



P.O. Box 119
GJOA HAVEN, NU X0B 1J0
TEL: (867) 360-6338
FAX: (867) 360-6369

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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

File: 2BE-GOO0510

February 3, 2006

By Email and Regular Mail

Attention: Lori E. Beak
Vice President and Secretary
Dundee Precious Metals Inc.
Suite 3060, Royal Bank Plaza
South Tower, 200 Bay Street
P.O. Box 30
Toronto, ON, Canada M5J 2J1

and, Anthony P. Walsh
President and CEO
Miramar Bathurst Resources Ltd.
300-889 Harbourside Drive
North Vancouver, B.C.
Canada V7P 3S1

Email: c/o jlaitin@dundeeprecious.com

Email c/o tmaloof@miramarmining.com

Subject: Assignment of Licence 2BE-GOO0510 (previously NWB2GOO0510) (Type B)

Dear Ms Beak:

The Nunavut Water Board ("NWB" or "Board") would like to acknowledge the receipt of an application on June 24, 2005 to transfer Licence 2BE-GOO0510 (previously NWB2GOO0510) from Miramar Bathurst Resources Ltd. ("MBRL") to Dundee Precious Metals Inc. ("Dundee"). This application was deemed to be an application for assignment pursuant to section 44 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* ("Act").

The Board gave public notice of your application for assignment and invited interested persons to provide comments. Although submissions were received, there were no adverse environmental effects identified that would result from the assignment of the Licence to Dundee.

The Board is satisfied that the operation of the appurtenant undertaking by the prospective assignee will not be likely to result in a contravention of any condition of the Licence or any provision of the *Act* or the regulations. Therefore, in accordance with Section 44(2) of the *Act*, the **Board hereby authorizes the assignment of water license 2BE-GOO0510 from:**

the Assignor, Miramar Bathurst Resources Limited, to

the Assignee, Dundee Precious Metals Inc.,

(**Motion #2005-30**) effective on the date of this letter, which will be placed in the NWB Public Registry.

The Board would like to take the opportunity to highlight the following matters that will require immediate action by Dundee:

Spill Contingency Plan (Licence 2BE-GOO0510, Part G)

A Spill Contingency Plan was submitted by the previous Licensee and approved by the Board. As this assignment will likely involve changes in operations, personnel and site facilities, the current Spill Contingency Plan shall be reviewed and updated.

The Board hereby notifies Dundee that it shall submit to the Board for approval, within two (2) months of the effective date of this assignment, a revised Spill Contingency Plan.

Abandonment and Restoration Plan (Licence 2BE-GOO0510, Part H)

An Abandonment And Restoration Plan was submitted by the previous Licensee and approved by the Board. As this assignment may involve changes in operations and the planned abandonment and reclamation activities, the current Abandonment and Restoration Plan shall be reviewed and updated.

The Board hereby notifies Dundee that it shall submit to the Board for approval, within two (2) months of the effective date of this assignment, a revised Abandonment and Restoration Plan.

Assessment of Current Restoration Liability (Licence 2BE-GOO0510)

Taking into consideration the history of the project and for the purpose of determining the need to apply a requirement for security under Section 76 of the *Act* and Section 12(1) of the *Regulations*, the NWB requests, in addition to the terms of Licence 2BE-GOO0510 (Part H), that the Licensee carry out a Liability Assessment and provide a report on the current restoration liability to reflect the current status of reclamation and monitoring.

Using the current version of RECLAIM¹, its equivalent or some other method acceptable to the Board, the report shall include a detailed cost estimate of all work required for final restoration of all components of the site and project, and shall be based on 'third party' costs, carried out once the project has terminated, complete with an implementation schedule. The assessment should also take into consideration the need to assign proportionately the liability for water related and land related issues.

Updates to this assessment shall be carried out annually, or as otherwise approved by the Board, to reflect any changes in the project and operations. This update is to be included as an appendix to the Annual Report, to be received by the Board no later than the 31st of March following the year being reported.

The Board hereby notifies Dundee that a Report on the assessment of current restoration liability shall be submitted to the Board for review and approval within six (6) months of issuance of this assignment letter.

¹ Available on the NWB ftp site under Administration/general information, or through INAC

Enforcement

Effective upon the date of this letter, **Licence 2BE-GOO0510 is assigned to Dundee Precious Metals Inc. and all terms and conditions of this licence remain in effect.** Sections 85 to 94 of the *Act* provide the provisions for the enforcement of this water licence assigned by the NWB. The Minister of Indian and Northern Affairs Canada has the power to designate inspectors and analysts responsible for inspection and compliance. The NWB asks that you contact the Inspector at the DIAND District Office in Iqaluit to obtain a copy of any enforcement documents related to this licence.

Please contact me at your convenience should you have questions regarding this assignment. You may also contact David Hohnstein, NWB Technical Advisor Mining, regarding any technical matter pertaining to this licence.

Sincerely,



Philippe di Pizzo
Executive Director

DH/pdp/pb

Attachment: Licence 2BE-GOO0510

Cc: Jim Rogers, DIAND Iqaluit
Jack Kaniak, KIA
Colette Spagnuolo, EC
Earle Baddaloo, GN-DOE
Derrick Moggy, DFO
Carson Gillis, NTI
Erin Calder, NWMB