

June 25, 2018

Karén Kharatyan
Director of Technical Services
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

Re: Submission of Technical Meeting/Prehearing Conference Commitment 1 & 2 Responses

Dear Karén,

Sabina Gold & Silver Corp. (Sabina), Intervenor, and the Nunavut Water Board (NWB) participated in the Back River Project Technical Meeting (TM) and Prehearing Conference (PHC) in Cambridge Bay on May 1-3rd, 2018. During these sessions Sabina and other parties committed that additional information was to be submitted as per the Commitment List, Appendix D of the Pre-Hearing Conference Decision Report issued on May 29, 2018 from NWB (180529 2AM-BRP---- PHC Decision-OEDE).

At that time Sabina committed to provide responses on two commitments in the PHC Report; these are shown in Table 1 with detailed responses provided below.

**Table 1 – Subset of Commitment List Generated during the TM/PHC for
Water Licence Application No.: 2AM-BRP----**

Commitment No.	Party Responsible for Commitment	Party(s) who raised (Item#)	Issue - TM Commitment	Timeline for Submission	Form of Submission
1.	Sabina, KIA, CIRNA		Additional work to be done on closure cost estimate (especially focused on staging of security)	25-Jun-18	Agreed upon Updated Closure Cost Estimate Or, in the case where agreement has not been reached: Individual submissions for Closure Cost Estimate
2.	Sabina, CIRNA, KIA	NWB	Clarification of Security Management arrangements to avoid double bonding	25-Jun-18	



Closure Cost Update Discussion History

Sabina has been working closely with the Kitikmeot Inuit Association (KIA) and Crown-Indigenous Relation and Northern Affairs Canada (CIRNA) to agree and finalize the Closure Cost Estimate for the Back River Project inline with Sabina's Type A Water Licence Submission of the Interim Closure and Reclamation Plan (171005 2AM-BRP--SD26-ICRP-IMLE_Version2.0) and the associated Closure Cost Estimate (171005 2AM-BRP---SD26-ICRPCostEstimate-IMLE). The below list is a summary of formal discussions and meetings held since August 2017.

- August 28, 2017: Sabina provides draft closure plan and closure cost estimate to KIA and CIRNA for review prior to site visit.
- September 11-14, 2017: A site visit of the Back River Project was completed with Sabina (with consulting support from Golder Associates), KIA (with consulting support from BGC), CIRNA (with consulting support from Tetrattech) including detailed discussions of the RECLAIM Model and a full site tour.
- October 5th, 2017: Sabina provides updated Cost Estimate with numerous revisions from the September 2017 Site Visit as part of Type A Water Licence Application.
- January 2nd, 2018: Sabina provided raw Reclaim data to CIRNA and KIA for easier review.
- April 15th, 2018: KIA provided a proposed reclaim model and comments to Sabina.
- April 26th, 2018: CIRNA provided a proposed reclaim model and comments to Sabina.
- April 16th, 2018: Conference call with all parties - Sabina, KIA, CIRNA, BGC, Tetrattech, and Golder.
- May 3rd, 2018: In person meeting - Sabina, KIA, Tetrattech and Golder in Cambridge Bay, Nunavut.
- May 22nd, 2018: Conference call with all parties - Sabina, KIA, CIRNA, BGC, Tetrattech, and Golder.
- May 29th, 2018: Conference call with all parties - Sabina, KIA, CIRNA, BGC, Tetrattech, and Golder.
- June 12th, 2018: Conference call with all parties - Sabina, KIA, CIRNA, BGC, Tetrattech, and Golder.
- June 19th, 2018: Conference call with parties - Sabina, CIRNA, and Tetrattech.
- June 21st, 2018: Conference call with parties - Sabina, CIRNA, and Tetrattech.
- June 22nd, 2018: Conference call with parties - Sabina and CIRNA.

Current Status

Sabina is pleased to report that, through the ongoing discussions with KIA and CIRNA, we have made considerable progress to align our understanding of closure activities, assumptions, and unit costs. Sabina can confirm that all parties are in agreement in the total value of the closure cost estimate. KIA and CIRNA are completing a final review of RECLAIM model and once complete our discussions will shift to the split between KIA and CIRNA as well as staging of the security by activities. All parties are confident that these remaining steps can be completed within a reasonable timeline.



Should you require any additional information please feel free to contact me at mpickard@sabinagoldsilver.com or (604) 484-8967.

Yours truly,



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