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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

File: 2BE-GEO0210

September 9, 2009

Elizabeth Sherlock
Sabina Silver Corporation
930 W 1st St. Suite 202
North Vancouver, BC
V7P 3N4
E-mail: esherlock@sabinasilver.com

and,

Stephanie Anderson
Dundee Precious Metals Inc.
Royal Bank Plaza, South Tower
Suite 3060, 200 Bay St.
Toronto, ON M5J 2J1
E-mail: sanderson@dundeeprecious.com

Subject: Assignment of License 2BE-GEO0210 Type 'B'

Dear Ms. Sherlock and Ms. Anderson:

The Nunavut Water Board ("NWB" or "Board") acknowledges receipt of an application on June 9, 2009 to assign License 2BE-GEO0210 from Dundee Precious Metals Inc. to Sabina Silver Corporation. This application was deemed to be an application for assignment pursuant to Section 44 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* ("Act").

The Board gave public notice of this application for assignment and invited interested persons to provide comments. Although submissions were received from Environment Canada and the Government of Nunavut, Department of Culture, Language, Elders and Youth (see attached), there were no adverse environmental effects identified that would result from the assignment of the Licence.

The Board is satisfied that the operation of the appurtenant undertaking by the prospective assignee will not be likely to result in a contravention of any condition of the License or any provision of the *Act* or the regulations. Therefore, in accordance with Section 44(2) of the *Act*, **the Board hereby authorizes the assignment of water license 2BE-GEO0210 from:**

the Assignor, Dundee Precious Metals Inc., to

the Assignee, Sabina Silver Corporation

(**Motion #2009-09-L06**) effective on September 9, 2009, which will be placed in the NWB Public Registry.

The Board would like to take the opportunity to highlight the following matters that will require immediate action by Sabina Silver Corporation.

Required Plans

The Spill Contingency Plan and Abandonment and Restoration Plan under the License shall be revised to reflect Sabina Silver Corporation as the holder of the Licence and be updated to reflect relevant changes the project.

The Licensee, within sixty (60) days, shall submit to the Board for review, addendums to the Plans required under Part G, Item 2 and Part I, Item 1.

Enforcement

Sections 85 to 94 of the *Act* provide the provisions for the enforcement of this water License assigned by the NWB. The Minister of Indian and Northern Affairs Canada has the power to designate inspectors and analysts responsible for inspection and compliance. The NWB asks that you contact the Inspector at the INAC District Office in Iqaluit to obtain a copy of any enforcement documents related to this License.

Other Matters

The Licensee is reminded that the Nunavut Impact Review Board Screening Decision for File No. 08EA084, dated March 3, 2009 still applies to the project and can be obtained from <ftp://ftp.nirb.ca/>.

Sincerely,



Thomas Kabloona
Nunavut Water Board,
Chair

TK/dc/pb

Cc: Distribution List – Kitikmeot

Attached: Comments received by Environment Canada (August 10, 2009) and the Government of Nunavut, Department of Culture Language, Elders and Youth (July 29, 2009)