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April 12, 2006

Nunavut Water Board
P.O.Box 119
Gjoa Haven, Nunavut
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ATTENTION: Phyllis Beaulieu

Dear Ms. Beaulieu:

**RE: 2BE-GOO0510/GA – Dundee Precious Metals Inc.- Goose Lake
Exploration – Amendment – Type B**

Environment Canada sent a letter dated March 24, 2006 going over the project and concerns that they had with the program. We have responded with the following to clarify our present status and intentions. As discussed previously this is an amendment request to the standing license for Goose Lake to allow a drilling component to be applied to the Boot Lake and Boulder Pond areas.

There will not be a camp at either Boot or Boulder locations. The whole program will be using the camp at Goose Lake.

The present fuel storage at either Boot or Boulder will only be minimal, being a few barrels of diesel for the drill and a couple of barrels for the helicopter.

Upon reflection of the recent history of the operation we will not be remediating contaminated soil on site. We have not generated any contaminated soil, hence it would not be worthwhile to have a dedicated remediation site at the Back River Project. As per our 2006 Spill Contingency Plan, should any spill occur, it would be burned up (as per clearance from the Report a Spill contact) . Any residue would be removed from the site and stored in containers (barrels) and shipped to a land remediation facility at Swan Hills facility in Alberta. This would be a better procedure given we do not anticipate an ongoing spill treatment requirement onsite. Properly identified labeled containers with contaminated soil would be shipped out on future backhaul flights.

The Back River Spill Contingency plan is for the whole Back River project and includes all the processes that would be done at any specific location of the project. We will send out an amendment page showing the Environment Enforcement Officer in the contact list as well as the amendment sheet showing the number of the amendment and the reason for the amendment. A copy of MSDS sheets is now included in all shipments from the suppliers, which will be posted at the site. As well, most company websites include the MSDS for their products.

The additional water requirement of 30 cubic metres per day is for the future. We do not currently use close to our current license limit of 100 cubic metres per day but with a requested date of 2030 there may be a need to utilize close to 130 cubic metres per day, hence the request for the additional amount.

We do not intend to do any trenching this year on the Boot and Boulder properties. In future years it may be part of the exploration program as the information from the drill program and mapping done on the property may indicate that some trenching may be required.

Any diamond drilling will be on land only and above 30 metres from any lakes or streams. The drill moves will all be done by helicopter since we need one for personnel moves on shift. All the drill cuttings will be gathered as the holes are drilled and placed in a bag which will then be moved to a man made sump at the Goose Lake camp where none of the drill mud can migrate to the streams or lakes. The excess water from the drilling operation is put into megabags and the brine is reused at the next hole. On land, any artesian diamond drill hole will be plugged with a commercial plug and cement pumped on top of the plug to seal it.

The migratory birds arrive after the winter drilling season has been finished. The summer drill season starts before they birds have finished nesting. During the summer it is easy to see where the nesting birds have nests and stay away from that area until the young can fly. Peregrine Falcons and Owl nests should be avoided, particularly during nesting and early hatchlings, but at all times if possible. By watching year to year the nests become evident and can be avoided as the birds come back to the same sites year after year.

I trust this answers the questions put forward. Should you have additional questions, please let me know so they may be dealt with.

Yours truly,

"Original signed by"

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