



NIRB File No.: 06EN033_Amendment
INAC File No.: N2006C0008
NWB File No.: NWB2G000510
KIA File No.: KTL204C012

March 11, 2008

Honourable Chuck Strahl
Minister of Indian and Northern Affairs Canada
c/o John Craig
Assistant Land Administrator
INAC Land Administration
PO Box 100
Iqaluit, NU X0A 0H0

Via email: craigjg@inac-ainc.gc.ca

Re: Extension Request for Dundee Precious Metals Inc's Land Use Permit with Indian and Northern Affairs Canada for their "Beechey Lake Area (Boulder Pond Property) Mineral Exploration" project

Dear John Craig:

On February 22, 2008 the Nunavut Impact Review Board (NIRB or Board) received an application from Indian and Northern Affairs Canada (INAC) for an extension to Dundee Precious Metals Inc's (Dundee) Land Use Permit for their "Beechey Lake Area (Boulder Pond property) Mineral Exploration" project.

The original application for the above project was received by the NIRB from INAC on March 15, 2006. The proposal was screened in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On May 15, 2006 the NIRB issued a 12.4.4(a) screening decision to INAC allowing the proposed drilling, geological mapping, prospecting, sampling, environmental monitoring and land surveys at their Boulder Pond property and camp use activities at their Goose Lake property in the Beechey Lake area to proceed subject to project-specific terms and conditions.

The original NIRB screening file (06EN033) is available from the NIRB's ftp site at the following link:

[http://ftp.nunavut.ca/nirb/NIRB_SCREENINGS/COMPLETED_SCREENINGS/ARCHIVE/2006_SCREENINGS/06EN033-Dundee_Precious_Metals_Inc.\(Boulder_Pond\)/](http://ftp.nunavut.ca/nirb/NIRB_SCREENINGS/COMPLETED_SCREENINGS/ARCHIVE/2006_SCREENINGS/06EN033-Dundee_Precious_Metals_Inc.(Boulder_Pond)/)

In their application for an extension to their Land Use Permit (LUP), N2006C0008, Dundee indicated that the activities in the area will be similar in nature to those in the past few seasons and that they anticipate diamond drilling at both their Goose Lake and George Lake properties, as well as the potential for prospecting and follow-up soil sampling on any or all of the claim groups. In addition, they do not anticipate conducting any work on the Wishbone claim group in 2008. The above activities were not screened under NIRB File No: 06EN033 but under the following File No's:

- 1) Renewal for exploration at Goose Lake – NIRB File No: 02EN021 (Kitikmeot Inuit Association (KIA) File No's: KTL399C037 (old), KTL304C017)
- 2) Quarry activities at Goose Lake – NIRB File No: 06QN027 (KIA File No: KTL304C017 includes camp use)
- 3) Exploration activities at George Lake – NIRB File No: 02EN013 (KIA File No's: KTL200C010 (old), KTL304C018)
- 4) Quarry activities, and fuel tank and laydown construction activities at George Lake – NIRB File No: 06QN028 (KIA File No: KTL304C018)

No screening was completed for the Wishbone claim group. If the proponent wishes to complete any work on the Wishbone claim group, the NIRB suggests that an amendment to the original proposal be completed and forwarded to the appropriate authorization agencies (*i.e.* INAC and KIA) for review and to NIRB for screening.

The NIRB has determined that the proposed extension (not including the Wishbone claim group activities) does not *significantly* change the general scope of the original project activities since the activities were previously screened under NIRB File No's: 02EN013, 02EN021, 06QN027, 06QN028 and 06EN033. The NIRB is attaching the original terms and conditions from the May 15, 2006 Screening Decision (NIRB File No: 06EN033) and is confirming that it should be applied to the extended Land Use Permit.

If you have any questions or concerns, please do not hesitate to contact the NIRB's Technical Advisor Sophia Granchinho at sgranchinho@nirb.ca or by phone at 867-983-4607.

Sincerely,

(original signed by:)

Stephanie Autut
Executive Director

cc: Dan Russell, Dundee Precious Metals Inc. (drussel@dundeevaluable.com)
Phyllis Beaulieu, Nunavut Water Board (licensing@nunavutwaterboard.org)

Attachment: NIRB Screening Report Decision, File No.: 06EN033 (May 15, 2006)



SCREENING DECISION REPORT
Dundee Precious Metals Inc. Boulder Property

NIRB File No.: 06EN033

May 15, 2006

Hon. Jim Prentice
Minister of Indian affairs and Northern Development
Ottawa, ON

Via email: minister@inac.gc.ca

Dear Hon. Prentice:

Authority:

Section 12.4.4 of the Nunavut Land Claim Agreement states:

Upon receipt of a project proposal, NIRB shall screen the proposal and indicate to the Minister in writing that:

- a) the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5;
- b) the proposal requires review under Part 5 or 6; NIRB shall identify particular issues or concerns which should be considered in such a review;
- c) the proposal is insufficiently developed to permit proper screening, and should be returned to the proponent for clarification; or
- d) the potential adverse impacts of the proposal are so unacceptable that it should be modified or abandoned.

Primary Objectives:

The primary objectives of the Nunavut Land Claims Agreement are set out in section 12.2.5 of the Land Claims Agreement. This section reads:

In carrying out its functions, the primary objectives of NIRB shall be at all times to protect and promote the existing and future well-being of the residents and communities of the Nunavut Settlement Area, and to protect the ecosystemic integrity of the Nunavut Settlement Area. NIRB shall take into account the well-being of the residents of Canada outside the Nunavut Settlement Area.

The decision of the Board in this case is 12.4.4 (a) **the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5;**

Reasons for Decision:

NIRB's decision is based on specific considerations that reflect the primary objectives of the Land Claims Agreement. Our considerations in making this decision included:

- the impact of drilling activities on the ecosystem;
- disposal of drill cuttings and waste water;
- impact to water quality, aquatic habitat and wildlife and fish populations from chemicals, drill waste, drill fluids and potential fuel spills;
- storage and disposal of chemicals, fuel, garbage, sewage, and gray water, and impact of these on the ecosystem;
- the impact of noise from drilling activities and their disturbance to wildlife and traditional users of area;
- the potential impact of aircraft/helicopter on wildlife;
- the impact of campsite and equipment on terrain;
- the impact of exploration activities on archaeological sites or cultural landmarks in the area; and
- clean up/restoration of the camp site and drilling locations upon abandonment.

Terms and Conditions:

That the terms and conditions attached to this screening report will apply.

General

1. The Permittee shall maintain a copy of the Project Terms and Conditions at the sites of operation at all times.
2. The NIRB shall be notified prior to any changes in operating plans or conditions associated with this project.
3. Prior to commencing on-site activities, the Proponent shall submit to NIRB copies of all permits, licenses and authorizations required to undertake the project.
4. The Permittee shall submit to Board, at the end of the field season, a map showing the approximate location of drill sites.
5. The Permittee shall ensure that all on-site personnel, including any contractors, are familiar with these Terms and Conditions and any license or permit requirements.
6. This Permittee shall be aware they are required to register with the Government of Nunavut, Department of Environment – Environmental Protection Service regarding the movement of any hazardous wastes through a Waste Manifest.

7. The Permittee shall file a report with the Board no later than March 31 of the year following the calendar year reported, which shall contain the following information:
 - a. A summary of activities undertaken for the year, including but not limited to the amount of drilling;
 - b. A work plan for the following year;
 - c. The results of environmental studies undertaken and plans for future studies;
 - d. Wildlife encounters and actions/mitigation taken and any results from a Wildlife Monitoring/Reporting Plan;
 - e. A summary of local hires and initiatives;
 - f. A summary of community consultations undertaken and the results;
 - g. A summary of site-visits by inspectors with results and follow-up actions;
 - h. A summary of site-visits with community members;
 - i. Site photos;
 - j. The number of take-offs & landings from an airstrip with approved flight path with date and location;
 - k. The number of helicopter touch-downs on the land with date, location and reason (provide reason unless confidential);
 - l. Results of a Wildlife Monitoring/Reporting Plan;
 - m. Progressive reclamation work undertaken; and
 - n. A summary of how it has complied with all project Terms and Conditions.

Drill Sites

1. The Permittee shall not conduct any land based drilling within thirty (30) metres of the normal high water mark of a water body.
2. The Permittee shall ensure that all drill cuttings are removed from ice surfaces.
3. The Permittee shall ensure that drilling wastes do not enter any water body. The use of biodegradable, salt free drill additives is encouraged over non-biodegradable types.
4. The Permittee shall not use drilling muds or additives in connection with drill holes unless they are recirculated or contained such that they do not enter the water, or are certified to be non-toxic. Further, the Permittee is hereby informed that the Canadian Environmental Protection Act has recently listed CaCl as a toxic substance. If CaCl is to be used as a drill additive, the proponent shall ensure that all sumps containing CaCl are properly constructed and located in such a manner as to ensure that the contents will not enter any waterbody.
5. The Permittee shall ensure that when “on-ice drilling”, the return water released must be non-toxic, and not result in an increase in total suspended solids in the immediate receiving waters above the Canadian Council of Ministers for the Environment (CCME) Guidelines for the Protection of Freshwater Aquatic Life (ie. 10 mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100 mg/L).

6. The Permittee shall ensure that any drill cuttings and waste water that cannot be re-circulated be disposed of in a properly constructed sump.
7. The Permittee shall ensure that the sump/depression capacity is sufficient to accommodate the volume of waste water and any fines produced to reduce additional impacts.
8. The Permittee shall not locate any sump within thirty (30) metres of the normal high water mark of any water body.
9. The Permittee shall ensure that disturbance of vegetation from deposit of drill fluids/cuttings is restricted to the area of the sump, and the ground prepared for revegetation upon abandonment.
10. The Permittee shall not use mechanized clearing within 30 meters of the normal high water mark of a watercourse, in order to maintain a vegetative mat for bank stabilization.
11. The Permittee shall, where flowing water from bore holes is encountered, plug the bore hole in such a manner as to permanently prevent any further outflow of water. The occurrence shall be reported to the Nunavut Water Board and Land Use Inspector within 48 hours.

Water

1. The Permittee shall ensure that all water intake hoses are equipped with a screen with an appropriate mesh size to ensure that there is no entrapment of fish.
2. The Permittee shall only use water from sources approved by the Nunavut Water Board.

Fuel and Chemical Storage

1. The Permittee shall update its Spill Contingency Plan on an annual basis. Once revised in the 2007 year, this plan must include the Government of Nunavut – Department of Environment Waste Manifest for tracking hazardous wastes, as well as updated contacts reflecting, but not limited to, the current ownership/optioning rights, and relevant Environment Canada officers.
2. The Permittee shall locate fuel caches and other hazardous materials in such a manner as to prevent their release into the environment.
3. The Permittee shall ensure that fuel storage containers are not located within thirty (30) metres of the ordinary high water mark of any body of water. Further, secondary containment such as self supporting insta-berms shall be used when storing barrel fuel on location, rather than relying on natural depressions.
4. Fuel storage containers in excess of 4,000 litres capacity shall either be double-walled, self bermed construction, or diked with adequate storage capacity. An impermeable liner shall be used to ensure that no fuel escapes. The Permittee shall take all reasonable precautions to

prevent the possibility of migration of spilled petroleum fuel or chemicals over the ground surface.

5. All fuel storage containers should be situated in a manner that allows easy access and removal of containers in the event of leaks or spills.
6. The Permittee shall examine all fuel and chemical storage containers daily for leaks. All leaks should be reported immediately.
7. The Permittee shall seal all container outlets except the outlet currently in use.
8. The Permittee shall mark all fuel containers with the Permittee's name.
9. The Permittee shall dispose of all combustible waste petroleum products by incineration and all ashes shall be removed from the site.
10. The Permittee shall ensure that all activities, including maintenance procedures and refueling, are controlled to prevent the entry of petroleum products or other deleterious substances into the water or onto the land.
11. The Permittee shall ensure that all on site personnel are properly trained in fuel and hazardous waste handling procedures as well as spill response procedures.
12. The Permittee shall immediately report **all** spills of petroleum and hazardous chemicals to the twenty-four (24) hour spill report line at (867) 920-8130. Spills shall also be reported to Environment Canada at (867) 920-5131.
13. The Permittee shall maintain a supply of spill kits, shovels, barrels, sorbents, and pumps on-site.
14. The Permittee shall use drip pans when refueling equipment and should consider having portable spill kits located at each drill site location.
15. Chemicals containing salts, which may attract wildlife to the site, should be stored so that they are inaccessible to wildlife.

Waste Disposal

1. The Permittee shall not discharge or deposit any refuse substances or other waste materials in any body of water, or on the banks thereof, which will impair the quality of the waters of the natural environment.
2. The Permittee shall not locate any sumps or areas designated for waste disposal within thirty (30) metres of the ordinary high water mark of any body of water. Sumps and areas designated for waste disposal shall be sufficiently bermed or otherwise contained to ensure that substances do not enter a waterway unless otherwise authorized.

3. The Permittee shall use an approved incinerator for the disposal of combustible camp wastes. The Permittee shall incinerate all combustible and food wastes daily.
4. The Permittee shall keep all ash in a covered metal container until it is disposed of at an approved facility. The Permittee shall keep all non-combustible garbage and debris in a covered metal container until disposed of at an approved facility.
5. The Permittee shall deposit all scrap metal, discarded machinery and parts, barrels and kegs, at an approved disposal site.
6. The Permittee shall ensure that any hazardous materials, including waste fuel and oil, receive proper treatment and are backhauled for disposal at an approved facility.

Structure & Storage Facilities

1. The Permittee shall not erect structures or store material on the surface ice of lakes or streams.
2. The Permittee shall locate all structures and storage facilities on gravel, sand or other durable land.

Camps

1. The Permittee shall locate all camps on gravel, sand, or other durable land.
2. The Permittee shall not erect camps or store material on the surface ice of lakes or streams.
3. The Permittee shall keep the camp clean and tidy at all times so as not to attract carnivores.

Physical Environmental

1. The Permittee shall ensure that the land use area is kept clean and tidy at all times.
2. The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.
3. The Permittee shall not do anything that will cause erosion of the banks of any body of water on or adjacent to the land and shall provide necessary controls to prevent such erosion. The Permittee shall adopt such measures as required to control erosion by surface disturbance. Sediment and erosion control measures should be implemented prior to, and maintained during the work to prevent sediment entry into the water during a spring thaw.
4. The Permittee shall be required to undertake corrective measures in the event of any damage to the land or water as a result of the Permittee's operation.

5. The Permittee shall not remove any material from below the ordinary high water mark of any waterbody.
6. The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging.
7. The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.

Wildlife

1. The Permittee shall ensure that there is no damage to wildlife habitat in conducting this operation.
2. The Permittee shall ensure that there is minimal disturbance to any nesting birds and wildlife in the area. Harassment of wildlife is prohibited. This includes persistently worrying or chasing animals, or disturbing large groups of animals.
3. Pursuant to the Migratory Bird Convention Act Regulations the Permittee shall not disturb or destroy the nests or eggs of migratory birds. The period from May 15 to July 31 is the general migratory bird breeding season. If nests containing eggs or young are encountered, the Permittee shall avoid these areas until nesting is complete and the young have left the nest.
4. The Permittee must be in compliance with the *Migratory Birds Convention Act* and *Migratory Birds Regulations* during all phases and in all undertakings related to the project.
5. The Permittee shall be aware that the Species at Risk Act (SARA), came into full effect on June 1, 2004. Section 79 (2) of SARA, states that during an assessment of effects of a project, the adverse effects of the project on listed wildlife species and its critical habitat must be identified, that measures are taken to avoid or lessen those effects, and that the effects need to be monitored. This section applies to all species listed on Schedule 1 of SARA, but as a matter of best practice, species listed on other Schedules of SARA and under consideration for listing should also be included in this type of assessment.

Species at Risk	Category of Concern	Schedule of SARA
Grizzly Bear	Special Concern	Pending
Wolverine (Western Population)	Special Concern	Pending
Peregrine Falcon (subspecies tundris)	Special Concern	Schedule 3
Short-eared Owl	Special Concern	Schedule 3

The Permittee should consult with the Government of Nunavut and Environment Canada to develop appropriate status reports, action plans, and management plans to minimize effects to these species from the project. The Permittee should also consider the development of appropriate monitoring for these species.

6. The Permittee shall follow procedures outlined in the "Safety in Bear Country Manual", and should contact the Regional/Area Biologist or the Wildlife manager for information and

advice on measures which should be taken to minimize the possibility of conflicts/interactions with bears or carnivores. Should the Permittee encounter carnivores, they are advised to contact the local or regional wildlife officers.

7. The Permittee shall ensure that aircraft pilots adhere to flight altitudes of greater than 610 m above ground level, unless there is a specific need for low-level-flying which does not to disturb wildlife. Concentrations of caribou and calves should be avoided by low-level aircraft at all times.
8. The Permittee shall ensure that aircraft maintain a vertical distance of 1000m and a horizontal distance of 1500m from groups/flocks of birds.
9. The Permittee shall ensure that the drill sites avoid known environmentally sensitive areas (denning, nesting etc.) by a minimum of 250 metres.
10. The Permittee shall not locate any operation so as to block or cause substantial diversion to migration of caribou.
11. The Permittee shall not construct any camp, cache any fuel or conduct blasting within 10 km, or conduct any drilling operation within 5 km, of any “designated caribou crossing”. The regional biologist should be contacted for known crossings.
12. From May 15 to July 15, the Permittee shall cease activities that interfere with caribou migration or calving, such as the movement of equipment, drilling activities and ATV or snowmobile use until the caribou and their calves have vacated the area.
13. The Permittee shall ensure that during the presence of caribou and muskox within sight and sound of a camp that all personnel will remain quietly in camp.
14. The Permittee shall not conduct any activity associated with the land use operation if critical periods of wildlife cycles are observed (eg. caribou migration, calving, fish spawning or raptor nesting).
15. That the Permittee shall ensure that there is no hunting by employees of the company or any contractors hired unless proper Nunavut authorizations have been obtained.
16. The Permittee shall ensure that there is no fishing by employees of the company or any contractors hired unless proper permits are obtained.
17. The Permittee shall not feed wildlife.
18. The Permittee shall contact the Kitikmeot Regional Biologist to identify areas which should be avoided. Raptor nesting sites and concentrations of nesting or molting waterfowl should be avoided by aircraft at all times.

19. The Permittee shall ensure compliance with Section 36 of the Fisheries Act which requires that no person shall deposit or permit the deposit of a deleterious substance on any type in water frequented by fish or in any place under any conditions where the deleterious substance may enter such a water body.
20. The harmful alteration, disruption or destruction of fish habitat is prohibited under Section 35 of the Fisheries Act. No construction or disturbance of any stream/lake bed or banks of any definable watercourse, is permitted unless authorized by DFO.
21. The Permittee shall not detonate explosives within fifteen (15) metres of any body of water which is not completely frozen to the bottom.

Archaeological Sites

1. The Permittee/ Licensee shall keep a distance of 30 meters away from the known archaeological sit within the project area (See attached letter from GN-CLEY). An archaeological site is defined as a site or work within the Nunavut Settlement Area of archaeological, ethnographical or historical importance, interest or significance or a place where an archaeological specimen is found, and includes explorers' cairns.
2. The Permittee/ Licensee shall follow all terms and conditions for the protection and restoration of archaeological and palaeontological resources as outlined by GN-CLEY in the attached letter.

Reclamation

1. The Permittee shall advise NIRB and the Land Use Inspector in writing at least 15 days prior to the completion of activities.
2. The Permittee shall remove all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material upon abandonment.
3. The Permittee shall remove all empty barrels from its exploration sites as soon as possible in a progressive manner and shall ensure that all barrels are removed from the land by the end of each field season. Empty barrels shall be disposed of at an approved facility.
4. The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of the permit.
5. The Permittee shall undertake ongoing restoration for any land which is no longer required for the Permittee's operation on the land.
6. The Permittee shall plug or cap all bore holes and cut off any drill casings that remain above ground to ground level upon abandonment of the operation.

Other Recommendations

1. NIRB would like to encourage the proponent to hire local people and services, to the extent possible.
2. NIRB strongly advises proponents to consult with local residents regarding their activities in the region, and to do community consultation on the project to keep the communities informed.
3. NIRB would like to encourage the proponent to continue baseline monitoring.
4. Any amendment requests deemed by NIRB to be outside the original scope of the project will be considered a new project.

Validity of Land Claims Agreement

Section 2.12.2

Where there is any inconsistency or conflict between any federal, territorial and local government laws, and the Agreement, the Agreement shall prevail to the extent of the inconsistency or conflict.

Dated ___ May 15, 2006 ___ at Cambridge Bay, NU



Elizabeth Copland, A/Chairperson