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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2BE-GOO0510

May 11, 2009

Doug Cater, Exploration Manager
Dundee Precious Metals Inc.
3060-200 Bay Street
Toronto, ON M5J 2J1
Email: dcater@dundeeprecious.com

RE: 2BE-GOO0510 Type “B” – Amendment No.2

Dear Mr. Cater:

Please find attached, Amendment No.2 to Licence No. 2BE-GOO0510 Type “B” issued to Dundee Precious Metals Inc. by the Nunavut Water Board (NWB) (**Motion 2009-04-L01**) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

The NWB strongly recommends that the Licensee consult the comments¹ received by interested persons on issues identified. This information is attached for your consideration.

Sincerely,

Thomas Kabloona
Nunavut Water Board
Chair

TK/dc

Enclosure: Licence No. **2BE-GOO0510 - Amendment No.2**
Comments from GN-DoE, GN-CLEY, EC, KIA and INAC

Cc: Distribution – Kitikmeot

¹ Government of Nunavut, Department of Environment (GN-DoE), February 11, 2009; Government of Nunavut, Department of Culture, Language, Elders and Youth (GN-DoCLEY), February 16, 2009; Environment Canada (EC), February 16, 2009; Kitikmeot Inuit Association (KIA), February 16, 2009; Indian and Northern Affairs Canada (INAC), January 22, 2009.

LICENCE AMENDMENT No.2

Licensee:	Dundee Precious Metals Inc.
Licence No:	2BE-GOO0510 Type "B"
Licence Issued:	March 11, 2005
Amendment No.1 Issued	April 25, 2006
Effective Date:	May 11, 2009

Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and the Nunavut Surface Rights Tribunal Act*, with respect to the application for amendment dated January 5, 2009, made by Dundee Precious Metals Inc., the Nunavut Water Board hereby grants the following Licence amendment.

The Licence issued March 11, 2005 with an expiry date of December 31, 2010 and amended April 25, 2006 shall be further amended to include the following terms and conditions, with respect to use of water and deposit of waste during camp operations, prospecting, geological mapping, airborne geophysical surveys and land and ice based diamond drilling, to allow Dundee Precious Metals Inc. additional water use to support an additional diamond drill and allow water use for drilling purposes in lakes proximal to drilling targets at the Back River Project in the Kitikmeot Region, based at the Goose Lake camp located at latitude 65°35'N and longitude 106°25'W.

PART A: SCOPE, DEFINITIONS & ENFORCEMENT

Amend Item 1a This Licence allows for the use of water and the disposal of waste for an undertaking classified as Mining and Milling at the Goose Lake Project (including the Wishbone Trend, Del Lake, Goose Lake, Boot Lake and Boulder Pond Claims), located approximately 150 kilometres south southeast of Bathurst Inlet within the Kitikmeot Region, Nunavut (latitude 65°35'N and longitude 106°25'W);

PART B: GENERAL CONDITIONS

Insert Item 2 vi A summary of results generated through the Monitoring Program;

Insert Item 2 vii An updated estimate of the Assessment of Current Restoration Liability based upon the results of any changes to the camp, site facilities, exploration, water and waste disposal areas.

Insert Item 9 The Licensee shall submit to the Board for review within three (3) months, an Assessment of Current Restoration Liability. The Assessment shall use the current version of RECLAIM, 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 by independent contractors, complete with an implementation schedule. The assessment should

also take into consideration the need to assign proportionately, liability for water related and land related issues.

PART C: CONDITIONS FOR THE USE AND PROTECTION OF WATER

Amend Item 1 The Licensee shall obtain water for domestic use from Goose Lake and for exploration drilling and trenching purposes from Goose Lake and unnamed lakes in the vicinity of the drilling operations, up to a combined maximum of one hundred and fifty five (155) cubic metres per day.

PART F: CONDITIONS APPLYING TO DRILLING AND TRENCHING OPERATIONS²

Amend Item 6 The Licensee shall establish water quality conditions prior to and upon completion of any drilling program through lake ice.

PART G: CONDITIONS APPLYING TO SPILL AND CONTINGENCY PLANNING

Amend Item 2 The NWB has approved the plan entitled “Back River Project Spill Contingency Plan Goose Lake Camp” dated February 2009. The Licensee shall submit within thirty (30) days for review an addendum to the plan that addresses the following:

- a. Remove “Draft” from the plan;
- b. Spill kits for drilling should be included under section 6.2;
- c. Update 7.1 Field Contacts;
- d. Discuss protection measures such that drill additives such as CaCl do not enter water bodies;
- e. Section 9.1 indicates that training takes place although an August 8, 2008 inspection stated that no spill response training takes place. This should be clarified.
- f. Update the Environment Canada contact information; and
- g. Provide a frequency for the ‘regular inspections’ referred to in the Plan.

Amend Item 6(ii) Report the spill immediately to the 24 hour Spill Report Line at (867) 920-8130 and to the INAC Water Resources Inspector at (867) 975-4295;

All remaining terms and conditions of the Licence 2BE-GOO0510 Type ‘B’ dated March 11, 2005, and Amendment No. 1 dated April 25, 2006, still apply.

This Licence Amendment was issued and recorded at Gjoa Haven, NU on May 11, 2009.

Approved by,



Thomas Kabloona, Nunavut Water Board, Chair

² Amendment No.1 mistakenly referred to this section as Part D