Effective June 16, 2006

P.O. BOX 119
GJOA HAVEN, NU X0B 1J0
TEL: (867) 360-6338
FAX: (867) 360-6369

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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

WATER LICENCE
APPLICATION FORM

Application for: (check one)

☐ **New** ☒ **Renewal** ☒ **Amendment** ☐ **Assignment** ☐ **Cancellation**

LICENCE NO:
(for NWB use only)

1. NAME AND MAILING ADDRESS OF APPLICANT/LICENSEE

Sabina Gold & Silver Corp.
930 West 1st Street, Suite 202
North Vancouver, BC V7P 3N4

Phone: 604-998-4175
Fax: 604-998-1051
E-mail: dcater@sabinagoldsilver.com

2. ADDRESS OF CORPORATE OFFICE IN CANADA (if applicable)

Sabina Gold & Silver Corp.
930 West 1st Street, Suite 202
North Vancouver, BC V7P 3N4

Phone: 604-998-4175
Fax: 604-998-1051
E-mail: dcater@sabinagoldsilver.com

3. LOCATION OF UNDERTAKING (describe and attach a topographical map, indicating the main components of the Undertaking)

Goose Lake camp will be used as the base of operations for exploration drilling activities on the Goose Lake, Boot Lake and Boulder Pond claim groups, the southern portion of the Wishbone Trend (the Malley, Lovechild and portions of the Wishbone claim groups) and the Del Lake claims. Potential drill targets have been identified in several of these areas, however specific locations have not yet been determined and are subject to further exploration planning.

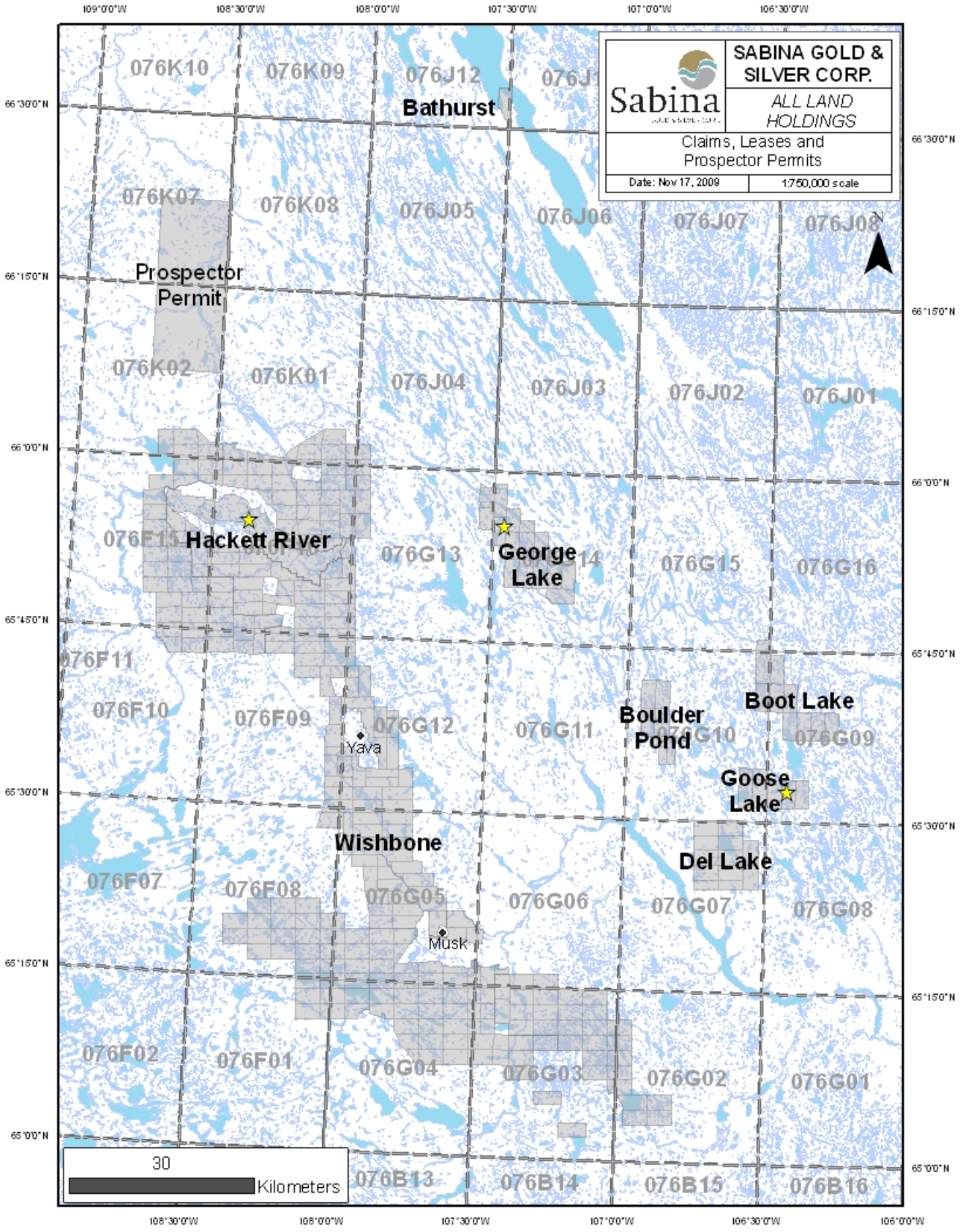
Proposed water usage under the scope of this application includes the taking and storage of water for camp use such as drinking, personal use (showers, laundry, etc.), core cutting equipment, etc. as well as the taking of water for drilling activities.

Project Area:

Max Lat:	66°04’ N	Min Lat:	65°02’ N
Max Long:	108°25’ W	Min Long:	106°15’ W
NTS Map Sheet:	portions of 76B, 76C, 76F, 76G, 76K		
Scale:	1:250,000		

Goose Lake camp (base of operations):

Latitude:	65°32’40” N	Longitude:	106°25’35” W


SABINA GOLD & SILVER CORP.
ALL LAND HOLDINGS
Claims, Leases and Prospector Permits
Date: Nov 17, 2009
1:750,000 scale
Sabina
Bathurst
Prospector Permit
Hackett River
George Lake
Boulder Pond
Boot Lake
Goose Lake
Del Lake
Wishbone
Yava
Musk
076K10
076K09
076J12
076K07
076K08
076J05
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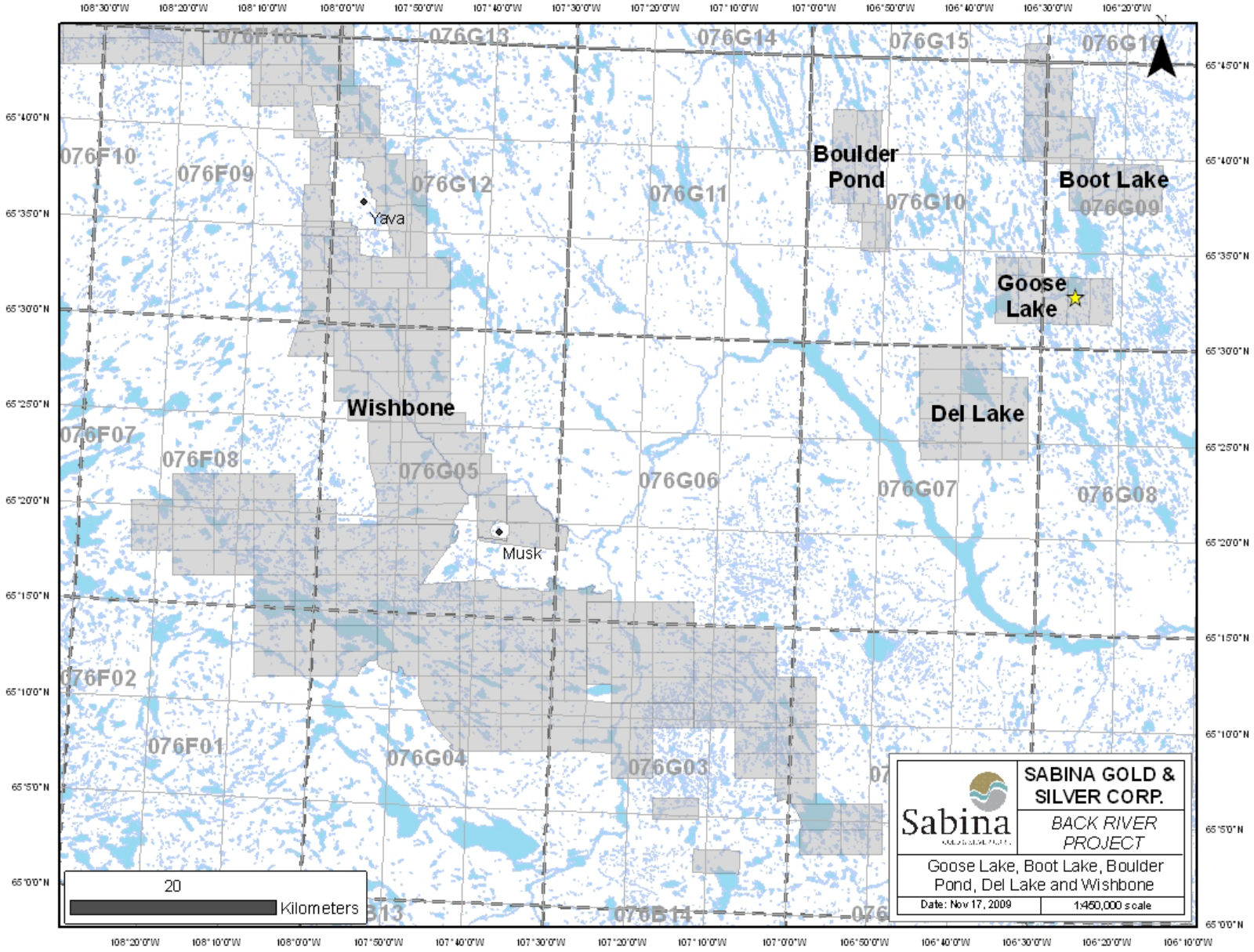
30
Kilometers


Boulder Pond
Boot Lake
Goose Lake
Yava
Wishbone
Del Lake
Musk
076F10
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076F01
076G13
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076G15
076G16
076G12
076G11
076G10
076G09
076G05
076G06
076G07
076G08
076G04
076G03
20
Kilometers
Sabina
SABINA GOLD & SILVER CORP.
BACK RIVER PROJECT
Goose Lake, Boot Lake, Boulder Pond, Del Lake and Wishbone
Date: Nov 17, 2009
1:450,000 scale

4. DESCRIPTION OF UNDERTAKING (attach plans and drawings)

Sabina sees an opportunity to continue exploration activities in the Back River area and is requesting renewal of the Goose Lake water licence. Water use from Goose Lake will be used to supply the existing camp (kitchen, dry, and rocksaw) and from local sources to supply drilling operations. Water would be stored in surge tanks located at each drill and in camp.

This application is requesting to maintain the previous allocation of 155m³/day under NWB License 2BE-GOO0510.

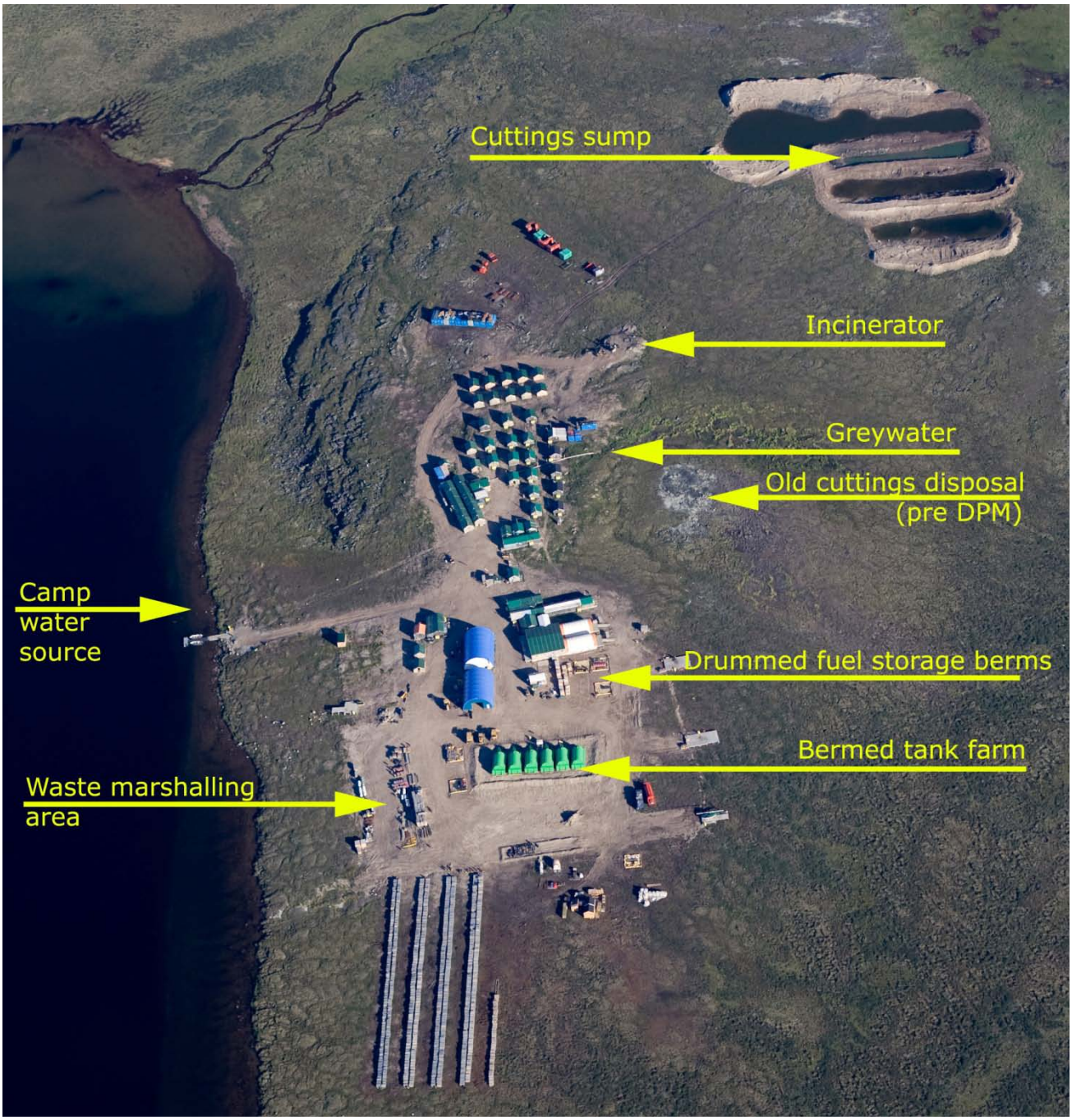
Exploration work over the next five years may include:

1. Seasonal operation of the existing camp located at 65° 32'N, 107° 27'W. In general, camp would open in March of each year and close by the end of October.
2. Transport of fuel and drilling supplies to and from the camp and associated storage and handling.
3. Ground and aerial geophysical surveys and geologic mapping.
4. Diamond drill testing of the geophysical targets and step-out drilling on the known deposits.
5. Transport of drilled core to camp for geological logging, sampling and storage.
6. Transport of personnel to and from the exiting camp and drill sites with a helicopter.
7. Fixed wing planes will provide transport to and from the camp. This is typically using Twin Otter, however, on an as-needed basis larger planes such as but not limited to DHC-5 Buffalo and C-130 Hercules may be used.
8. Inspection and reclamation of drill sites upon drill hole completion.
9. Camp clean-up and progressive reclamation.

Other activities planned for the camp over the next five years may include:

1. Renovation and maintenance of existing facilities as required.
3. Construction of additional wooden core storage racks and core logging sheds.
4. Construction of additional fuel, material and supplies storage as needed.

Activities will be supported out of the existing camp at Goose Lake. Daily activities at the camp will consist of regular maintenance of vehicles and facilities, office/administrative tasks, core logging/cutting/sampling, cooking, and other day-to-day type activities. Drilling operations will be helicopter-supported, with supplies stored at both Goose Lake and George Lake. Drill crews will operate on a 24-hour schedule (2 12-hour shifts), and return to Goose Lake at the completion of each shift.



Goose Lake camp, NU. Photo taken 2008.

5. TYPE OF PRIMARY UNDERTAKING (A supplementary questionnaire **must** be submitted with the application for undertakings listed in **"bold"**)

- ☐ **Industrial**
- ☒ **Mining and Milling**(includes exploration/drilling)
- ☐ **Municipal** (includes camps/lodges)
- ☐ Power
- ☐ Agricultural
- ☐ **Conservation**
- ☐ Recreational
- ☐ **Miscellaneous** (describe below):

See Schedule II of *Northwest Territories Waters Regulations* for Description of Undertakings

6. WATER USE

- ☒ To obtain water
- ☐ To cross a watercourse
- ☐ To modify the bed or bank of a watercourse
- ☐ Flood control
- ☐ To divert a watercourse
- ☒ To alter the flow of , or store, water
- ☐ Other (describe):

7. QUANTITY OF WATER INVOLVED (cubic metres per day including both quantity to be used and quality to be returned to source)

Water use
- ☐ $100m^3$/day or less
- ☒ Greater than $100m^3$/day; if greater, indicate quantities to be used for each purpose (camp, drilling, etc.)

Maximum daily use for camp (kitchen, dry, rock saws) of 15 m^3; based on water meter records, historical daily use is approximately 6-8 m^3; up to 5m^3 of this allotment will be stored in a large plastic tank in the cutting room for use with the cutting saws on an as-needed basis.

Average daily use for drills of up to 35m^3 per drill (up to 4 drills - 140 m^3 total). Water will be stored at each drill in a metal surge tank with a volume of approximately 500 L (0.5 m^3).

Total usage up to 155 m^3/day.

Water returned to source: 0 m3/day

8. WASTE (for each type of waste describe: composition, quantity (cubic metres per day), methods of treatment and disposal, etc.)

- ☐ Sewage
- ☒ Solid Waste
- ☒ Hazardous
- ☒ Bulky Items/Scrap Metal
- ☒ Waste oil
- ☒ Greywater
- ☒ Sludges
- ☐ Other describe):

A pacto system is used for human waste, with disposal in the camp incinerator; no sewage is generated.

Greywater from camp use in the kitchen and dry will be screened for large particles before being deposited into a sump behind camp. The water will be allowed to percolate into the surrounding soil, and it is expected that it will eventually make its way back into the Goose Lake basin.

Sludge from the drills is currently captured using the megabag system and deposited in a dedicated sump at the Goose Lake camp. Owing to the significant transport distance to the Wishbone property, as per Part F, Section 2 of the current terms and conditions of the licence, a natural depression in the vicinity of drilling may be used for disposal of the cuttings in lieu of transporting them for extended distances by helicopter back to Goose Lake. Doing so will reduce both the costs of the operation as well as the risk of a spill by transporting the cuttings over such a long distance. Should a change of drill contractors occur, it may also become necessary to use a local sump under Part F, Section 2 for cuttings disposal (i.e. not all drill systems are equipped to use the megabag for cuttings capture).

Waste generated at the drill, such as packaging, metal, etc. will be removed from the site to Goose Lake camp. Combustible waste will be disposed of in the camp incinerator, metal waste will be packaged with other metal scrap for backhaul, and oil and lubricants will be disposed of either in the waste oil heater (described below) or at an appropriate disposal facility.

A waste oil heater was installed in the north quonset during the 2008 field season. Waste oil from vehicle and generator maintenance will be thinned with diesel fuel and used to heat the quonset, providing a comfortable environment in which to conduct maintenance activities during the winter months. Waste oil in excess of what can reasonably be consumed in the heater will be stored for later use or backhaul and disposal at an appropriate facility.

The rock saws are expected to produce approximately 1-2 m^3 of sludge in the course of a season. This material is collected in a settling container in the core processing facility. This sludge will be cleaned out as necessary and transferred to the cuttings sump located behind the camp.

9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)

Land Use Permit

DIAND	☒ Yes	☐ No	If no, date expected _____
Regional Inuit Association	☒ Yes	☐ No	If no, date expected _____
Commissioner	☐ Yes	☐ No	If no, date expected _____

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES (direct, indirect, cumulative impacts, etc.)

All drilling additives are biodegradable. The use of salt at the drill site is expected to have minimal impact as the brine will be effectively diluted by water pumped to the drill site at a rate of approximately 12 gallons per minute. Salt is needed to prevent permafrost from freezing the hole closed when drilling is halted for a significant length of time. Permafrost is not present under deeper lakes that don't freeze to the bottom. As a result, little to no salt is expected to be required for on-ice holes drilled on larger lakes.

If drilling is successful in intersecting sulfide mineralization the resulting drill cuttings will have increased acid rock drainage potential. This is a naturally occurring state within the soils developed above existing zones of sulfide mineralization on the property. The relatively small quantities of sulfide rich drill cuttings left at the surface are expected to be admixed with other rock types in the drill cuttings, thereby slowing the rate of reaction and providing possible buffering capacity. The quantity of drill cuttings at each drill site depends on the length of the hole and is estimated to be up to 1 m^3 for the deepest holes.

Water from drilling operations will be recirculated to minimize the quantity used. The megabag system is currently used to capture drill cuttings which are subsequently removed from the drill site by helicopter and deposited in a sump at camp. Clarified water drains through the bag and is allowed to disperse on the tundra where it percolates into the ground and returns to the local watershed. Small quantities of rock flour and drill cuttings may end up being deposited on the tundra in the area of the drill collar, however they will have a similar composition to that of the local outcrop or overburden material and will not represent a source of significant impact to the surrounding environment. In time, native vegetation will colonize these areas. Compression of vegetation in the vicinity of the drill set up will occur; this impact will naturally correct itself once the drill has been moved from the site.

Where drilling occurs on or near lakes, the drill return water (containing drill cuttings) will be pumped well back from the shore of the lake. At each drill site (except those drilled from ice) plans are to backfill the drill hole with any accumulated drill cuttings taking care not to disrupt the surrounding topsoil/organic layer. Any excess sludge or cuttings are allowed to dry, then collected and removed for disposal.

No cumulative impacts are expected. It is not expected that additional drills will be brought to site – only those currently on site will be used. Should a change of drilling contractors occur, there would likely be a replacement of the equipment currently on site.

NIRB Screening ☒ Yes ☐ No If no, date expected _____
NIRB file 08NE012

11. INUIT WATER RIGHTS

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement?

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined?_____

This project will not substantially affect the quality, quantity or flow of water flowing through Inuit Owned Lands.

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)

Note that this list is subject to change due to contract negotiations and tendering.

Diamond drilling
Bradley Brothers
70 Industrial Blvd.
Rouyn-Noranda, QC J9X 6T3

First aid, camp staffing
1984 Enterprises / 5196 Nunavut Inc
1000-355 Burrard Street
Vancouver, BCV6C 2G8

Helicopter support
Northern Air Support Ltd.
6285 Airport Way
Kelowna, BC V1V 1S1

Expediting and logistical support
Nunavut Expediting Services Ltd.
PO Box 97
Cambridge Bay, NU X0E 0C0

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)

Gartner Lee Limited, 2008. *Field Report – Back River Project: Back River Freshwater Aquatic Resources 2007*. Prepared for Dundee Precious Metals Inc. Toronto. 46p.
Gartner Lee Limited, 2008. *Field Report – Back River Project: Wildlife and Wildlife Habitat 2007*. Prepared for Dundee Precious Metals Inc. Toronto. 52p.
Golder Associates Ltd., 2007. *Back River Project: Environmental Baseline Studies September 2006*. Prepared for Dundee Precious Metals Inc. Toronto. Report 06-1373-45. 84p.
Golder Associates Ltd., 2006. *Environmental Baseline Studies for the Back River Project 2005*. Prepared for Dundee Precious Metals Inc. Toronto. Report 05-1373-010. 68p.

14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN

Supplementary Questionnaire (where applicable: see section 5) ☒Yes ☐ No If no, date expected _____

Inuktitut and/or Inuinnaqtun/English Summary of Project ☒ Yes ☐ No If no, date expected _____

Application fee of $30.00 (Payee Receiver General for Canada) ☒ Yes ☐ No If no, date expected _____

Water Use fee of $30.00 (unless otherwise indicated in Section 9 of the *NWT Waters Regulations;* Payee Receiver General for Canada)

☒ Yes ☐ No If no, date expected _____

15. PROPOSED TIME SCHEDULE (unless otherwise indicated, the NWB will consider the application for a five (5) year term)

☐ one year or less (or) ☒ Multi Year

Start Date: April 1, 2010 Completion Date: March 31, 2015

Douglas Cater	Project Manager		Dec. 3, 2009
Name (Print)	**Title (Print)**	**Signature**	**Date**

For Nunavut Water Board office use only

APPLICATION FEE **Amount: $____** **Pay ID No.: ____**

WATER USE DEPOSIT **Amount: $____** **Pay ID No.: ____**