



26 June 2013

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119, Gjoa Haven X0B 1J0
Phone: 867-360-6338
licensing@nunavutwaterboard.org

Re: 2BE-GOO1015 2012 Annual Report Addenda

In response to direction from Aboriginal Affairs and Northern Development (AANDC) Water Resources Officer inspection (April 25/26th, 2013), please find attached the following as an addenda to the 2BE-GOO1015 2012 Annual Report:

1. Daily water consumption data as per Part J, Item 9;
2. Water sampling results as per Part J, Item 9; and
3. A Quarry Development Plan as per Part E, Item 6. This is an addendum to the Quarry Management Plan was submitted in January 2013 as part of the application package.

Daily water consumption rates presented in the attached were used to generate the summary graph included in the 2012 Annual Report submitted March 2013.

Water sampling results for the Goose area were not included in the 2012 Annual Report and are attached. The data provided includes physical parameters such as pH, conductivity and temperature, total and dissolved metals and dissolved oxygen. Terms of the water license require sampling prior to on-ice drilling to establish pre-drilling conditions. The attached summary includes samples collected at Umwelt and Llama Lakes in the latter part of the 2011 exploration season. As per 2BEGOO1015, Part F, item 5, TSS limit is 10mg/L for the Protection of Aquatic Life and the data for 2011 shows that this limit was not exceeded. Post drilling samples were not collected at the end of on-ice drilling at Umwelt and Llama area. Sabina acknowledges this oversight and has taken steps to ensure that compliance monitoring requirements for 2013 are outlined and the appropriate staff and/or training are available to implement. This monitoring will also help establish baseline conditions for the area and the natural changes to local water quality.

The third attachment is an addendum to the Quarry Management Plan. A Quarry Management Plan has been established to outline development, operation and closure of approved borrow and rock quarry areas within the Goose and George properties. The purpose of this Plan is to ensure sound management of borrow and quarry material, explosives and water in order to minimize the impacts to the local environment during the life of a quarry. The only quarry operations in 2013 is a rock quarry at Goose camp with the primary purpose to complete construction of the all-weather airstrip, connecting road between the camp and airstrip and



improvements in camp (improved fuel storage). The quarry areas are developed, inspected, maintained and closed by Sabina or contractors working under the direction of Sabina.

During the 2013 season (March 1 to May 15, 2013) approximately 40,000 m³ of rock material was quarried from one area approximately 750 m west of Goose camp. The ROQ material was trucked over a winter road corridor from the quarry to crushing equipment located at the all-weather airstrip. The material was crushed to -4 inch and -¾ inch aggregate. This material was used to build a pad and containment for bulk fuel tanks in Goose camp and to surface the all-weather airstrip and connecting road between the airstrip and Goose camp.

As an addendum to the Quarry Management Plan, this 2013 Quarry Development Plan has been developed to address:

- Geochemical and physical characterization of the proposed aggregate material sources;
- Surface drainage and water management procedures; and
- Closure and reclamation methods.

We would note that other non-compliance issues within the 2013 AANDC Water Resources inspection report have been addressed as follows:

- Assessment of Current Restoration Liability was provided in the Abandonment & Restoration Plan filed with the NWB January 2013.
- The Standard Operating Procedure for Bulk Fuel Transfer was submitted to inspectors at both AANDC and the Kitikmeot Inuit Association on April 29th, 2013.

Should you have any questions, concerns or need further information please do not hesitate to contact me by email at jlaitin@sabinagoldsilver.com or by telephone at 604-898-4175.

Regards,



John Laitin
Manager, Technical Services and Logistics

