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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2BE-GOO0510/B9

January 6, 2010

Elizabeth Sherlock
Environmental/Permitting Coordinator
Sabina Gold & Silver Corp.
930 West 1st St., Suite 202
North Vancouver, BC V7P 3N4
Via Email: esherlock@sabinagoldsilver.com

Subject: Liability Assessment for Water Licence 2BE-GOO0510 Part B, Item 9.

Dear Ms. Sherlock,

The Nunavut Water Board (NWB or Board) acknowledges receipt of the email from Sabina Gold & Silver Corp. (Sabina) that recommends continuing with the application without an Assessment of Current Restoration Liability required by the current Licence under Part B, Item 9.

After consideration, the NWB has decided that an Assessment of Current Restoration Liability is required. Reasons for this include that the Board does not encourage non-compliance with Licenses and although the current Licence requires an estimate, this does not necessarily infer the Board will impose a security requirement. The Assessment serves the purpose of providing the Board and the public an idea of what has taken place and the associated costs to reclaim. This requirement is more typical in projects where there is a considerable disturbance such as underground bulk sampling, test pitting, trenching and is not necessarily dependent on camp size. The NWB does not anticipate this to be excessively onerous as previous assessments should have been conducted to generate the current figures.

Should Sabina prefer to prepare an assessment as part of the A&R Plan, this is acceptable to the Board. The A&R Plan should not need to be developed outside the NWB review process as the review process allows an opportunity for involved parties to comment on the proposed A&R Plan. The A&R Plan submitted with the renewal application indicated the Back River reclamation costs are approximately \$284,000. This should be expanded on and include the details of the estimate. Also, emphasis should also be placed on liability related to the prior bulk sample program. If Sabina is using a model/method other than RECLAIM, a brief explanation on the choice of model/method should be provided.

The NWB notes that the current Licence expires on March 31, 2010. To provide enough time for comments and review, the NWB requires the Assessment of Current Restoration Liability on or prior to January 31, 2010. As this timeline is a minimum, sooner is always better.

I hope this helps to explain why the NWB requires an Assessment and if you have any questions, please do not hesitate to contact me.

Yours truly,

Original Signed By:

Don Carr
Technical Advisor