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## WATER LICENCE APPLICATION FORM

Application for: (check one)	
New Amendment Renewal A	ssignment
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. <b>DESCRIPTION OF UNDERTAKING</b> (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 <u>must</u> be submitted with the application for undertakings listed in "bold")	
Industrial Agricultural  X Mining and Milling Conservation  Municipal (includes camps/lodges) Recreational  Power X Miscellaneous (includes exploration/drilling)	
See Schedule II of Northwest Territories Waters Regulations for Description of Undertakings	
6. WATER USE	
To modify the bed or bank of a watercourse	o divert a watercourse Flood control Other (describe): <u>Dispose of waste water</u>
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	
<ol> <li>PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)</li> </ol>	
Land Use Permit	
Yes <u>X</u> No If no, date expected <u>N/A</u>	
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 from 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 envir	
NIRB Screening Yes X No If no, date expected	
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 <u>MUST</u> 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 <i>NWT Waters Regulations</i> ; 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
Name (Print) Title (Print) Signature Date
r Nunavut Water Board use only PPLICATION FEE Amount: \$ Pay ID No.:  ATER USE DEPOSIT Amount: \$ Pay ID No.:

## Item 8. Waste handling

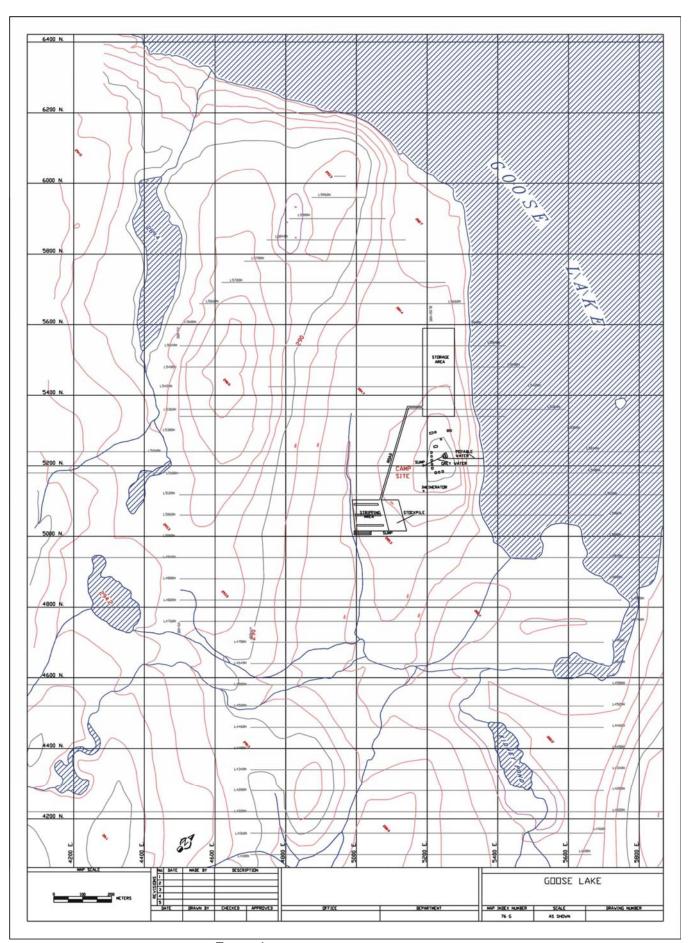
Greywater: generate about 8 cubic metres per day, which will be piped into a sump. At the end of each season the sump will be covered with lime.

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.



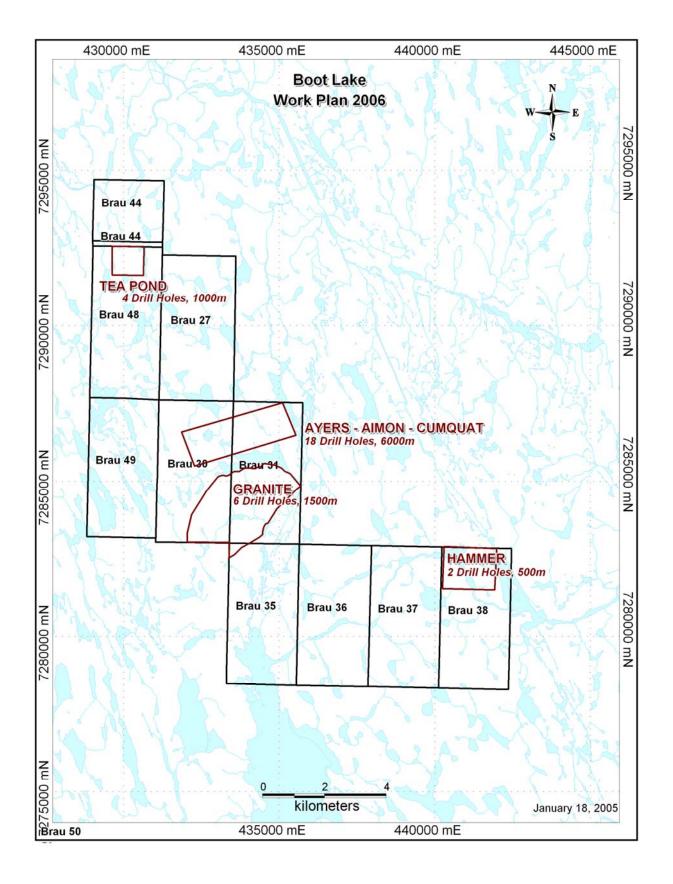


FIGURE 2

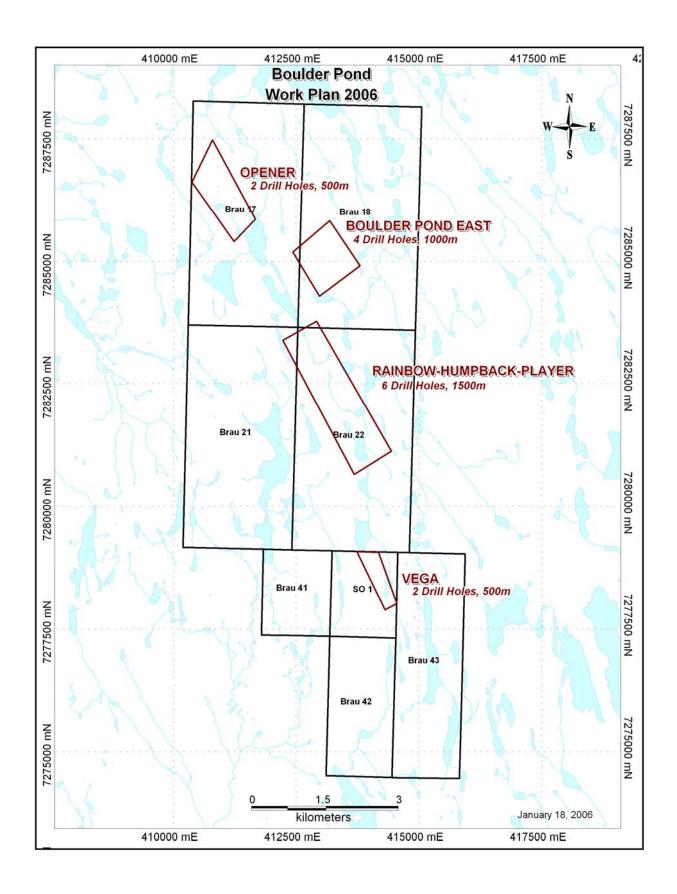


FIGURE 3