

The proposed Hackett River Project (the Project) involves the construction and operation of a combined surface and underground base metal mine located on both Inuit Owned Lands and Crown lands in the West Kitikmeot Region of Nunavut. According to the proposal, three significant deposits, East Cleaver, Main Zone, and Boot Lake, have been identified on the property, with total indicated resources (zinc, copper, lead, silver, and gold) of approximately 47 million tonnes. The operational life of the Project is anticipated to be approximately 14 years, employing approximately 250-325 personnel on rotating shifts.

The Proponent intends to utilize infrastructure associated with the Bathurst Inlet Port and Road Project (BIPR) currently undergoing a Part 5 Review with the Board (NIRB File No. 03UN114). BIPR infrastructure utilized by Sabina would include 82 km of the all-season road and facilitate the trucking of ore concentrates from the mine site to the proposed deep water port at Bathurst Inlet. The actual docking site and its associated storage and fuel facilities at the port site would also be utilized by Sabina. Ocean-going vessels would transport the concentrate to markets and also backhaul consumables and other supplies to the Project during operation. Should the BIPR project not proceed in a manner allowing for the proposed coordination and sharing of infrastructure, Sabina proposes to construct a similar all-weather access road and deep water port to connect the mine to Bathurst Inlet.

Project Components

The following presents a summary of the major activities and components comprising the Hackett River project:

- Utilization of a deep sea port at Bathurst Inlet to assist in the marine transportation of consumables, supplies, and concentrates.
- Winter road from the port at Bathurst Inlet to all-weather access (spur) road connecting with the Hackett River mine site.
- All-weather access (spur) road from Hackett River mine site to winter road connection to Bathurst Inlet port.
- Construction of multiple clear span bridges and culverts, and a bridge crossing over the Hackett River in association with the all-season spur road.
- Construction of a mine site airstrip, 2000 m in length.
- Exploration activities.
- Hackett River mine site, including (but not limited to): one underground and two open pit mines; mineral processing; tailings impoundment; water, waste and sediment management structures; camps; sewage and solid waste management facilities; fuel storage and dispensing systems; and explosives mixing and/or packaging facilities.
- Borrow sources, including quarries, gravel pits, waste rock piles and the associated machinery and activities.
- Construction of a concentrate storage facility (450,000 tonne capacity) at the proposed BIPR port site.
- Deposition of tailings underwater within a fish-bearing lake.
- Abandonment and site restoration.

To facilitate the environmental review of the Project, the Proponent will be expected to fulfil the requirements of those agencies with jurisdictional authority over the Project. These include, but may not be limited to: Indian and Northern Affairs Canada (INAC), the Nunavut Water Board (NWB), the Kitikmeot Inuit Association (KIA), Fisheries and Oceans Canada (DFO), Natural Resources Canada (NRCan), Transport Canada (TC) and the Government of Nunavut (GN). The Proponent is encouraged to conduct where necessary, further research to discover any additional authorizing agencies with a mandated responsibility regarding the approvals required for the Project.

The NIRB Scoping Process

The first step in the NIRB's Part 5 review process is to **scope** the project proposal and the potential impacts associated with developing the Project. Scoping is a process that pinpoints significant issues requiring study and analysis. This process aims to identify those components of the biophysical and/or socio-economic environment that may be impacted by the project and for which there is public concern. The NIRB will solicit input from the Proponent and interested Parties, including Territorial and Federal Government departments, Regional Inuit Associations, and members of the public, in order to determine:

- Which components of the project to include in the review;
- The temporal and spatial boundaries of the project;
- The issues and concerns to be considered in the review (e.g. different impacts; accidents and malfunctions, etc); and
- Any other requirements for the assessment of the Project Proposal.

The NIRB has drafted a preliminary Scope of the Hackett River project, and requests a discussion of the items contained therein (see Appendix B). The NIRB invites all parties to review the appended *Draft* Scope and to provide comments based on their area of expertise and/or mandate, on or before **Thursday October 9, 2008**.

The NIRB scoping process requires the development of a public participation and awareness program intended to engage the public during the early stages of the review process in order to facilitate meaningful consultation with those communities potentially affected by the Hackett River Project. The NIRB will consult with the public and interested parties to identify Valued Ecosystem Components (VECs) and Valued Socio-Economic Components (VSECs) that should be addressed by the Proponent's *Draft* Environmental Impact Statement.

During the next month, the NIRB will be visiting those potentially affected communities in the Kitikmeot Region in order to consult with members of the public regarding the Hackett River project and the NIRB Review Process. The Board will issue further correspondence providing a schedule for these upcoming community scoping meetings.

Issuing Guidelines for the Proponent's Preparation of an Environmental Impact Statement

Section 12.5.2 of the NLCA directs the NIRB to issue project specific guidelines to the Proponent for the preparation of an Environmental Impact Statement (EIS). An EIS is a detailed document prepared by the Proponent in accordance with the guidelines issued by the NIRB which identifies, predicts, evaluates, and communicates information about the ecosystemic and socio-economic impacts of a project proposal. An EIS also provides for the identification and development of mitigation measures – measures designed to control, reduce, or eliminate potentially adverse impacts of an activity or project.

The NIRB will draw on information obtained during the scoping stage and during the development of the EIS guidelines, and will circulate draft guidelines to interested Parties, offering an opportunity for comment. The NIRB will then integrate into the guidelines those recommendations it considers

appropriate, finalize the guidelines, and issue them to the Proponent for the preparation of a *Draft* EIS. Section 12.5.2. of the NLCA contains a list of information to be included, where appropriate, in an EIS (NIRB's 10 Minimum EIS Requirements) and grants NIRB the authority to add, "*any other matters that NIRB considers relevant.*"

For more information on the preparation of Environmental Impact Statements and a list of requirements that Proponents must comply with, please see the NIRB's *Guide 7 – The Preparation of Environmental Impact Statements* (available at <http://ftp.nirb.ca/GUIDES/>).

Again, the NIRB requests comments and a discussion on the *Draft* Scope for the Hackett River Project by Thursday October 9, 2008. Please forward all comments to the NIRB's Manager of Environmental Administration, Leslie Payette, at lpayette@nirb.ca, or via fax to (867) 983-2594.

Any questions or comments regarding the NIRB's Part 5 Review of the Hackett River Project should be directed to the undersigned at 867-983-4612 (sautut@nirb.ca), to the NIRB's Director of Technical Services, Jeff Rusk at 867-983-4611 (jrusk@nirb.ca) or to the NIRB's Assistant Technical Advisor, Amanda Hanson, at 867-83-4615 (ahanson@nirb.ca).

Sincerely,



Stephanie Autut
Executive Director
Nunavut Impact Review Board

cc: The Honourable Chuck Strahl, Minister, Indian and Northern Affairs Canada
Lucassie Arragutainaq, Acting Chairperson, NIRB
NIRB Board

Attachment.: Appendix A: *Minister of Indian and Northern Affairs Canada's Decision Re: Sabina Silver Corporation's Hackett River Project*
Appendix B: *Draft Scope for the NIRB's Environmental Assessment of the Hackett River Project*

APPENDIX A

*Minister of Indian and Northern Affairs Canada's Decision Re: Sabina Silver Corporation's
Hackett River Project*

Ministre des Affaires indiennes et
du Nord canadien et interlocuteur fédéral
auprès des Métis et des Indiens non inscrits



Minister of Indian Affairs and
Northern Development and Federal Interlocutor
for Métis and Non-Status Indians

Ottawa, Canada K1A 0H4

04 SEP. 2008

Mr. Lucassie Arragutainaq
Acting Chair
Nunavut Impact Review Board
PO Box 1360
CAMBRIDGE BAY NU X0B 0C0



Dear Mr. Arragutainaq:

Thank you for your Screening Decision Report of April 3, 2008, indicating that the Sabina Silver Corporation's (Sabina) Hackett River Project proposal requires review under Part 5 or 6 of Article 12 of the Nunavut Land Claims Agreement.

I have reviewed the Nunavut Impact Review Board's Screening Decision Report and concur that the proposal requires a review. Pursuant to section 12.4.7 (b), I am referring the proposal to the Board for a review under Part 5 of Article 12 of the Agreement. The other federal departments with jurisdictional responsibility in relation to the proposal, Fisheries and Ocean's Canada, Natural Resources Canada, and Transport Canada concur that a Part 5 review is appropriate.

Pursuant to section 12.5.1 of the Agreement, I would like to identify specific issues of concern for the Board to consider during the course of its review. As noted in the Board's screening decision, Sabina intends on utilizing significant components of the proposed Bathurst Inlet Port and Road project which is currently being reviewed by the Board under Part 5 of Article 12 of the Agreement. However, Sabina has also indicated in its project description that in the absence of the Bathurst Inlet Port and Road, it would construct its own all-weather road to Bathurst Inlet, and construct a deep-water port at Bathurst Inlet.

This suggests that major components may be added at some point during the review of the Hackett River Project proposal. Should this happen, the Board will need to ensure that all additional components are thoroughly assessed as part of the Board's current Part 5 review. This may necessitate modifications to the Board's review process to ensure that a detailed assessment of the entire project is completed. I would ask that the Board advise me accordingly of any such changes.

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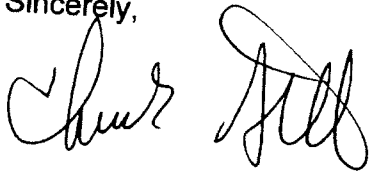
Canada

Irrespective of whether modifications are made to the project, it will be important for the Board to conduct a thorough assessment of cumulative impacts given the development pressures facing the West Kitikmeot Region of Nunavut.

The potential reliance of one proposed project on another currently undergoing review will create unique challenges for the Board. I am confident that the Board will be able to address these issues, and complete a thorough review of the Hackett River Project.

I appreciate the work the Board has done in screening the proposal and look forward to receiving your final report upon completion of the review.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chuck Strahl', written in a cursive style.

Chuck Strahl

APPENDIX B
**Draft Scope for the NIRB's Environmental Assessment of the
Hackett River Project**

Based on the January 2008 Project Description and the requirements of the NLCA, the following lists comprise the *draft* Scope of the NIRB review:

1) Nunavut Land Claims Agreement –Section 12.5.2, (items a – j)

- a) Project description, including the purpose and need for the project;
- b) Anticipated ecosystemic and socio-economic impacts of the project;
- c) Anticipated effects of the environment on the project;
- d) Steps which the Proponent proposes to take including any contingency plans, to avoid and mitigate adverse impacts;
- e) Steps which the Proponent proposes to take to optimize benefits of the Project, with specific consideration being given to expressed community and regional preferences as to benefits;
- f) Steps which the Proponent proposes to compensate interests adversely affected by the Project;
- g) The monitoring program that the Proponent proposes to establish with respect to ecosystemic and socio-economic impacts;
- h) The interests in land and waters which the Proponent has secured, or seeks to secure;
- i) Options for implementing the proposal; and
- j) Any other matters that NIRB considers relevant.

2) Hackett River Project Components

The following is a description of the physical works and undertakings that constitute the Hackett River project proposal. These components have the potential to cause significant adverse effects on the ecosystem, wildlife, or Inuit harvesting activities, and are therefore included in the scope of the project.

- a) **Bathurst Inlet Port**, utilization of BIPR infrastructure including:
Berth and equipment used for loading and unloading ocean going vessels; dock and associated dredging activities; fuel unloading facilities, terminal pipelines, tank farm, and dispensing systems; general cargo short-term and long-term laydown areas; general cargo handling of mobile equipment including cranes, forklifts and reach trucks; administration and maintenance offices; camp facilities and services, including accommodations and airstrip; desalination plant; site roads; waste and wastewater management and disposal systems; power plant.

- b) **Bathurst Inlet Port**, infrastructure to be constructed by Sabina, including:
Concentrate truck receiving, unloading, and wash-down facilities; concentrate receiving, conveying, reclaiming, and ship loading systems; concentrate dust control system; site run-off collection and treatment systems; and possibly additional storage for goods to be backhauled to the mine.
- c) **Mobilization and Shipping** including:
Vessel and routing options; mobilization of equipment and supplies; possible ice-breaking activities.
- d) **Winter Road from Port at Bathurst Inlet to Spur Road Connecting with the Hackett River Mine Site** including:
Earthmoving, excavation, and grading activities; water withdrawal(s) and associated activities; navigable water crossings; stream flow diversions and alternative watercourses; alterations to watercourses; and temporary camp(s) used to construct the road.
- e) **All-Weather Access (Spur) Road from Hackett River Mine Site to Winter Road Connecting with the Port at Bathurst Inlet** including:
Routing options; waterway and/or diversion structures; infilling activities; water withdrawal(s) and associated activities; navigable water crossings; stream flow diversions and alternative watercourses; alterations to watercourses; and temporary camp(s) used to construct the road.
- f) **Hackett River Airstrip**, including:
2000 m airstrip; construction camp; tank farm; generators; freshwater intake; wastewater treatment; all associated navigational aids and infrastructure.
- g) **Hackett River Mine Site**, including:
East Cleaver (open pit and underground); Main Zone (open pit and underground); Boot Lake (underground); permafrost management; mineral processing; power generation facilities; mine site roads and utilities; ore storage facilities; backfill stockpile; waste rock storage; tailings impoundment facilities; tailings line and emergency catch basins; water, waste, and sediment management structures; water supply structures; camp(s); buildings; lay-down area(s); sewage collection and treatment facilities; solid waste management facilities; landfill; landfarm; incinerator; fuel storage and dispensing systems; explosives mixing and/or packaging facilities

and magazines and support facilities to be included in a “licensed factory” to be located at the mine site as defined by the *Explosives Act*; quarrying and borrow sources; workforce; stream flow diversions and alternative watercourses; and alterations to watercourses.

h) **Borrow Sources**, including:

Quarries, gravel pits, and waste rock piles; equipment and activities related to stripping, excavation, and crushing of aggregate; stockpiles; access roads; and waste rock and debris.

3) Scoping List

The scope of the environmental assessment is intended to address the potential impacts of the Project components listed in Section 2 above, (items a-h) on the environmental components, considering both a spatial and temporal scale.

As such, the scoping list and resulting analysis shall address the effects of the construction, operation, modification, decommissioning, abandonment, and reclamation of each of the Project components on the environmental factors listed below.

- a) Atmosphere, including climate change, air quality, and noise factors;
- b) Hydrology and hydrogeology;
- c) Groundwater quality;
- d) Surface water and sediment quality;
- e) Freshwater aquatic organisms (including fish as defined in the *Fisheries Act*) and habitat;
- f) Marine water and sediment quality;
- g) Marine fish and fish habitat;
- h) Marine mammals and marine habitat;
- i) Wildlife and wildlife habitat;
- j) Landforms and soils;
- k) Vegetation;
- l) Human and ecological health;
- m) Socio-economics;
- n) Archaeological resources;
- o) Other factors;
- p) Cumulative effects;
- q) Accidents and malfunctions;

- r) Transboundary effects;
- s) Traditional Knowledge; and,
- t) Monitoring and post-project analysis (PPA).