



Water Resources Division
Nunavut Regional Office
Iqaluit, NU X0A 0H0

January 22, 2009

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0A 1J0

**Re: 2BE-GOO0510 – Type 'B', Water Licence Amendment Application –
Dundee Precious Metals Inc. – Goose Lake Project**

Please be advised that Indian and Northern Affairs Canada (INAC) has completed a review of a Type 'B' Water Licence amendment application. Dundee Precious Metals Inc. applied for a licence amendment December 5, 2008.

The NWB invited representations to be made to the Board, concerning the application for amendment by February 16, 2009.

In conducting this review, I have referred to all documents on the Nunavut Water Board FTP site as it relates to the 2BE-GOO0510 file. Attached is a Technical Review Memorandum for your consideration in the approval of the amendment application.

Please feel free to contact me should you have any questions or comments. I can be reached at (867) 975-4566 or by email at trenholmt@inac.gc.ca.

Sincerely,

Original signed by

Tanya Trenholm
Pollution Policy Specialist



Our File #: 9545-1-2GOOG
Doc. CIDMS #: 299664

Technical Review Memorandum

To: Phyllis Beaulieu, Manager of Licensing - Nunavut Water Board

From: Tanya Trenholm, Pollution Policy Specialist - Indian and Northern Affairs
Canada – Water Resources Division

**Re: Dundee Precious Metals Inc. – Goose Lake Project – Application for
water license amendment**

Existing Water Licence # - 2BE-GOO0510

Background Information:

The proponent indicated in their water licence application cover letter to the NWB (December 5, 2008) that they would like to request an amendment for the following reasons;

1. An increase in the allowable daily water use volume from 130 m³ to 155 m³. At a daily rate of 35 m³ per drill, it is expected that the current maximum volume would be exceeded should all 4 drills on the project be running at the same time in the permitted area.
2. Permission to take water for drilling operations from the 'Wishbone trend', which includes Wishbone, Lovechild, Mahna Mahna, Malley and Del claim groups, in addition to the currently permitted properties.

Recommendations / Comments

1. Increase in Water Use Daily Volume and Additional Sources

INAC has no concerns with an increase in water use and the addition of properties given the existing terms and conditions of the water licence continue to apply.

2. Water Use – Part C, Item 1

Water use approved for this licence is for all activities associated with the project proposal. As such, the NWB should consider rewording this item to 'The licensee shall obtain water to use for all activities associated with the project proposal...', rather than noting specific activities (i.e. domestic use, exploration drilling, etc).



3. Assessment of Current Restoration Liability Document

The current licence was issued March 11, 2005 to Miramar Bathurst Resources Ltd. and later assigned to Dundee Precious Metals Inc. This was effective February 3, 2006 and subject to the submission of a number of items, including an assessment of current restoration liability within 180 days of assignment.

Following INAC inspections on August 14, 2007 and August 8, 2008, it was noted that the assessment of current restoration liability document is still outstanding.

Prior to amending the licence, the NWB should consider requiring the submission of this document. Or, as an alternate, the NWB should impose a condition that requires the submission of the document within 3 months of the issuance of the amendment.

4. Spill Contingency Plan

It was noted during an August 8, 2008 inspection that, although a spill contingency plan is in place, no spill response training is required or has been provided.

The NWB should consider imposing a licence condition requiring the proponent to conduct basic spill response training before operations commence for the next field season. Further, the NWB should require that the proponent keep a detailed record of all trained staff and the dates which the training was received.

Please feel free to contact me at your convenience should you wish to further discuss any part of this submission to the Board. I can be reached at 867-975-4566 or via email, tanya.trenholm@inac.gc.ca.

Sincerely,

Tanya Trenholm

Pollution Policy Specialist
Indian and Northern Affairs Canada
Nunavut Regional Office – Water Resources Division

Cc. Kevin Buck, Manager, Water Resources Division – Indian and Northern Affairs Canada;
Andrew Keim, Water Resources Inspector – Indian and Northern Affairs Canada;



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Melissa Joy, Water Resources Inspector – Indian and Northern Affairs
Canada

Bernie MacIsaac – Manager, Field Operations – Indian and Northern
Affairs Canada