	Reason for Application	Date Issued	Type
NWB Water Licence (2BE-KLG1116)	April 13, 2011	New Licence	Use of water for drilling (55 m ³ /day)	May 31, 2011	SDR issued
AANDC Land Use Permit (N2011C0011), NWB Water Licence (2BE-KLG1116)	December 2, 2011	Amendment	Expansion of drilling program (use of 2 nd drill and increased temporary camp and fuel cache size), use of 100 m ³ /day of water for drilling	December 15, 2011	Exempt from screening, May 31, 2011 SDR re-issued
AANDC Land Use Permit (N2011C0011)	July 4, 2012	Amendment	Expansion of drilling program (increased drilling holes, temporary camp and fuel cache size, airborne surveys)	August 22, 2012	Exempt from screening, May 31, 2011 SDR re-issued
AANDC Land Use Permit (N2011C0011), NWB Water Licence (2BE-KLG1116)	December 5, 2012	Amendment	Expanded drilling program (use of 3 rd drill, increased drilling holes, temporary camp and fuel cache size), use of 160 m ³ /day of water for drilling	March 25, 2013	Exempt from screening, May 31, 2011 SDR re-issued
AANDC Quarry Permit	April 22, 2013	New Permit	Extraction of 5,700 m ³ of sand to build new airstrip	June 13, 2013	SDR issued (12.4.4 a)

Notes: AANDC = Aboriginal Affairs and Northern Development Canada); LUP= Land Use Permit; NWB= Nunavut Water Board; SDR= Screening Decision Report.

The current AANDC application, the original NIRB Screening Decision Report (File No.: 11EN019) 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.: 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 from the spring of 2011 through the fall of 2016 with the goal of evaluating the Kiyuk Lake Gold deposit.

The activities and components associated with the previously screened original 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;
- Transportation of bulk fuel and supplies by fixed wing aircraft and helicopter;
- Construction of a 20 person temporary camp;
- Installation of five (5) double-walled, 4,540 Litre (L) bulk fuel storage tanks near the camp;
- Establish and use of fuel caches to support drilling;
- Drilling program consisting of 1 diamond drill, 22 holes, each hole a maximum 250 metres (m) deep;
- Movement of drill by tractor and helicopter;
- Estimated water usage of 55 cubic metres (m³) per day.

The additional activities associated with the December 2, 2011 amendment included:

- Increase on-site fuel and fuel storage capacity to 11 tanks totalling 49,940 L;
- Increase the size and function of the camp by adding buildings and infrastructure;
- Expansion of exploration activities to include:
 - Additional drill and associated equipment;
 - Increase drilling from 22 holes at 250 m depth to 60 holes at 200 m depth;
- Increase overall water use to 100 m³ per day.

The additional activities associated with the July 4, 2012 amendment included:

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

The additional activities associated with the December 5, 2012 amendment included:

- Increase on-site fuel storage by adding two (2) 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 to 160 m³ per day;
- Increase camp infrastructure to accommodate 50 people;
- Expand the drilling exploration program to include one (1) additional drill and increasing to 135 holes; and,
- Additional machinery on site.

The additional activities associated with the April 22, 2013 application for a quarry permit to support construction of an all-weather airstrip included:

- Collection of 5,700 m³ of sand to construct the all-weather airstrip;
- Use of heavy equipment to flatten sand;
- 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 comprehensive scope of the project, updated to April 22, 2013, included the following:

- On site bulk fuel storage with total capacity of 120,368 L;
- 2 fuel transport tanks (each with 500 gallon capacity);
- 160 m³ water usage per day;
- Overland transport of construction materials, supplies, and wastes to and from camp and drill sites using snow machines and a treaded tractor for approximately 6 trips per season;
- Use of treaded tractor to clear an ice strip for winter use by fixed wing aircraft support;
- Construction of an esker airstrip for summer use by fixed wing aircraft support;
- Camp infrastructure to accommodate 50 people;
- Exploratory drilling of 135 holes to approximately 200 m depth using 3 drills;
- Airborne geophysics surveys, prospecting, mapping, and sampling of rock, till, soil, and vegetation;
- Use of heavy equipment (Caterpillar bulldozer, excavator and tip-trailer) and collection of 5,700 m³ of sand to construct an all-weather airstrip;
- Removal of 6,000 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).

CURRENT APPLICATION:

Prosperity Goldfields Corp. is proposing to extend its LUP (No. N2011C0011) for an additional year to continue gold exploration activities at the Kiyuk Lake project site.

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 and receiving confirmation from AANDC that the LUP (No. N2011C0011) can only be extended for one additional year¹, the NIRB is of the understanding that the proposed extension does not change the general scope of the original project activities as proposed to occur until the Fall of 2016, 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

¹ McCaie, Tracey, Aboriginal Affairs and Northern Development Canada email communication to Tara Arko, Nunavut Impact Review Board, October 21, 2013.

NLCA and the activities therein remain subject to the terms and conditions recommended in the June 13, 2013 Screening Decision Report (enclosed).

Recognizing the continued level of public interest in the ongoing activities proposed by Prosperity Goldfields Corp. for its Kiyuk Lake project, the NIRB notes that broader concerns and issues have been raised as relating to land use in the Kivalliq region, the potential for cumulative effects associated with this and other ongoing or proposed developments, and the increasing pressures placed upon caribou herds within the area. The Nunavut Planning Commission, the Kivalliq Inuit Association, AANDC, and the Government of Nunavut have been notified of this increasing concern by the NIRB through recommendations provided in correspondence and Screening Decision Reports for projects proposed within the Kivalliq region². Specific to the Board's assessment of this project proposal, the NIRB recommends these agencies consider taking steps which ensure that land use designations and caribou management and protection measures are reflective of these concerns and work to protect species and regions of particular importance to Nunavummiut and others within Canada who may depend upon these areas or caribou herds for their livelihood, traditional purposes, and subsistence lifestyles.

Specifically, the Board has previously recommended³ that territorial and federal government agencies in Nunavut work together with Regional Inuit Associations, co-management boards and industry to develop an action plan to identify and mitigate potential cumulative effects of human land use activities, including mineral exploration on barren-ground caribou, noting that this assessment of cumulative effects needs to occur at a regional scale which addresses areas beyond those impacted by individual projects.

In conclusion, the NIRB cautions the Proponent and AANDC that the progressive amendments and extensions to the physical and temporal scope of the Kiyuk Lake project since the conclusion of the original NIRB assessment in July, 2011 may cause concern for potential additive effects not contemplated during the original assessment and associated development of management

² 11EN031, 11EN046, 12YN015, 08EN052, 12EN012, as follows:

NIRB File No. 08EN052, SDR (March 23, 2012). Available at: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2008/08EN052-Kivalliq%20Energy%20Corporation/>

NIRB File No. 11EN046, SDR (March 5, 2012). Available at: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2012/11EN046-Anconia%20Resources-Marce%20Claims/03-DECISION/>

NIRB File No.: 11EN031, SDR (July 13, 2011). Available at: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2011/11EN031-IronOne%20Inc-Maguse%20River%20Project/03-DECISION/>

NIRB File No. 12EN012, SDR (May 4, 2012). Available at: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2012/12EN012-Stornoway-Qilalugaq%20Project/03-DECISION/>

NIRB File No. 12YN015, SDR (May 7, 2012). Available at: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2012/12YN015-GSC%20Reconnaissance%20Geology/03-DECISION/>

³ NIRB File No. 11EN046, SDR (March 5, 2012). Available at: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2012/11EN046-Anconia%20Resources-Marce%20Claims/03-DECISION/>

NIRB File No. 13EN027, SDR (August 23, 2013). Available at: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2013/13EN027-URU%20Metals%20Ltd-Nueltin%20Lake/03-DECISION/>

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,



Ryan Barry
Executive Director
Nunavut Impact Review Board

cc: Adrian Fleming, Prosperity Goldfields Corp.
Tracey McCaie, Aboriginal Affairs and Northern Development Canada
Sharon Ehloak, Nunavut Planning Commission
Jo-Anne Falkiner, Government of Nunavut
Luis Manzo, Kivalliq Inuit Association
Phyllis Beaulieu, Nunavut Water Board
Saz Yaqzan, Geotarget Consulting Ltd.

Enclosure: NIRB Screening Decision Report, File No.: 11EN019 (*June 13, 2013*)