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1.0 INTRODUCTION

Sabina Gold & Silver Corp. (Sabina) is actively developing the Back River Property (The Property) approximately 75 km south of Bathurst Inlet, in the Kitikmeot Region, Nunavut (NU). The Back River Gold Project (the Project) is currently under review with the Nunavut Impact Review Board (NIRB). Sabina is seeking approvals for the staging of equipment and materials, and the preparation of construction, for the Project prior to completion of the NIRB review and issuance of the construction and operations licence and surface leases. Together, all of these activities are referred to as site preparation activities. Sabina is formally requesting exceptions to proceed with the site preparation work pursuant to Section 12.10.2(b) of the Nunavut Land Claims Agreement (NLCA; INAC 2010) to allow for the required approvals and licences to be granted.

Section 12.10.2 of the NLCA provides that activities related to a Project may be approved pending a Part 5 review where certain conditions are met:

12.10.2 Notwithstanding Section 12.10.1, where a Project proposal has been referred for review pursuant to Part 5 or 6, approvals or licences for exploration or development activities related to that Project may be issued if:

- a) the activity falls within Schedule 12-1; or*
- b) the activity can, in the judgment of NIRB, proceed without such a review.*

Schedule 12-1 lists activities that are exempt from the requirement for screening by the NIRB. Activities exempt from screening under Schedule 12-1 include:

- Land use activities not requiring a permit or authorization from the Government of Canada or Territorial Government.
- Land use activities requiring only a Class B permit under the Territorial Land Use Regulations (SOR/77-210 4 March 1977).
- Water uses that do not require a public hearing under Section 13.7.3.

Approvals or licences for exploration or development activities not listed on Schedule 12-1 may be approved under Section 12.10.2(b) if the activities can, in the judgment of NIRB, proceed without a review.

Sabina is seeking either exemption or “exception from review” be granted for activities required during two years of site preparation. These activities include access to Inuit-Owned Lands under land use permits and water licences for the purpose of carrying out activities related to facilitating future development.

The transportation and storage of equipment, fuel, and materials during site preparation is essential to the development of the Back River Project as it will allow Sabina to progress into timely construction of the Project. These temporary and/or seasonal components would also support advanced exploration and environmental baseline activities in the area and improve safety and environmental protection.

Additional activities may be required in 2016, as the mine schedule progresses. However, additional activities will only be pursued once the Mine Feasibility Study is completed and financing is available.

2.0 RATIONALE FOR APPLICATION FOR EXCEPTIONS

In April 2012, the NIRB released “Guide 9 - Draft Guide to Exceptions from the Review Process” (the Guide). This Guide is provided as a convenient reference for project proponents, parties and members of the public to explain, in general, the process undertaken by the NIRB when considering section 12.10.2(b) exception applications. Although this Guide remains as a draft Sabina has chosen to use its requirements as a basis for discussion.

As per the Guide there are limited circumstances where the NIRB may determine that exploration and/or development activities can be allowed to proceed while a related project is undergoing Review:

- Research carried out within the defined project area and/or research with the primary purpose of supporting the ongoing Review of the related project;
- The extension, renewal or minor amendment of previously approved exploration and/or activities associated with the project undergoing Review;
- Transport of fuel, equipment and materials associated with the related project undergoing Review, including the related construction and operation of winter roads/trails, temporary airstrips and temporary onshore offloading facilities; and/or
- Short term storage of fuel, equipment and materials associated with the related project undergoing Review, including establishment of storage facilities and related use of existing or new quarry and borrow sources.

3.0 OVERALL PROJECT DESCRIPTION

Sabina’s Back River Project is an advanced exploration gold project located in the West Kitikmeot region of Nunavut at approximately 65° to 66° north latitude, and 106° to 107° west longitude (Figure 5.0-1). Sabina acquired the Project from Dundee Precious Metals (DPM) on June 9, 2009. Since acquisition, nearly all exploration has been confined to the Goose Property and all exploration has focused on finding new gold mineralization away from the existing Goose deposit.

The proposed Project includes the development of open pits at the and underground mines at the Goose Property and the George Property area (Locale 1, Locale 2, and LCP North). Ore would be mined and trucked to a conventional processing plant at the Goose Property to produce gold. The processing of the ore to recover gold would include crushing and grinding of the ore, followed by gravity and flotation concentration, and leaching of the concentrate. Waste material from the mine operations would be placed on the land in certain areas and tailings would be deposited in a nearby impoundment.

The Project life is up to 22 years – two years of initial construction, 10 to 15 years of production and up to five years closure and past-closure monitoring. The mine and mineral processing plant would operate for up to 15 years and employ up to 700 people, About half of these employees would be on site at any one time because of the fly in/fly out rotational schedule.

Access to the mine will be year round by air. Sea access will only be available during open water season. The Marine Laydown Area (MLA) in southern Bathurst Inlet will be used for annual resupply during the life of the mine and mobilize equipment for construction and demobilize during closure. Sabina will also build winter access roads to connect all the Properties.

The Project would also include a camp, storage areas, maintenance and mechanical repair warehouses, fuel tanks, tailings impoundment, waste rock piles, airstrip, and local site roads. Sabina would have a small camp, fuel

storage, and laydown area at the MLA on Bathurst Inlet. Most of these facilities would be removed at the end of the mine life. Roads, airstrips, the tailings impoundment, and waste rock piles cannot be removed and would be returned to the land use agreed upon at that time. This will be determined with regulators and stakeholders.

4.0 SUMMARY OF THE ENVIRONMENT

Regionally, the Project area lies within the Takijuk Lake Uplands ecoregion, which covers the south central portion of the West Kitikmeot region. This area is made up of broad, sloping uplands, plateaus, and lowlands. Much of the area is largely composed of lichen dominated rock outcrops and boulder fields. The Project lies within two geological provinces; the Slave Province and the Bear Province. The Slave Geological Province is underlain by granite and related gneisses, as well as by sedimentary and volcanic rocks (more than 2.5 billion years old). The Bear Geological Province contains mainly volcanic and sedimentary rocks approximating two billion years in age.

The climate, soils, and vegetation of the area are arctic in character. Plant cover is characteristic of the Arctic Tundra community. Shrubs are sparsely distributed on the mesic sites near the rivers and lakes. On the interfluvies are found low-growing perennials; grasses and sedges and some flowering species. The eskers support very little plant cover, especially on the windward side and crests, although the base of eskers can support relatively vigorous plant communities.

In general, lakes in the area contain extremely clear, low nutrient, low metal water, indicative of pristine high Arctic lakes. Most lakes have near-neutral waters, with very low hardness and alkalinity. However, naturally high metal concentrations are present in some lakes, indicating their proximity to surface mineralized areas.

The area is in the continuous permafrost zone, with a depth of approximately 500 m. The active layer ranges from approximately 1 to 2 m, and occasionally much deeper in areas where there is loose, sandy soil at the edges of lakes or ponds. Permafrost processes within the active layer can result in unique landforms, such as ice wedges, pingos, palsas, ice lenses, and thermokarst. Talik features are potentially present under larger lakes.

Initial site preparation activities will take place in and around Goose Camp and Bathurst Inlet, where the Temporary Laydown Area (TLA) will be located. The Goose exploration camp is located on the slope of the western bank of Goose Lake and consists of a 120-person camp constructed for support services directed towards exploration activities. The lakeshore is approximately 50 m toward the north and the regional topographical gradient surrounding the camp ranges from 2 to 6% towards the north. The camp is approximately 300 m in length from east to west and 100 m wide from north to south, covering an area of 30,000 m². A small but visible creek runs east northeast on the eastern side of the camp.

The Goose Property is characterized as gentle to moderately sloped, undulating or rolling plains. Elevation ranges between 249 and 392 masl. While slopes range between 0 and 26%, only less than 1% of the Goose Property has uneven relief and slopes in excess of 16%. Approximately 60% of the Goose Property area land is covered by plains and the rest is covered by gentle slopes. Open waterbodies cover about 13% of the immediate area.

Bathurst Inlet is a deep inlet located along the northern coast of the Canadian mainland, within the territory of Nunavut. The entrance to the inlet is between Cape Barrow (68° 01' N, 110° 06' W) and Cape Flinders (68° 17' N, 108° 35' W), and the body extends for over 200 km southwest into the mainland, past the Arctic Circle. The navigable corridor within Bathurst Inlet is generally very deep, with depths between 100 and 200 m depth for most of the inlet. Consolidated first-year sea ice (1.5 to 2 m average thickness) usually covers Bathurst Inlet from October to June, and ice break-up usually occurs in the first few weeks of July. Tidal elevations are very weak in the region, with maximum amplitudes below 0.5 m.

The deeply indented, rocky shoreline of Bathurst Inlet is surrounded by rugged ridges of massive granite rocks that reach about 600 m about the ocean. Over half of the area is covered by gentle slopes composed of marine and morainal deposits. Marine deposits consist mainly of coarse sands with low proportion of coarse mineral fragments. Morainal deposits have variable textures and coarse fragment content.

Bathurst Inlet is the historic location of the Bathurst Herd Caribou calving grounds. Other wildlife that occur in the area include grizzly bear, wolf, muskox, various species of birds, and, occasionally, moose.

5.0 ONGOING AND PROPOSED SITE PREPARATION ACTIVITIES

In the DEIS submitted to the NIRB in January 2014, Sabina provided information and respective applications for proposed activities. This included ongoing exploration, continued studies, site preparation, construction, operations, and closure phases. Sabina has since modified the scope of the proposed site preparation works and the following will replace the description(s) captured in the DEIS, Volume 12.

As presented in Section 3 of the Guide, the NIRB has established eight information requirements which must be provided in order to consider an exception request. Each of these eight requirements is considered in this section and is directly tied to the Summary of Proposed Activities as provided in Section 4. Activities are divided into two groups, ongoing activities and proposed activities. Figure 5.0-1 shows the proposed location of the TLA and the Goose Property.

Figure 5.0-2 shows the site preparation activities at the Goose Property, while Figure 5.0-3 shows the details regarding the TLA.

5.1 Description of Ongoing Activities

Ongoing activities include:

- Goose Camp operations;
- Exploration and support activities; and
- Ice-based airstrip.

5.1.1 Goose Exploration Camp

During site preparation activities for the Property, it is anticipated that the existing Goose Exploration Camp (Goose Camp) will be used for ongoing exploration, engineering and baseline studies, and other site preparation activities.

5.1.1.1 Operation of Goose Camp

The Goose Camp will be utilized as a base for the aforementioned activities. No changes to the current camp accommodations are proposed.

5.1.1.2 Resupply of Goose Camp

The resupply of the Goose Camp and associated activities will take place utilizing all-weather and/or ice-based airstrips. No changes to the current resupply methodology are proposed.