Effective June 16, 2006

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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

WATER LICENCE
APPLICATION FORM

Application for: (check one)

☐ **New** ☐ **Renewal** ☒ **Amendment** ☐ **Assignment** ☐ **Cancellation**

LICENCE NO:
(for NWB use only)

1. NAME AND MAILING ADDRESS OF APPLICANT/LICENSEE

Dundee Precious Metals, Inc.
3060-200 Bay Street
Toronto, ON M5J 2J1

Phone: 416-365-5191
Fax: 416-365-9080
E-mail: drussell@dundeeprecious.com

2. ADDRESS OF CORPORATE OFFICE IN CANADA (if applicable)

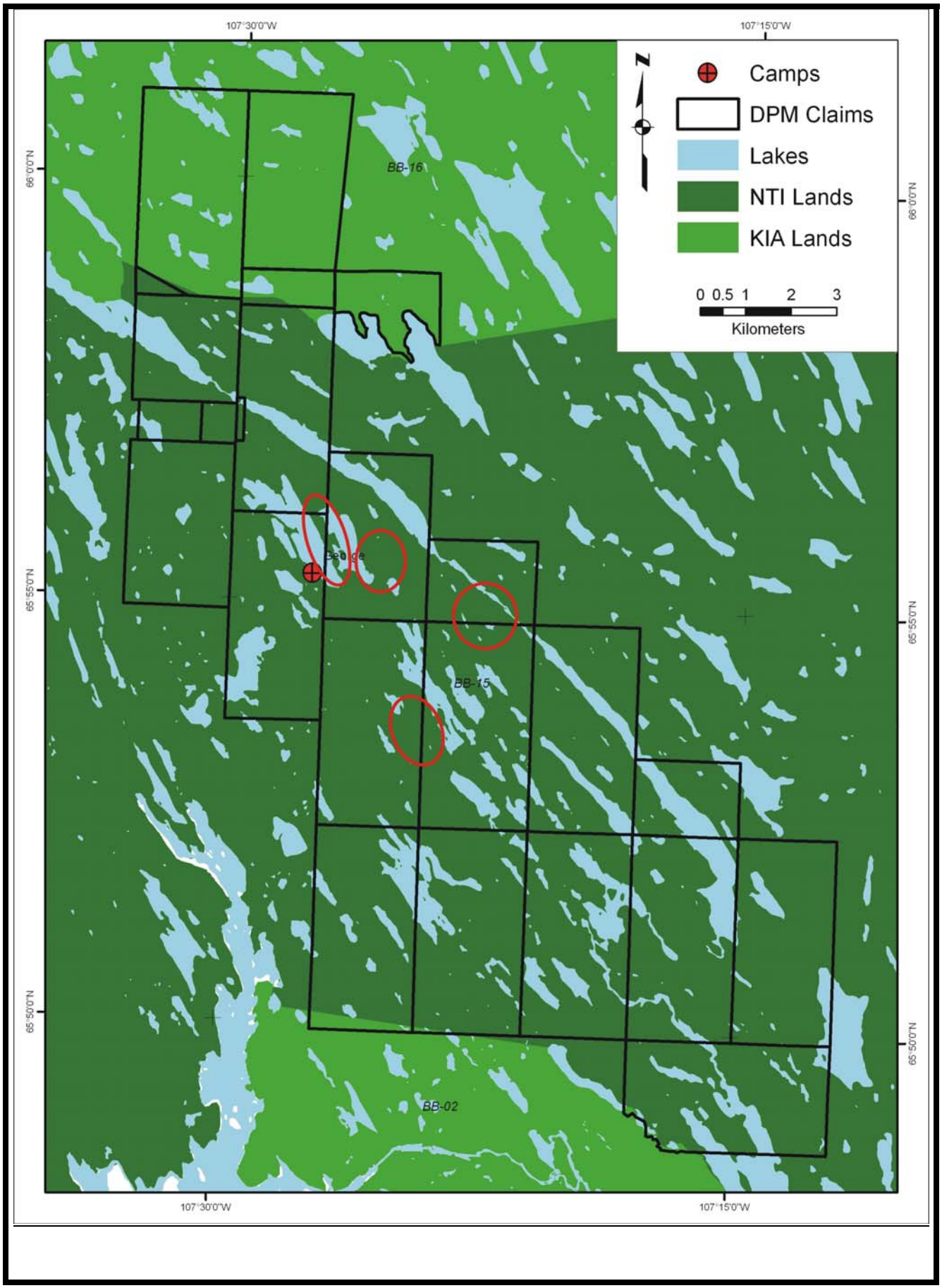
Dundee Precious Metals, Inc.
3060-200 Bay Street
Toronto, ON M5J 2J1

Phone: 416-365-5191
Fax: 416-365-9080
E-mail: drussell@dundeeprecious.com

3. LOCATION OF UNDERTAKING (describe and attach a topographical map, indicating the main components of the Undertaking)

George Lake camp, with exploration drilling activities on the George Lake claim group. Potential drilling areas are outlined in red on the following map.

Latitude: (65°55’13” N) Longitude: (107°27’35” W)
NTS Map Sheet No. 76G, 76J Scale: 1:250,000


107°30'0"W
107°15'0"W
66°0'0"N
65°55'0"N
65°50'0"N
Camps
DPM Claims
Lakes
NTI Lands
KIA Lands
0 0.5 1 2 3
Kilometers
BB-16
BB-15
BB-02

4. DESCRIPTION OF UNDERTAKING (attach plans and drawings)

Exploration camp, diamond drilling, prospecting. Primary support and accommodations for all activities will be out of the existing camp at Goose Lake. Daily activities at the camp will consist of maintenance of vehicles and facilities and drill support/resupply. Drilling operations will be helicopter-supported, with supplies stored at both Goose Lake and George Lake. Drill crews will operate on a 24-hour schedule (2 12-hour shifts), and return to Goose Lake at the completion of each shift.

5. TYPE OF PRIMARY UNDERTAKING (A supplementary questionnaire **must** be submitted with the application for undertakings listed in **"bold"**)

- ☐ **Industrial**
- ☒ **Mining and Milling**(includes exploration/drilling)
- ☐ **Municipal** (includes camps/lodges)
- ☐ Power
- ☐ Agricultural
- ☐ **Conservation**
- ☐ Recreational
- ☐ **Miscellaneous** (describe below):

See Schedule II of *Northwest Territories Waters Regulations* for Description of Undertakings

6. WATER USE

- ☒ To obtain water
- ☐ To cross a watercourse
- ☐ To modify the bed or bank of a watercourse
- ☐ Flood control
- ☐ To divert a watercourse
- ☐ To alter the flow of , or store, water
- ☐ Other (describe):

7. QUANTITY OF WATER INVOLVED (cubic metres per day including both quantity to be used and quality to be returned to source)

Water use
- ☐ 100m^3/day or less
- ☒ Greater than 100m^3/day; if greater, indicate quantities to be used for each purpose (camp, drilling, etc.) Minimal quantities (1-3 m^3) for use around camp on a very sporadic basis. Average daily use for drills of up to 35 m^3 per drill (up to 4 drills). Total usage up to 140 m^3/day.

Water returned to source

0 m^3/day

8. WASTE (for each type of waste describe: composition, quantity (cubic metres per day), methods of treatment and disposal, etc.)

- ☐ Sewage
- ☒ Solid Waste
- ☐ Hazardous
- ☒ Bulky Items/Scrap Metal
- ☒ Waste oil
- ☒ Greywater
- ☒ Sludges
- ☐ Other describe):

A pacto system is used for human waste when people are working at the camp (typically for periods of up to 3 days). The resulting waste is securely packaged in plastic bags, transported to the main camp at Goose Lake and disposed of in the camp incinerator.

Minimal quantities of greywater may be generated from camp use in the kitchen and dry. It will be screened for large particles before being deposited into a sump where it will be allowed to percolate into the ground.

Sludge from the drills is captured using the megabag system and deposited in a sump dedicated to this purpose at the George Lake camp.

Waste generated at the drill, such as packaging, metal, etc. will be removed from the site either to George Lake camp for medium-term storage and backhaul the following winter, or to Goose Lake camp for

processing with waste from the rest of the operation (the site to which it is brought will depend primarily on the routing the helicopter is taking). Combustible waste will be disposed of in the camp incinerator, metal waste will be packaged with other metal scrap for backhaul, and oil and lubricants will be disposed of either in the waste oil heater (described below) or at an appropriate disposal facility.

A waste oil heater was installed in the north quonset at Goose Lake during the 2008 field season. Waste oil from vehicle and generator maintenance will be thinned with diesel fuel and used to heat the quonset, providing a comfortable work place to conduct maintenance activities during the winter months. Waste oil in excess of what can reasonably be consumed in the heater will be stored for later use or backhaul and disposal at an appropriate facility.

9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)

Land Use Permit

DIAND	☐ Yes	☐ No	If no, date expected _____
Regional Inuit Association	☒ Yes	☐ No	If no, date expected _____
Commissioner	☐ Yes	☐ No	If no, date expected _____

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES (direct, indirect, cumulative impacts, etc.)

Water from drilling operations will be recirculated to minimize the quantity used. The megabag system is used by Bradley Brothers to capture drill cuttings which are subsequently removed from the drill site by helicopter and deposited in a sump. Clarified water drains through the bag and is allowed to disperse on the tundra where it percolates into the ground and returns to the local watershed. Minimal quantities of rock flour and drill cuttings may end up being deposited on the tundra, however they will have a very similar composition to that of the local outcrop or overburden material and will therefore not represent a source of significant impact to the surrounding environment. Compression of vegetation in the vicinity of the drill set up will occur; this impact will naturally correct itself once the drill has been moved from the site.

No cumulative impacts are expected. No additional drills will be brought into site to conduct this operation, nor personnel beyond what have been used in the past - only the 4 drills which are currently located on the project site and have been used in the past will be used.

NIRB Screening ☐ Yes ☐ No If no, date expected _____

11. INUIT WATER RIGHTS

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement?

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined?_____

This project will not substantially affect the quality, quantity or flow of water flowing through Inuit Owned Lands.

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)

Bradley Brothers - Diamond drill contractor
70 Industrial Blvd.
Rouyn-Noranda QC, J9X 6T3

Great Slave Helicopters – Helicopter services
106 Dickens Street
Yellowknife, NT, X1A 2R3

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)

Cover pages and executive summaries of the most recent environmental baseline studies are appended.

14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN

Supplementary Questionnaire (where applicable: see section 5) ☒ Yes ☐ No If no, date expected _____

Inuktitut and/or Inuinnaqtun/English Summary of Project ☒ Yes ☐ No If no, date expected _____

Application fee of $30.00 (Payee Receiver General for Canada) ☒ Yes ☐ No If no, date expected _____

Water Use fee of $30.00 (unless otherwise indicated in Section 9 of the *NWT Waters Regulations;* Payee Receiver General for Canada)
☒ Yes ☐ No If no, date expected _____

15. PROPOSED TIME SCHEDULE (unless otherwise indicated, the NWB will consider the application for a five (5) year term)

☐ one year or less (or) ☒ Multi Year

Start Date: _____Completion Date: _____

Dan Russell	**Environmental Coordinator**		**January 6, 2009**
Name (Print)	**Title (Print)**	**Signature**	**Date**

For Nunavut Water Board office use only

APPLICATION FEE **Amount: $_____** **Pay ID No.: _____**

WATER USE DEPOSIT **Amount: $_____** **Pay ID No.: _____**