



SABINA SILVER CORPORATION

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August 8, 2009

Ms. Melissa Joy – Water Resources Officer – Kitikmeot Region INAC
P.O. Box 278
Kugluktuk, NU
X0B 0E0

Re: Reclamation of mechanically excavated trenches at Goose Lake property

Dear Melissa:

Sabina Silver Corp. is interested in reclaiming the three (3) mechanically excavated trenches located immediately southeast of the Goose Lake camp. The trenches were mechanically excavated in August 2006. The trenches were geologically mapped and sampled and have no further use to Sabina Silver at this time. The trenches are full of meltwater which is a direct result of being exposed to the elements for the past 3 winters. In late August 2009, Sabina proposes to dewater the trenches and use our own heavy equipment to reclaim them. Our reclamation plan will be to simply push the borrow material which is still present along the banks of each trench back into refill and reclaim each trench. No additional material other than the original borrow material will be moved. The work will be done by Sabina personnel using company owned equipment. A D6 bulldozer and a skidsteer tractor which are stationed at the Goose camp will be used to undertake the trench reclamation. The heavy equipment will stay on the pre-existing tractor path, and care will be taken to minimize any disruption to or increase the footprint on the tundra. The excavated area will be reclaimed so as to allow the area to return back and blend in with the local topography of the area. One trench will remain open for use as a drill cutting sump. This work will commence in late August and will be completed by September 15.

The trenches are located a substantial distance from Goose Lake and any other area watercourses. This work is in keeping with our permit conditions which stipulate that the permittee shall undertake on-going restoration activities. In re-examining Dundee Precious Metals Incorporated's initial application to the NIRB dated June 26, 2006 - item 7 of our application stated that

- i. when all the mapping and sampling is complete for the trench the whole trench will be filled in with the material left along the sides and end of the trench. It will be left in such a way to gather water so that the native vegetation has a chance to grow back over the trench.

A summary of activities undertaken as part of the Trench reclamation program will be included in the annual reports which are filed with the regulatory agencies.

It should be noted that Dundee Precious Metals Incorporated's Environmental Coordinator in conjunction with Gartner Lee Environmental collected water samples from the Goose Lake trenches and submitted them for lab analysis in July 2007 at the request of the Water Resources Inspector during a site visit in July 2007. In his summary note, Dan Russell concluded that "The likelihood of water from the trench having a deleterious impact to any water course is negligible; water chemistry from the trenches does not indicate the presence of any elements of concern. Metal concentrations for several parameters are slightly elevated when compared to those values obtained by sampling conducted by Gartner Lee at the outlet of the stream draining into Goose Lake, but remain well within acceptable limits. Furthermore, the supply of water is replenished each year by snowfall, and it is not expected that the reaction kinetics of leaching of deleterious elements is sufficiently rapid to raise the concentrations to excessive levels. Should the water from the trenches need to be discharged for any particular reason, the net result would be dilution of several parameters in the naturally occurring water on the tundra, which occurs between that in the trench and the nearest water courses.

I have received verbal permission to commence with the reclamation exercise from both Geoff Clarke and Kevin Robertson (INAC) earlier in the week. Should you have any additional concerns please contact me by phone at the Goose Lake camp (604) 759-0624 or by email DCater@sabinasilver.com

Yours Truly,

(Signed)

Douglas Cater P. Geo - Project Manager Back River project

cc. K. Robertson (INAC), G. Clarke (KIA), S. Anablak (KIA), Richard Dwyer NWB
E. Sherlock (Sabina)

