



Water Resources Division
Nunavut Regional Office
Iqaluit, NU
X0A 0H0

NWB File: 2BE-GOO1015
CIDMS #: 439122

Jan 7, 2011

Re: 2BE-GOO1015 – Water License Amendment 2 Application – Goose Lake Project – Sabina Gold and Silver Corporation

Please be advised that Indian and Northern Affairs Canada (INAC) has completed a review of the water license amendment 2 application for water license 2BE-GOO1015 (Goose Lake Project) submitted by Sabina Gold and Silver Corporation. The NWB circulated the amendment application for comments on Dec 7, 2010. All documents related to the application posted on the NWB ftp site under 2BE-GOO1015 were included in my review (See attached Technical Review Memo).

Should you have any questions or comments, please do not hesitate to contact me at (867) 979-4282 or by email at Ian.Parsons@inac.gc.ca.

Sincerely,

Original signed by

Ian Parsons
Water Resources Technician

Cc. Lou-Ann Cornacchio, Manager of Water Resources – Indian and Northern Affairs Canada, Nunavut Regional Office



Technical Review Memorandum

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Ian Parsons – Water Resources Technician, Indian & Northern Affairs Canada.

Re: 2BE-GOO1015 – Water License Amendment 2 Application – Goose Lake Project – Sabina Gold and Silver Corporation

Background

The Goose Lake project is located in the Kitikmeot Region of Nunavut 160km South of Bathurst Inlet. The Goose Lake Project is part of the much larger Back River Project which includes several other properties. Goose Lake will be the operational base for drilling activities at Boot Lake, Boulder Pond, Wishbone Trend and Del Lake claims. It is also the base of operations for George Lake; however, George Lake has its own Water License. Existing facilities at Goose Lake consists of an emergency gravel airstrip, jetty/floating dock, 4 helipads and other site structures associated with running and maintaining a drilling operation that can accommodate a maximum of 80 people.

Amendment

Sabina Gold and Silver Corporation are looking to amend their Goose Lake project water license for a second time. This amendment includes an increase in the daily volume of water to be used to 297m³/day. This increased use of water would be for increased camp facilities (camp going to be expanded to accommodate 120 people), exploration facilities, as well as, other activities associated with an exploration type mine site such as dust control. It also includes an amendment to change their waste management plan to include open burning when needed.

Recommendations/Comments

INAC recommends that the proponent provide a water balance of the water source from which the increased water volume will be taken. This would



eliminate any concerns of water drawdown from the source. As well, if the proponent increases camp size and ultimately water use in the future, then the water balance would allow for easy determination of any other increases in water use from the source.

INAC recommends that the proponent answer question 6 of the NWB Application for Water License Amendment. The second part of this question was not answered.

If approved, any open burning of untreated and unpainted wood waste and other non-toxic combustible materials should be consistent with similar proposals previously approved by the Board.

In question 14 of the NWB application for water license amendment the proponent describes that the increased camp size and associated activities may result in water ponding and accumulation. The proponent stated “that it will do its best to minimize this and a discharge of the accumulated water may be needed”.

INAC recommends the proponent do its best to minimize any water ponding, accumulation and runoff. INAC also reminds the proponent that INAC has to be informed 10 days prior to any discharge of water or wastewater.

INAC recommends that the proponent take water samples to ensure that the water meets the water quality standards set forth in the water license.

INAC also recommends that when discharging the proponent take all necessary measures and precautions to minimize and eliminate any erosion that may arise from such activities.

The amendment request for your Water License may require an amendment to your Land Use Permit (N2010C0016). Please contact Indian and Northern Affairs Canada, Land Administration Unit for any further approvals that may be required.

Sabina Gold and Silver Corp. is required to provide the Nunavut Water Board all outstanding information referred to above in order to comply with the amendment application for water license 2BE-GOO1015.

Cc. Lou-Ann Cornacchio, Manager of Water Resources – Indian and Northern Affairs Canada, Nunavut Regional Office
Peter Kusugak, District Manager – Indian and Northern Affairs Canada, Nunavut Regional Office