NWB File No: 2AM-BRP----/ New Application

December 8, 2017

Matthew Pickard, Vice President Environment & Sustainability Sabina Gold & Silver Corp. #1800 – 555 Burrard Street Box 222 Vancouver, BC V7X 1M9

Email: mpickard@sabinagoldsilver.com

Subject: Application for Type 'A' Water Licence, File No. 2AM-BRP----, Back River

Project; Sabina Gold & Silver Corp.

Dear Mr. Pickard,

The Nunavut Water Board (NWB or Board) acknowledges receipt on October 5, 2017, of the water licence application (Application) for a Type "A" Water Licence and supporting documentation from Sabina Gold & Silver Corp. (the Applicant or Sabina) for the proposed Back River Project, a proposed mining undertaking located approximately 400 kilometres southwest of Cambridge Bay in the Kitikmeot Region, Nunavut. Additional information was provided for clarity on November 27, 2017 following an initial internal review of the application package. This Application and associated documents replace the initial water licence application package for the Back River Project, submitted to the NWB in 2012.

The Application has been placed in the Board's Public Registry and is available from our ftp site using the following link:

ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-BRP----%20Sabina/1%20APPLICATION/2017/

Pre-licensing Requirements

On June 15, 2012 the Nunavut Impact Review Board (NIRB) received the "Back River" project proposal directly from Sabina Gold & Silver Corp. (Sabina). On July 12, 2012 the NIRB received a referral from the Nunavut Water Board (NWB) requesting that the NIRB screen the Back River project proposal. As this project is being proposed in the Kitikmeot Region for which there is currently no approved land use plan in place, a conformity determination from the Nunavut Planning Commission was not required for this file.

On September 9, 2012 the NIRB issued its screening decision report to the Minister recommending that Sabina Gold & Silver Corp.'s "Back River" project proposal requires review pursuant to Part 5 or 6 of the NLCA Article 12. The Minister responded on December 14, 2012, concurring that a Part 5 review is required and therefore referred the Back River Proposal to the NIRB for a review under Part 5, Article 12 of the Agreement.

On July 20, 2016 the NIRB issued its final hearing report on the Back River Gold Mine Project. On January 12, 2017, the Minister responded and recommended that, pursuant to Section 12.5.7 of the Agreement, the report be referred back to the NIRB for further review or public hearings as the Report is deficient with respect to some ecosystemic issues.

On February 16, 2017 the NIRB received a FEIS Addendum which comprised of existing, new, and updated information on various topics identified during the initial review stages and the final report issued to the Minister. The NIRB carried out additional review, including a supplemental final hearing, subsequently issuing its Revised Final Hearing Report on July 18, 2017. On December 5, 2017 the NIRB received confirmation from the Minister's office that the responsible Ministers accept the NIRB's determination and indicated that Sabina can now proceed to the regulatory phase of project development.

As the NIRB continues with its process, setting a date for the project certificate workshop¹ (via teleconference, December 14, 2017) through correspondence dated December 7, 2017, the NWB, having received an application for a Type A water licence from Sabina, is to begin its initial process of seeking a preliminary review and information requests from all interested parties.

The Application received on October 5, 2017 consisted of the following documents:

- Attachment A: Water Licence Application Form
- Attachment B: Main Application Document
- Attachment C: Supporting Documents
 - Infrastructure and Access Management Program
 - o Road Management Plan
 - Borrow Pits and Quarry Management Plan

Application for new Type 'A' Water Licence – 2AM-BRP----Back River Project, Sabina Gold & Silver Corp.

¹ NIRB letter re: Scheduling of a Teleconference Project Certificate Workshop for Sabina Gold & Silver Corp.'s Back River Gold Mine Project on December 14, 2017, dated December 7, 2017

- Water Management Program
 - Water Management Plan
- Waste Management Program
 - Ore Storage Management Plan
 - o Mine Waste Rock Management Plan
 - o Tailings Management Plan
 - Landfill and Waste Management Plan
 - o Incineration Management Plan
 - Landfarm Management Plan
 - Hazardous Materials Management Plan
- Emergency Response Program
 - o Risk Management and Emergency Response Plan
 - o Fuel Management Plan
 - o Spill Contingency Plan
 - o Oil Pollution Emergency Plan
- > General and Aquatic Effect Monitoring Program
 - o Environmental Management and Protection Plan
 - o Aquatic Effects Management Plan Conceptual
 - Conceptual Fisheries Offsetting Plan
 - o Marine Monitoring Plan
 - O Quality Assurance/Quality Control Plan
- Interim Closure and Reclamation Program
 - o Interim Closure and Reclamation Plan

Additional information received, November 23, 2017 and December 8, 2017

- Clarifications with respect to an initial NWB internal concordance review
 - o Revised Main Application Document App B-1 Concordance _Version3.0
 - o 171002 2AM-BRP---- SD26-ICRP-IMLE_Version2.0_Part 2
 - o 171002 2AM-BRP---- SD26-ICRP-IMLE_Version2.0_Part 3
 - o 171002 2AM-BRP---- SD26-ICRP-IMLE Version2.0 Part 4

The NWB has conducted a preliminary review of your submission(s) and determined that your Application meets the requirements allowing for public distribution in support of an initial technical assessment. Further, the preliminary review confirms that the Application is for a Type "A" Water Licence which will require a public hearing in accordance with s. 52² of the *Nunavut*

² Nunavut Waters and Nunavut Surface Rights Tribunal Act, section 52 (1) Subject to subsection 37(2), a public hearing shall be held by the Board before it disposes of (a) any application in relation to a licence, unless the application is of a class that is exempted by the regulations from the requirement of a public hearing.

Waters and Nunavut Surface Rights Tribunal Act (NWNSRTA or Act). All public hearing matters will be carried out in accordance with the Board's Rules of Practice and Procedure for Public Hearing, dated May 11, 2005 (NWB Rules).

The next step in processing your Application involves a completeness review and an initial technical assessment to determine if all of the necessary information and studies to evaluate quantitative and qualitative effects of your project on the freshwater environment have been provided.

Accordingly, by copy of this letter, the Board requests that interested parties review the Application and supplemental information for completeness and conduct an initial technical assessment, including identifying any Information Requests (IRs) that the reviewing party requests be filed to enable that party to complete their technical review of the Application. Further, the NWB invites interested parties to comment on the type of Technical Meeting-Pre-Hearing Conference to be held for the application (written, teleconference, or in person as outlined in steps 3 and 5 in the process overview set out below).

All intervening parties should provide their submissions to the NWB's Manager of Licensing at licensing@nwb-oen.ca by January 16, 2018 (5:00 p.m. ET).

Following the receipt of comments, the NWB will determine whether the Application is complete, or whether additional information and studies are required (IR's) to evaluate all quantitative and qualitative effects of the undertaking pursuant to s. 48 of the Act. The NWB will advise Sabina of the Board's determination at that time.

Once the Application has been deemed complete, the following general process will be undertaken. Complete details on the NWB's licensing process are available in NWB Guide 5³ and the Board preserves the right to modify the licensing process, including timelines as may be required to appropriately process this Application.

1. Notice of the Application

A notice of the Application will be made in accordance with s. 55(1) of the Act. This notice will invite interested persons to make representation to the Board. Parties will be advised of the consequences of failure to respond as outlined in ss. 59 and 60(2) of the Act. Furthermore, the Board will distribute notice to the communities and interested parties affected by the application and shall publish the notice in a newspaper of general circulation in the areas that are affected. If there is no such newspaper, the Board shall publish the notice in such other manner as the Board considers appropriate.

2. **Detailed Technical Review**

³ Guide 5 – Processing Water Licence Applications (April 2010).

Interested parties will be invited to undertake a detailed technical assessment or review of the complete application for the undertaking. Parties (interveners and the Applicant) will be encouraged to work cooperatively to address technical issues identified during the review period. Generally, the Board provides at least thirty (30) days for a technical review in advance of a technical meeting. However, to assist the Board in expediting the technical assessment, parties are encouraged to begin their detailed technical assessment as early as possible (during and following the initial request for IRs).

3. Technical Meeting (TM)/Pre-Hearing Conference (PHC)

Rule 14 of the NWB Rules permits the Board, through its staff or in conjunction with staff, to hold a Technical Meeting (TM) and Pre-hearing Conference (PHC) with interested parties, either in writing, by teleconference, or in person. The Board anticipates setting a date for a TM-PHC shortly after the deadline for receiving technical review submissions. The PHC is typically scheduled to immediately follow the TM.

4. Pre-Hearing Conference (PHC) Decision

Following the TM/PHC, the NWB will issue a PHC decision and may outline any technical commitments of the Applicant, and the administrative and procedural requirements for a Public Hearing.

5. Public Hearing (PH)

Sub-section 55(2) of the Act requires that a minimum notice period of sixty (60) days be provided for a Public Hearing (PH). As with the Technical Meeting and Pre-hearing Conference, the Board has the ability to conduct its Public Hearing in writing, by teleconference, or in person. Once the Board has received all information requested through this process and is satisfied that the Public Hearing should proceed, the type or place, date, and time of the hearing will be determined and a notice will be published by the Board in advance of the public hearing and in a manner that promotes public awareness and participation in the hearing.

6. Public Hearing Decision

Following the Public Hearing, the Board will issue a written decision with reasons (final decision) for the Application. The Board's final decision will be provided to the Minister of Crown-Indigenous Relations and Northern Affairs (INAC) for consideration. Interested and intervening parties will also be provided with a copy of the of the Board's final decision. The Minister of INAC typically issues his/her response to the Board's final decision with forty-five (45) days of receipt, or if notifying the Board of an extension within the forty-five (45) days, within ninety (90) days from the date of receipt.

The Licensee should note that as part of the NWB's process for the file, confirmation of prelicensing requirements related to the Nunavut Impact Review Board's (NIRB) Environmental Assessment process and the Nunavut Planning Commission's (NPC) Land Use Conformity Determination will be required. While the Board is well-aware that the project proposal pre-dates the Nunavut Planning and Project Assessment Act (NuPPAA), and that the NIRB decision⁴ issued for activities and undertakings related to the project proposal may be consistent with those included in the Application, the NWB still requires confirmation from the NIRB and Applicant on whether or not the entire scope of the Application was considered in the respective decisions issued. It should be understood that, in accordance with s. 39(1) of the Act, the NWB may not issue, renew, or amend a licence until the NIRB has completed the screening, reconsideration, or where a review is required, issued a Project Certificate.

Notwithstanding the NWB's recognition that final confirmation of the pre-licensing matters mentioned above have not yet been received, in the interests of ensuring that this Application is dealt with in a timely manner, the Board will continue with its processing of your application to the extent possible at this stage in the process, while the final confirmation of the completion of the assessment requirements of the Agreement remains outstanding.

On this basis, the NWB is inviting interested persons to comment on the following: 1) completeness of the Application based on their initial technical assessment; 2) type of TM-PHC to be held; and 3) any Information Requests (IRs) related to the Application that must be provided to enable the parties to complete their full technical review. All comments, recommendations and any requests for information (IRs) should be submitted to the NWB's Manager of Licensing at licensing@nwb-oen.ca no later than January 16, 2018 (5:00 p.m. ET).

If you have any questions regarding the above or procedural matters, please contact Karén Kharatyan, A/Manager of Licensing, at (867) 360-6338 or by e-mail to licensing@nwb-oen.ca. For inquiries related to Technical matters, please contact David Hohnstein, Director of Technical Services, by email to David.Hohnstein@nwb-oen.ca.

Sincerely,

Karén Kharatyan A/Manager of Licensing

KK/dh

Cc: Kitikmeot Distribution

⁴NIRB's Revised Final Hearing Report for the Sabina Gold & Silver Corp.'s Back River Project Proposal, dated July 18, 2017.