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NUNAVUT WATER BOARD

NUNAVUT IMALIRIYIN KATIMAYIT

OFFICE DES EAUX DU NUNAVUT

File: 2BE-KLG1116/Amendment No.1

January 27, 2012

Bruce Duncan
Prosperity Goldfields Corp.
1166 Alberni Street
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Vancouver, BC
Canada V6E 3Z3

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RE: LICENCE NO. 2BE-KLG1116 Type 'B' – Amendment No. 1

Dear Mr. Duncan and Ms. Yaqzan:

Please find attached Amendment No.1 to Licence No. 2BE-KLG1116 Type "B", issued to Prosperity Goldfields Corp. by the Nunavut Water Board (NWB) (**Motion ~~2011-19-1116~~ 2011-19-08**) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

The NWB notes that, among others, there is a NIRB Decision, File No. 11EN019, which states that the 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. The NPC stated that a conformity review is not required for this amendment application.

The NWB recommends that the Licensee consult the comments received from interested persons¹. This information is attached for your consideration.

¹ Aboriginal Affairs and Northern Development Canada, dated December 29, 2011; and Environment Canada, dated December 22, 2011.

Sincerely,



Thomas Kabloona
Nunavut Water Board
Chair

TK/kk/pb

Enclosure: Licence No. **2BE-KLG1116 - Amendment No.1**
Comments – AANDC, EC

Cc: Distribution – Kivalliq

LICENCE AMENDMENT No. 1

Licensee:	PROSPERITY GOLDFIELDS CORP.
Licence No:	2BE-KLG1116 Type “B”
Licence Issued:	June 10, 2011
Amendment No. 1 effective	January 25, 2012
Licence Expiry:	June 10, 2016

Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and the Nunavut Surface Rights Tribunal Act*, with respect to the application for amendment dated November 22, 2011, made by Prosperity Goldfields Corp., the Nunavut Water Board hereby grants the following Licence amendment.

The Licence issued June 10, 2011 with an expiry date of June 10, 2016 shall be amended to include the following terms and conditions, with respect to use of water and deposit of waste during camp operations and activities related to exploration that include prospecting, geological mapping, geophysical survey, diamond and reverse circulation drilling, to allow Prosperity Goldfields Corp., to increase of quantity of water used at the Kiyuk Lake for the activities situated at the amended camp location (the location was amended to be consistent with the actual camp location):

Latitude: 60° 27' 49" N

Longitude: 100 ° 23' 05" W;

and at lakes proximal to drill targets in area of Kiyuk Lake Gold Project, which is located within the Kivalliq Region, Nunavut, generally located at

Latitude: 60° 23' 15 N

to 60° 28' 42" N,

Longitude: 100° 16' 51" W

to 100° 29' 58" W.

Water use

The total volume of water authorized under the current Licence is 55m³/day for both camp operations and drilling requirements. The Licensee has requested that the volume of water be increased to 100 cubic metres per day to support the temporary camp expansion and an additional drill.

Based on the submissions received from intervening parties, no objections were expressed with respect to the amount of water use being requested and/or the manner in which it would be used.

Spill Contingency Plan

The Licensee is required to update the Plan approved under Part H, Item 1 of the Licence and submit to the Board in the form of an Addendum within the 2011 Annual Report as required

under Part B, Item 7 of licence. The Addendum shall include the proposed changes to on-site facilities.

Abandonment and Restoration Plan

The Licensee is required to update the Plan approved under Part I, Item 1 of the Licence and submit to the Board in the form of an Addendum within the 2011 Annual Report as required under Part B, Item 7 of licence. The Addendum shall include the proposed changes to on-site facilities.

Comments Received

The NWB received comments on the amendment application from the Aboriginal Affairs and Northern Development Canada (AANDC) and the Environment Canada (EC).

In its submission, AANDC stated that prior to issuing any water licence amendment all other applicable regulatory authorizations should be issued. AANDC stated that the Prosperity Goldfields Corp. shall revise the Spill Contingency Plan and Abandonment and Restoration Plan to address the revised Kiyuk Lake Project description. AANDC recommended that the Prosperity Goldfields Corp. provide all records of public consultation with their annual monitoring report submissions.

EC recommended the Proponent to update the Fuel Spill Contingency Plan and the Abandonment and Restoration Plan to reflect the proposed changes to on-site facilities. EC stated that all storage tank system owners must identify their tank systems to EC and installation of new systems must comply with the new *CEPA Storage Tank System for Petroleum Products and Allied Petroleum Products Regulations*. Information on these regulations can be found at www.ec.gc.ca/st-rs.

EC encouraged the Proponent to consult and implement the recommendations found in the 2003 CCME Guidance Document PN 1326 *Environmental Code of Practice for Above Ground and Underground Storage Tank Systems containing Petroleum Product and Allied Petroleum Products*.

AMENDMENT NO.1

The Licence, (Pages 1, 2), shall be amended to indicate the following:

Camp location

Latitude: 60° 27' 49" N

Longitude: 100 ° 23' 05" W

Quantity of Water use not to Exceed: **ONE HUNDRED (100) CUBIC METRES PER DAY**

PART C: CONDITIONS APPLYING TO WATER USE

Amend Item 1 The Licensee shall obtain all water for domestic camp use from Kiyuk Lake. Total domestic water use shall not exceed eight (8) cubic meters per day. Drill water shall

be obtained from the lakes near the drill targets as outlined in the application and shall not exceed ninety two (92) cubic meters per day. The volume of water for the purposes of this Licence shall not exceed one hundred (100) cubic meters per day.

All remaining terms and conditions of the Licence 2BE-KLG1116 Type 'B' dated June 10, 2011 still apply.

This Licence Amendment 1 issued and recorded at Gjoa Haven, NU January 25, 2012.

Approved by,

A handwritten signature in dark ink, appearing to read 'T. Kabloona', with a long horizontal flourish extending to the right.

Thomas Kabloona
Nunavut Water Board
Chair