



November 10, 2008

Jeff Rusk
Director, Technical Services
Nunavut Impact Review Board

Re: Comments on the draft Guidelines for the Hackett River Project Environmental Impact Statement (NIRB File 08MN006)

Dear Mr. Rusk,

Thank you for the opportunity to comment on the draft Guidelines and to participate in the Yellowknife Workshop November 21, 2008.

In response to your letter of October 24, 2008 we are pleased to advise you that eight individuals will be participating on behalf of Sabina. We have also arranged for an Open House session for all the Workshop participants for Thursday November 20, 2008, 7 to 9pm at the Explorer Hotel in Yellowknife. Sabina would use this opportunity to do a presentation on the Proposed Hackett River Project incorporating the Jan 2008 Project Description and the most recent amendments submitted to NIRB Nov 10, 2008.

To facilitate discussions during the Workshop, we have enclosed our comments for your consideration. We understand from your letter of Oct 24, that the comments provided will assist NIRB in developing an agenda for the Workshop. In addition to the attached, we also provide the following identification of key points that Sabina would ask be included as discussion topics during the Workshop with all participants:

- A. Uncertain Fiscal Regime** (Reference page 74, 2nd paragraph) Sabina does not see its role to establish an "economic diversification or development trust fund" and will leave such financial commitments to Territorial/Federal Governments and/or Designated Inuit Organizations. Requiring Proponents to establish these funds demonstrates a shift in fiscal regime in Nunavut and Sabina cannot meet its obligations to shareholders by moving forward with the development

of the Hackett River Project under changing fiscal/unknown conditions. We strongly seek clarification on this paragraph and its intent, and its place in the environmental assessment process.

- B. Project components, needs and purpose** (reference throughout document and page 25, Section 5.7). Throughout the document there are references to infrastructure, components and activities outside the current scope of work or the project and we look forward to the opportunity to clarify the relationship between, and the components of, the proposed BIPR Project and the proposed Hackett River Project. This is particularly evident under Section 5.7. We would also ask that Project components be identified with similar names and reference terms as presented in the Jan 2008 Project Proposal to avoid confusion. The Workshop provides an excellent opportunity to clarify preferred terminology amongst the participants.
- C. Guideline expiration date** (reference Page 2, last paragraph). The timeline stated for the validity of the DEIS guidelines is not realistic, given the need for baseline studies and preparation of the DEIS. Even if the necessary technical information was available, it would not be possible to submit a DEIS within one year of issuing the Guidelines given the level of detail needed to complete alternatives/environmental assessment and report preparation. Either no timeline should be indicated, or a minimum of 2-3 years should be indicated, to accommodate the need for multiple years of baseline data collection as indicated on page 39.
- D. Cumulative Affects assessment** (reference page 39, 2nd paragraph). There is a suggestion the cumulative affects assessment includes consideration of infrastructure beyond the needs of the Project and how it will affect the economic feasibility of other mineral resources in the West Kitikmeot. We acknowledge that cumulative effects assessment including the "foreseeable future" projects will be an important component of the environmental assessment, however, we are not intending to include a consideration of infrastructure outside the needs of the current project. We will leave those economic and environmental considerations to the feasibility studies of those other developments. Associated with this is the definition of "foreseeable future". Our suggestion is that the cumulative effects assessment focus primarily on existing operational projects and projects which will be carried out – meaning projects which have received regulatory approval and are in development. Future projects in the regulatory process after the Hackett River

Project would be required to do cumulative impact assessments taking into account the Hackett River project.

- E. Socio economic baseline studies and impact assessment** (Reference 62 to 66) In general pages 62 to 66, identify several requirements, provide recommendations and present an expectation level of possible socio-economic assessment that may be outside the scope of this Project and available data. We would request that additional discussion occur to clarify what are the expectations of the NIRB and if, and how, Sabina can accomplish them in the environmental assessment process.

These represent the five key points we would like to see included in the discussion during the Workshop. Additional discussion would also help clarify the other comments presented in the attached summary. We are encouraged that your letter of Oct 24th refers to using the comments to generate "the first revision" of the draft EIS Guidelines for discussion during the Workshop suggesting that other opportunities may be available to comment working toward final EIS Guidelines. Sabina subscribes to the principles of sustainable development in mining. While mining cannot occur without an impact on the surrounding natural environment and communities, our responsibility and our commitment is to limit negative environmental and social impacts and to enhance positive impacts. Sabina supports NIRB in taking the necessary time to develop draft EIS Guidelines that incorporate the perspective of regulators, interveners and the public in a manner that clearly outlines expectations and needs for the environmental assessment. The Hackett River Project pre-feasibility is still on-going and provides the time to carefully consider the EIS Guidelines.

Sincerely,

ORIGINAL SIGNED BY

Tony Walsh
President and CEO
Sabina Silver Corporation

Comments on draft DEIS Guidelines

Hackett River Project

Sabina Silver Corporation is pleased to provide our comments and questions on the draft Environmental Impact Statement (DEIS) guidelines to facilitate discussions at the November 21, 2008 workshop and the development of Guidelines for the Hackett River Project. For ease in tracking, we present our comments in chronological order.

Glossary

Nitrate. This compound is also a required nutrient for aquatic algae and plants. This should be included in the definition, as some of the effects from mine runoff involve increased algal (phytoplankton, periphyton) growth and biomass, which can lead to other potential effects.

Nunavummiut. A clarification is requested to show the distinction, if any, between Nunavummiut as defined and the use of Inuit in the draft Guidelines.

Ore. This is more appropriately defined as rock containing a mineral or a concentration of minerals and/or metals that can be profitably mined.

Phytoplankton. The definition should read "Very small plants that float or drift in lakes *and in the ocean*". (please add the italicized words).

Waste Rock. A definition should be included to identify that waste rock is the mineral wastes produced during mine development – including overburden and barren rock – and those parts of an ore deposit below the economic cut-off grade.

Zooplankton. The definition should read "very small animals that float or drift in lakes *and in the ocean*". (please add the italicized words).

1.0 Introduction

Page 1. last paragraph. Our understanding is that the scoping period began in September 2008 with the decision from the INAC Minister; screening was initiated in January 2008.

Page 2. last paragraph. The timeline stated for the validity of the DEIS guidelines is not realistic, given the need for baseline studies and preparation of the DEIS. Even if the necessary technical information was available, it would not be possible to submit a DEIS within one year of issuing the Guidelines given the level of detail needed to complete alternatives/environmental assessment and report preparation. Either no

timeline should be indicated, or a minimum of 2-3 years should be indicated, to accommodate the need for multiple years of baseline data collection as indicated on page 39. Suggest rewording the paragraph to:

NIRB reserves the right at any time on a reasonable basis to reassess these Guidelines and to update and amend them accordingly to allow for consideration to changes in the Project description, baseline information, relevant technological advances, or changes in the regulatory and/or regional environments.

Page 5, Cumulative Effects Assessment and Page 65, Section 5.16.8: We would request a clarification of projects "reasonably foreseeable in the region". We acknowledge that cumulative effects assessment including the "foreseeable future" projects will be an important component of the environmental assessment, however, there are some inconsistencies in the Guidelines as to what other possible, future projects would be included in the assessment. Our suggestion is that the cumulative effects assessment, focus primarily on existing operating projects and projects which will be carried out – meaning projects which have received regulatory approval and will be developed. Future projects going through the regulatory process would be required to do cumulative impact assessments taking into account the Hackett River project. While some consideration may be given to the potential cumulative impacts of existing work on potential future projects, it should be recognized that the ability to project forward respecting those projects would be very limited.

2.0 Focus of NIRB Review

Page 7 2.1.4 a) BIPR Infrastructure i. The BIPR project contains no provision for loading ocean-going vessels

Page 7 2.1.4 a) BIPR Infrastructure ii. Request references to "spur road" be revised to "access road" to conform with components identified in Project Proposal. Other locations where change is needed are Page 14 , 3.0 Project Description, first paragraph and third bullet.

Page 8. Section 2.1.4b. The market for most concentrate shipments will be smelters in Europe or North America. It is proposed to trans-ship concentrate to a terminal in Greenland where it will be transferred to non-ice class vessels for the final stage of its journey to smelters. Ships transporting the remaining concentrate will use the western route shown in the illustration and pass through the Bering Strait to markets in Asia and North America. A potential route for barging supplies via Hay River and the MacKenzie River to the Bathurst Inlet port is shown to include the possible need for supply to come from this area during construction prior to completion of the port facilities.

Page 9. Section 2.1.4h. It is understood that this alternative assessment is to address the situation if BIPR is not available for Sabina's use as a client. In this case, the components of the Port include all of the components already listed plus those in Section 2.1.4c.

Page 10. Section 2.1.5. Please change to:

- b) Hydrology (including water quantity) and hydrogeology
- d) Surface water and sediment quality
- g) Marine aquatic organisms, including fish and habitat.

Water quantity should be included in the scoping list, but sediment quantity should not (only sediment quality). Hydrology already implies water quantity, but it could be added to hydrology for extra clarity. The suggested edit to the marine component is comparable to what is indicated for the freshwater component.

Page 11. Bullet p) d. We would appreciate a better definition of 'hub communities' and the location of the "local infrastructure" (i.e. in the hub communities?)

3.0 Project Definition

Page 14. 4th bullet: The possible creation of a waste rock storage facility adjacent to the Boot Lake deposit is still under assessment.

Page 15. 5th bullet: Mined rock will be placed in designated storage piles for temporary or permanent storage. Some of this material will be ore to be processed in the mill and processing facilities and some will be waste rock classified as PAG or NAG. Waste management plans will be developed and submitted with the DEIS and it is anticipated that other management options will be considered in addition to placing PAG waste in waste rock piles and covering with NAG.

Page 15. 7th bullet: Dewatering of lakes is currently being considered for a few locations as part of the pre-feasibility work; this is to provide access to the deposits and as part of the water management plan to minimize impacts to surface water. We would ask that this bullet be revised with the deletion of 'at Camp Lake'; this would then include any lake dewatering activities at the site

Page 15. 9th bullet: Add 'and/or access road alternatives'. Otherwise, the potentially new access road is not included in this list. We would request that the reference be to "access road" rather than "spur road".

Page 15. 10th bullet: BIPR has no provision for loading ocean-going vessels

Page 16. 8th bullet: Add “river” after lake; the water source could be from a lake or a river (the Hackett River) at this point.

Page 16, 10th bullet: Any hazardous material waste (e.g. batteries) will be disposed in an approved facility off-site.

4.0 EIS Overview

Page 20. Section 4.6.2 In order to consider the possibility of presenting the popular summary in video format, it would be useful to be aware of other Proponents in Nunavut that have used this communication tool.

Page 20 Section 4.7 Maps indicating common and accepted place names will need to respect any agreements Sabina will have in place for the collection and compilation of Traditional Knowledge

5.0 Environmental Impact Statement Content Guidelines

Page 25. Section 5.7, bullet a). We would request clarification on the intent of this bullet and what is the definition for ‘re-supply implications’.

Page 25, Section 5.7 bullet b). We would request some clarification on the expectations under this bullet as the proposed project is a mining project and not part of a "longer term strategic" development of the transportation network of Nunavut and the Northwest Territories.

Page 25 Section 5.7 bullet c) there is reference to "both territories", presumably referring to Nunavut and the NWT, however additional clarification would be useful to ensure we understand what "customer groups" are being referred to.

Page 32 Section 5.13.1.3 This section may be more appropriately referred to as Tailings Management Facility to link to Project Description. This reference to TMF could then be consistently used throughout the Guidelines.

Page 34. 3rd bullet. Dewatering of lakes is currently being considered for a few locations as part of the pre-feasibility work. We would ask that this bullet be revised with the deletion of ‘at Camp Lake’; this would then include any lake dewatering activities at the site

Page 34 Section 5.13.1.7. The first two bullets seem to be referring to lake dewatering activities and the third is related to mine water management. We would seek clarification what activities would fall under "mine dewatering".

Page 35 Section 5.13.1.8, 1st bullet. The route(s) of the all-weather road access would be for the Hackett River Project and will be determined based on a balance of economics, environmental conditions and traditional knowledge. With this is the

understanding that mining is a temporary use of the land and any closure and reclamation plans would include the all-weather road. Unless the Government of Nunavut, KIA or INAC express a serious interest in taking control of the road route after the life of mine, we have no intention of incorporating needs of other developers and Nunavummiut into the alignment of the access road to ensure its permanence. If there are opportunities for shared infrastructure with other developers/proponents in the area, we would entertain sharing infrastructure in an effort to minimize environmental impacts under negotiated agreements.

Page 35 Section 5.13.1.8, 5th bullet. To clarify the activities of the Project, Sabina is proposing to only truck concentrate along the road; not ore.

Page 39, 2nd paragraph. This paragraph seems to be requesting a forward-vision assessment outside the scope of this project. The paragraph suggests an assessment of putting into place infrastructure beyond the needs of the Project and how it will affect the economic feasibility of other mineral resources in the West Kitikmeot. We acknowledge that cumulative effects assessment including the "foreseeable future" projects will be an important component of the environmental assessment, however, we are not intending to include a consideration of infrastructure outside the needs of the current project. We will leave those economic and environmental considerations to the feasibility studies of those other developments.

Page 41. Section 5.15.2.1c. We suggest constraining the geographical area to within Bathurst Inlet. Once outside of Bathurst Inlet, the shipping route is international with many different users, and the geographical scope is enormous and well outside of one proponent's ability or responsibility to access.

Page 42. There is repetition between the terrestrial and freshwater environment sections; for example, hydrology is included in both, as well as water quality. This could be tidied up a bit. (e.g. 'water quality and quantity' should probably be moved to the freshwater section and delete heading b)).

Page 43. Section 5.15.2.2j. Add 'within Bathurst Inlet'.

Page 44. Section 5.15.2.6i. We request that the Peary and Bluenose herds be removed from this section as they do not occur within the Regional Study area. The Ahiak, Bathurst, and Dolphin & Union herds can be reasonably assessed for this Project, however, the Peary herd exists in the Arctic archipelago and very little research has been done. Timing of migration is not known, nor is the extent. Their population numbers are so low that a radio-collaring program would be required and this would be a substantial effort for a minimal number of animals collared. In addition, they are not expected to occur in the Hackett regional project area, only in the common shipping route to the east. As well, the Bluenose herd should not normally extend into the project area. Considerations made for Ahiak, Bathurst, and Dolphin & Union herds should protect the interests of this herd through the "umbrella" principal.

Page 44, Section 5.15.2.6j) This section is outlining the baseline description of the biophysical environment. We would ask for clarification that the baseline information being sought under this point is related to identified climate change effects to migratory species such as caribou. This information would be available from Traditional Knowledge and scientific studies.

Page 44. Section 5.15.2.6l. It would be helpful to define spatial limitations, as the shipping lane extends far into the Arctic archipelago where very little research has been done, and where environmental/wildlife concerns are mainly cumulative in nature. We suggest constraining the geographical area to within Bathurst Inlet. Once outside of Bathurst Inlet, the shipping route is international with many different users, and the geographical scope is enormous and well outside of one proponent's ability or responsibility to access.

Page 45. Section 5.15.2.7c. We do not intent to sacrifice birds for metal body burdens. We can address this by desktop studies. Metal body burdens will be collected for fish, vegetation, and small mammals.

Page 45. Section 5.15.2.8. This section is missing any reference to freshwater and marine benthos. Benthic invertebrates will be important organisms for required monitoring during operations, and hence it is critical to obtain baseline information for these organisms. They also help define the productivity of fish habitat as they are a primary food source for some fish. The first bullet should read a) Periphyton, phytoplankton, zooplankton, benthos, and fish.

There is also no mention of marine aquatic organisms or fish in any of the sections (5.15.2.2 Freshwater and Marine Environment, nor 5.15.2.8 Fish and Other Aquatic Organisms). This could be added to either section, or separate sections created for freshwater and marine organisms.

Page 46 Section 5.15.3 e) Archaeology surveys are completed under permit issued by GN-CLEY and release of this information will be based on the terms and conditions of those permits, and agreements with respect to confidentiality for Traditional Knowledge data collection.

Page 46 Section 5.15.3 f) In the absence of BIPR, Sabina would build its own port facility. In this situation, fuel resupply for the communities would not be included in the Project scope.

Page 46 Section 5.15.3 g) We would request some clarification on the relationship of existing supply routes from the NWT to Nunavut and the scope of this Project in order to clarify the expectations for outlining baseline conditions.

Page 47. Section 5.15.3. Bullet f). Community fuel re-supply is not part of the Hackett River Project. This should be removed.

Page 47. Section 5.15.3. Bullet j). Reword to include services (i.e. as well as infrastructure), and current rates/trends/patterns.

Page 47. 3rd paragraph. Emphasize "indicators might include the following...." Indicators will be included to the extent that they are available, and we will seek qualitative accounts through interviews with service providers.

Page 52, Section 5.16.5.1 Bullet 2 identifies dewatering of the pits; potential impacts from the initial dewatering of the lakes will also be included.

Page 52. Section 5.16.5.2. We would ask that this be renamed Tailings Management Facility (TMF) and bullet 5 be further clarified to supernatant and tailings.

Page 56, Section 5.16.5.11 We would ask clarification on the difference between this section and Section 5.16.5.4.

Page 56, Section 5.16.5.13 To clarify the scope, and associated components and activities, of the Project Sabina is only incorporating in the assessment exploration activities associated with the development of the Main, Boot Lake and East Cleaver Deposits.

Page 59. Section 5.16.6.3. Second bullet. We would just like to clarify that secondary particulates will not be part of the air dispersion modeling work; CALPUFF can model results for primary particulates and SO₂ and NO_x; we will only be able to comment on the likelihood of the formation of secondary particulates but we cannot generate model results.

In general pages 62 to 66, identify several requirements, provide recommendations and present an expectation level of possible socio-economic assessment that may be outside the scope of this Project and available data. We would request that additional discussion occur to clarify what are the expectations of the NIRB and if, and how, Sabina can accomplish them in the environmental assessment process. Specifically we offer:

Page 62 Section 5. 16.7 We would ask for clarification of the terms

"concerned communities" (page 62, 4th bullet) and "affected communities" (page 40, Section 5.15.1, 2nd paragraph).

Page 63. 1st bullet. We are not intending to include indirect and induced effects outside of basic income and employment estimates (as provided by model).

Page 63. 3rd and 4th bullets. These bullets identify opportunities and impacts in the community that may be a cumulative result and we ask

for clarification for the expectations of the relevant parties of the responsibility of the proponent for mitigation in these areas.

Page 64. 1st bullet. To clarify what assessment Sabina sees possible, we will cover at the direct level of effect and can provide a qualitative prediction of change, but not predicted costs to government.

Page 64. 2nd bullet. We would ask for clarification on what components of the community and local government organizations are to be considered under potential socio-economic impacts (e.g. pressure on their services?)

Page 64. 2nd and 3rd paragraphs. We would ask for clarification as to whether these paragraphs are outlining DEIS requirements, or if they are NIRB recommendations. If these are requirements, we would ask that they be clearly identified as such in the Guidelines.

Page 64. 3rd paragraph. We can address the effects of in-migration of job-seekers in a theoretical/qualitative extent, but will be difficult to measure and largely dependent on individuals.

Page 64 last paragraph. If a requirement is outlined in this paragraph we would request that it be clearly indicated as such.

Page 65. 1st paragraph. We are planning on using the Statistics Canada I/O model rather than the Kitikmeot model.

Page 67, Section 5.16.9.2. Sabina acknowledges that Management Plans will be needed to identify monitoring measures to track successful implementation of mitigation measures, to identify unplanned/unpredicted impacts and to track overall environmental and social well-being. Another role of the Management Plans is to identify reporting structures, training and education initiatives, and policy and planning tools. The information provided in the draft guidelines seems rather comprehensive at this stage and we would ask for additional discussion to clarify what level of formalization of these plans is appropriate at the EA phase and how they may develop throughout the life of the project through to closure.

Page 73. 3rd paragraph. The last point is unclear in this paragraph and we would ask for clarification.

Page 74, 2nd paragraph. Sabina does not see its role to establish an "economic diversification or development trust fund" and will leave such financial commitments to Territorial/Federal Governments and/or Designated Inuit Organizations. Requiring proponents to establish these funds demonstrates a shift in fiscal regime in Nunavut and Sabina cannot meet its obligations to shareholders by moving forward with the development of the Hackett River Project under changing/unknown fiscal conditions.

We strongly seek clarification on this paragraph and its intent, and its place in the environmental assessment process.

Page 76, Section 5.16.9.4.5. Sabina acknowledges that negotiations will need to be conducted with the Nunavut Water Board (NWB) to address compensation and security issues under the water licence applications. We are asking for some guidance as to why this is included in the EIS Guidelines and EA, when it is identified as being part of the regulatory process.

Page 79, 2nd paragraph. There is reference to a database maintained by the Department of Sustainable Development. We would ask what Government of Nunavut Department(s) maintain monitoring datasets in order that we strive to collect data consistent with their needs. Reference to community-based Project monitoring occurs on:

- page 28, 1st paragraph, as a general reference to community-based monitoring
- page 75, under Nunavummiut Involvement
- page 77, refers to the Kitikmeot Regional Socio-Economic Monitoring Committee and
- page 80, refers to a Proponent recommendation to develop and implement a Community Liaison Committee.

We also understand that terms and conditions of the project Certificate may include the establishment of a Project Monitoring Committee. Sabina suggests additional discussion occur to establish the expectations of the communities and the regulators to monitor the Project. These discussions could help facilitate information sharing and logistical support of these various committees if their need is genuinely warranted.

Appendix B - please clarify that distribution of the DEIS as a minimum is to those listed and we can directly send documents to Federal and Territorial Departments and Agencies.