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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI  
OFFICE DES EAUX DU NUNAVUT

File: 2BE-GEO0210

May 4, 2009

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

Email: [dcater@dundeeprecious.com](mailto:dcater@dundeeprecious.com)

**RE: 2BE-GEO0210 Type "B" – Amendment No.1**

Dear Mr. Cater:

Please find attached, Amendment No.1 to Licence No. 2BE-GEO0210 Type "B" issued to Dundee Precious Metals Inc. by the Nunavut Water Board (NWB) (**Motion 2009-02-L01**) 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 strongly recommends that the Licensee consult the comments received by interested persons on issues identified. This information is attached for your consideration.

Sincerely,

Thomas Kabloona  
Nunavut Water Board  
Chair

TK/dc

Enclosure: Licence No. **2BE-GEO0210 - Amendment No.1**  
Government of Nunavut, Department of Environment (GN-DoE), Feb 27, 2009  
Government of Nunavut, Department of Culture, Language, Elders and Youth (GN-DoCLEY), Feb 11, 2009  
Environment Canada (EC), Feb 27, 2009  
Kitikmeot Inuit Association (KIA), Feb 24, 2009  
Indian and Northern Affairs Canada (INAC), March 3, 2009

Cc: Distribution – Kitikmeot

# LICENCE AMENDMENT No.1

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<b>Licensee:</b>	<b>Dundee Precious Metals Inc.</b>
<b>Licence No:</b>	<b>2BE-GEO0210 Type "B"</b>
<b>Licence Issued:</b>	<b>July 3, 2002</b>
<b>Effective Date:</b>	<b>May 2, 2009</b>

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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 January 5, 2009, made by Dundee Precious Metals Inc., the Nunavut Water Board hereby grants the following Licence amendment.

The Licence issued July 3, 2002 with an expiry date of December 31, 2010 shall be amended to include the following terms and conditions, with respect to use of water and deposit of waste during camp operations, prospecting, geological mapping, airborne geophysical surveys and land and ice based diamond drilling, to allow Dundee Precious Metals Inc. additional water use to support two additional diamond drills and allow water use for drilling purposes in lakes proximal to drilling targets at the Back River Project in the Kitikmeot Region, based at the George Lake camp located at latitude 65°55'13"N and longitude 107°27'35"W.

## **PART A: SCOPE, DEFINITIONS AND ENFORCEMENT**

Insert "ICP Scan" means the laboratory method for determining trace metals in water through Emission Spectroscopy using inductively coupled plasma (including up to approximately 32 elements depending on the laboratory performing the analysis);

## **PART B: GENERAL CONDITIONS**

Insert Item 1vii A summary of all information requested and results of the Monitoring Program.

## **PART C: CONDITIONS APPLYING TO USE AND THE PROTECTION OF WATER**

Amend Item 1 The Licensee shall obtain all water for domestic camp use from George Lake. Total domestic water use shall not exceed three (3) cubic meters per day. Drill water shall be obtained from lakes and ponds, proximal to the drilling targets as outlined in the application and shall not exceed one hundred and forty (140) cubic meters per day. The volume of water for the purposes of this Licence shall not exceed one hundred and forty three (143) cubic meters per day.

**PART E: CONDITIONS APPLYING TO DRILLING OPERATIONS**

Amend Item 6 The Licensee shall establish water quality conditions prior to and upon completion of any drilling program through lake ice.

**PART G: CONDITIONS APPLYING TO SPILL AND CONTINGENCY PLANNING**

Amend Item 2 The NWB has approved the plan entitled “Back River Project Spill Contingency Plan George Lake Camp” dated February 2009. The Licensee shall submit within thirty (30) days for review, an addendum to the plan that addresses the following:

- Remove “Draft” from the plan;
- Spill kits for drilling should be included under section 6.2;
- Discuss protection measures such that drill additives, including CaCl, do not enter water bodies;
- Spills adjacent to or into a water body, shall be reported immediately regardless of quantity;
- Update the Environment Canada contact information; and
- Provide a frequency for the ‘regular inspections’ referred to in the Plan.

INSERT PART J

**PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM**

Insert Item 1 The Licensee shall measure and record, in cubic metres, the daily quantities of water utilized for camp, drilling and other purposes.

Insert Item 2 The Licensee shall provide the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where sources of water are utilized for all purposes.

Insert Item 3 The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where wastes associated with camp operations and drilling operations are deposited.

Insert Item 4 The Licensee shall obtain representative samples of the water column below any ice where required under Part E, Item 6. Monitoring shall include but not be limited to the following:

Total Suspended Solids

pH

Electrical Conductivity,

Total Trace Metals as determined by a standard ICP Scan (to include at a minimum, the following elements: Al, Sb, Ba, Be, Cd, Cr, Co, Cu, Fe, Pb, Li, Mn, Mo, Ni, Se, Sn, Sr, Tl, Ti, U, V, Zn), and

Trace Arsenic and Mercury

Insert Item 5 All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the current edition of *Standard Methods for the*

*Examination of Water and Wastewater*, or by such other methods approved by the Board in writing.

- Insert Item 6      All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.
- Insert Item 7      Additional monitoring requirements may be requested by the Inspector.
- Insert Item 8      The Licensee shall include in the Annual Report required under Part B, Item 1 all data, monitoring results and information required by this Part.

**All remaining terms and conditions of Licence 2BE-GEO0210 Type ‘B’ dated July 3, 2002 still apply.**

This Licence Amendment was issued and recorded at Gjoa Haven, NU on May 2, 2009.

Approved by,



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Thomas Kabloona  
Nunavut Water Board  
Chair