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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

WATER LICENCE APPLICATION FORM

Application for: (check one)

___ **New** X **Amendment** ___ **Renewal** ___ **Assignment**

LICENCE NO: (for NWB use only)

1. NAME AND MAILING ADDRESS OF APPLICANT/LICENSEE

Dundee Precious Metal Inc.
300-889 Harbourside Drive
North Vancouver, B.C.
V7P 3S1
Phone: 604-985-2572
Fax: 604-980-0731
e-mail: Jlaitin@dundeeprecious.com

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

Dundee Precious Metals
Suite 3060, Royal Bank Plaza
South Tower, 200 Bay Street
P.O.Box 30
Toronto, Ontario M5J 2J1
Phone: (416) 365-5191
Fax: (416) 365-9080
e-mail: lbeak@dundeeprecious.com

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

The attached maps (Figure 1, 2 & 3) show the location of Goose Lake camp and surrounding area. This amendment requires the use of water and disposal of waste into water for mining exploration activities, including diamond drilling, trenching, bulk sampling, environmental monitoring and exploration camp at Goose Lake, Boot Lake and Boulder Lake claim groups in Nunavut.

Latitude: 65° 32' 40" Longitude: 112° 25' 37" NTS Map No. 76G/09,10 Scale 1:50,000

4. DESCRIPTION OF UNDERTAKING (attach plans and drawings)

The license will be for continuing exploration, which includes diamond drilling, trenching, bulk sampling, environmental monitoring as well as an exploration camp. The attached map (figure 1, 2 & 3) shows the drilling on the surrounding areas for 2006. The diamond drilling is shown on the NTS maps 76G/09 and 10. The diamond drilling will be extended each year as results from the previous year are evaluated.

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

___ **Industrial**
X **Mining and Milling**
___ **Municipal** (includes camps/lodges)
___ Power
___ Agricultural
___ **Conservation**
___ Recreational
X **Miscellaneous** (includes exploration/drilling)
(describe): exploration camp

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

6. WATER USE

X To obtain water
___ To modify the bed or bank of a watercourse
___ To alter the flow of , or store, water
___ To cross a watercourse
___ To divert a watercourse
___ Flood control
X Other (describe): Dispose of waste water

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

The total quantity of water used both potable water and wastewater will not exceed 130 cubic metres maximum in any day. Potable water will take up about 35% of the water used while 65% of the water will be handled as wastewater and for diamond drilling. At the end of the project all this water will released to the environment again in a form that is satisfactory as fresh potable water.

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

X Sewage	___ Waste oil
___ Solid Waste	X Greywater
___ Hazardous	X Sludges
X Bulky Items/Scrap Metal	___ Other (describe):_____

See end of form

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

Land Use Permit

DIAND ___ Yes X No If no, date expected N/A

Regional Inuit Association X Yes ___ No If no, date expected _____

Commissioner ___ Yes X No If no, date expected N/A

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

Direct: -Drills moving around the tundra, with the potential of gouging or disturbing the tundra cover. Being aware of any damage done by the drills and doing reclamation work on the spots where any damage was done will isolate the problem into only a direct problem and will not be cumulative.
- Another direct problem is the potential of a fuel spill. As soon as a spill occurs it is cleaned up and if it has soaked into the soil the contaminated material is removed to a re-mediation location and when the soil is clean again replaced in the original site, which allows nature, to take over and re-vegetate the area affected.

Indirect: -With the drill moves the possible exposure of the permafrost. By replacing the tundra to the former contour will give the native fauna and flowers a chance to re-grow and heal the permafrost. The longer the exposures to damaged topsoil the greater the damage to permafrost.

Cumulative: -Continually pumping Greywater into a sump. The evaporation rate in getting rid of some of the Greywater and the spreading of lime at the end of each inhabiting period will keep any long-term problem in check. Any water escaping from the sumps will be filtered quickly through the sand and tundra around the sumps. This dilutes the toxins and allows the vegetation to have more water. The plants take up and use a lot of the toxins in the water. The odd grab sample within the sump will assure every one that nothing unexpected is happening within the sump.
-Sludge for the drill will be accumulated in one place and will gradually be diluted with precipitation to the point where it will be allowed to be released back to the environment. The same will happen to the brine from the end of the drilling program when it is placed in the designated site for sludge. The water and vegetation will gradually dilute the salt concentration and allow the residue to be released into the environment.
-Buried ash from kitchen waste and combustible material: This material will be buried under the tundra and opening the tundra to accept the ash would give the permafrost the opportunity to start melting. Care has to be used in making sure that when permafrost is exposed that enough cover is replace to refreeze both the introduced waste as well as insulate the existing permafrost.
Fuel spills: -Continued fuel spills can create a great deal of material to be re-mediated. By mixing some sand into contaminated soil, the re-mediated soil will increase in volume until there is additional amounts available for picking up contaminated material and replacing it right away with material that already has be through the process. A layer of oil sponge can be spread over the site prior to re-contouring, as the oil sponge will react with any oil left. During warm weather, when the microbes in the oil sponge will eat (any residue) that may be missed while digging. The microbes will continue being active; removing oil until all the remaining hydrocarbons are all rendered harmless.

NIRB Screening ___ Yes X 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?
No, the following explanation shows that the water should not be affected. With the capture of the Greywater into a sump, concentration of sewage by filter, then disposal into a suitable contained depression and the sludge and water from diamond drilling being held in a designated holding area there will not be any waste water allowed to flow onto Inuit owned lands, until treated or filtered.

11. (Continued)

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?

No.

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)
Helicopter – Northlink (Great Slave Helicopters) Yellowknife,N.W.T.
Drill Contractors - Bradley Brothers (Diamond Drilling) P.O.Box 2369 Rouyn-Noranda, Quebec J9X 5AP
Winter Haul from Bathurst Inlet - Kitnuna (Logistics) P.O.Box 92 Cambridge Bay, Nunavut X0E 0C0
Airbone Geophysics – Fugro Airborne Survey

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)
None currently ongoing.

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

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

Inuktitut/English Summary of Project X Yes ___ No If no, date expected _____

Application fee $30.00 (Payee Receiver General for Canada) X Yes ___ No If no, date expected _____

Water Use fee (see Section 9 of the *NWT Waters Regulations;* Payee Receiver General for Canada)
X Yes ___ No If no, date expected _____

15. PROPOSED TIME SCHEDULE

___ Annual (or) X Multi Year

Start Date: 01-Jan-05 Completion Date: 31-Dec-30 Item 18(1)A

J. LAITIN — **Name (Print)**
Technical Coordinator — **Title (Print)**
Signature
Feb 3, 2006 — **Date**

For Nunavut Water Board use only
APPLICATION FEE **Amount: $**_____ **Pay ID No.:** _____
WATER USE DEPOSIT **Amount: $**_____ **Pay ID No.:**

Item 8. Waste handling

Greywater: generate about 8 cubic metres per day, which will be piped into a sump. At the end of each season the sump will be covered with lime.

Sewage: generate about 2 cubic metres per day, which will be incinerated with electric toilets. The remains will be buried on site along with the burned kitchen wastes.

Sludges: generated about 20 cubic metres from diamond drilling. The wastewater from drilling will be left in the hole at the completion of each hole drilled and the remainder re-circulated through a heated recovery tank. At the end of the drilling program the remaining water with the drilling salt in it will be disposed of in the designated disposal site for sludge and wastewater.

Scrap metals: this consists mainly of ruined diamond drill rods. These rods will be bundled and removed south for sale as scrap or other use.

Waste Oil: Very little generated. The only waste oil is from the diesel engines in the equipment and the diamond drills. It will be mixed with the heating oil and burned on site.