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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2BE-GOO1015/TR/B2

November 17, 2010

Mr. Dan Russell, P.Geo.
Sabina Gold & Silver Corp.
930 West 1st Street, Suite 202
North Vancouver, BC V7P 3N4
Email: drussell@sabinagoldsilver.com

Subject: Review of 2009 Annual Report – Goose Lake

Dear Mr. Russell,

The Nunavut Water Board (NWB) distributed the above-cited Annual Report submission from Sabina Gold & Silver Corp (Licensee) to interested parties for review on May 6, 2010. No comments were received.

The NWB has reviewed the Annual Report and finds that it meets the requirements of the Licence. However, upon review the NWB has noted that the Licensee has drained two of four exploration trenches that had filled with runoff and meltwater and that those trenches have also been reclaimed. The NWB is aware of a letter from the Licensee addressed to the Water Resources Officer dated August 8, 2009 in which notice was provided of the intent to drain the trenches. The letter states that verbal permission to drain the trenches was provided by the Kitikmeot Inuit Association and Indian and Northern Affairs Canada.

Following a review of the sampling results for the contact water that was discharged from the trenches, the NWB observes that samples from Goose Trench 1 contained elevated levels of Aluminum (0.331 and 0.293 mg/L) compare with the *Canadian Water Quality Guideline for the Protection of Aquatic Life* limit (0.100 mg/l @ pH ≥ 6.5). The NWB understands that effluent from the trenches was discharged to the tundra, however the discharge location, its proximity to Goose Lake and the flow path are unclear from the photos provided (Figure 1 and 2). Figure 2 (adobe pg 18) shows a water body in the vicinity of the trenches.

Although the NWB appreciates the Licensee's commitment to progressive reclamation, based on the photos provided in the 2009 Annual Report, the NWB believes that given the size of the trenches and volume of water that was likely discharged, any future trench drainage may require an application to amend the current Licence for this purpose. The NWB notes that one of the

trenches was also used to dispose of drill cuttings and it is unclear whether water remains to be discharged.

The NWB therefore requests that the Licensee provide an update on trench dewatering activities, including dewatering forecast for 2011. The information can be provided as part of the 2010 Annual Report. Should you have any questions regarding the 2009 Annual Report review or otherwise, please do not hesitate to contact the NWB office.

Yours truly,

Original Signed By:

David Hohnstein, C.E.T.
Director Technical Services

tla

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Distribution: Kitikmeot