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LEGAL COUNSEL

Our File Reference: 111331

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PLEASE REPLY TO YELLOWKNIFE OFFICE

June 7, 2011

PRIVILEGED AND CONFIDENTIAL

Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU  
X0B 1J0

Attention: Ms. Phyllis Beaulieu, Licensing Manager

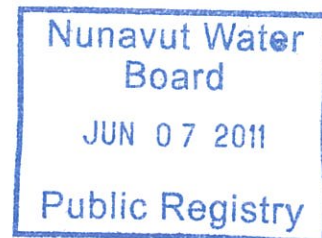
Dear Ms. Beaulieu:

**Re: Water License 2BE-HAK0915 issued to Sabina Gold and Silver Corp.**

We are representing the interest of Xstrata Canada Corporation ("Xstrata") in the purchase of mineral properties from Sabina Gold and Silver Corp. ("Sabina") in the Hackett River area. The agreement includes the assignment of the water license 2BE-HAK0915 from Sabina to Xstrata before closing the transaction.

As a result, we are presently doing our due diligence and we would like to know if Sabina is in good standing with the Nunavut Water Board at present time and whether they are or have been in violation of any terms or conditions of the water license, including but not limited to the filing of their annual report, the payment of annual water use fees, and the filing of monthly monitoring reports (if required).

Could you also inform us whether or not Sabina provided any type of security to the Nunavut Water Board and if they did, would you please provide a detailed description of the security provided by Sabina and whether or not Xstrata will have to provide the same type of security.



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We would appreciate receiving a response to our queries in writing, on or before June 9, 2011.

Yours truly,

A handwritten signature in black ink, appearing to be 'J.M. ALAIN CHIASSON', written over a horizontal line.

J.M. ALAIN CHIASSON

AJC/skg

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