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By Manager of Licensing at 4:13 pm, Jun 23, 2011

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June 17, 2011

DELIVERED AND BY EMAIL

Nunavut Water Board

PO Box 119

Gjoa Haven, Nunavut X0B 1J0

Attention: Phyllis Beaulieu, Manager of Licensing

Dear Sirs and Mesdames:

Assignment of Nunavut Water Board Licence No. 2BE-HAK0915 from Sabina Gold & Silver Corp. to Xstrata Canada Corporation, Xstrata Zinc Canada Division

We write to commence the process for transferring Water Licence 2BE-HAK0915 (the “**Water Licence**”). The Water License was issued to Sabina Gold & Silver Corp. (“**Sabina**”), which now wishes to assign it to Xstrata Canada Corporation, Xstrata Zinc Canada Division (“**Xstrata**”). As you might be aware, Xstrata has entered into a Mineral Property Purchase Agreement (the “**Purchase Agreement**”) with Sabina to acquire, among other things, the Hackett River and Wishbone properties, located in Nunavut, to which the Water Licence relates.

In support of the transfer of the Water Licence, enclosed are the following documents for your consideration:

1. Form of Consent
2. Application fee in the amount of \$30.00 payable to the Receiver General of Canada
3. Application for Assignment and Declaration of Licensee dated June ●, 2011
4. Copy of the redacted Purchase Agreement;
5. Audited financial statements of Xstrata plc for the year ended December 31, 2010;
6. Statement of Assignee’s capacity to implement the conditions of the water licence;
7. Certificate and articles of amalgamation of Xstrata Canada Corporation and certificate of extra-territorial registration of Xstrata Canada Corporation; and
8. Email correspondence with the Kitikmeot Inuit Association confirming that the proposed assignment does not negatively impact any existing water compensation agreements.

The current directors and officers of Xstrata Canada Corporation are set out below:

<u>Name</u>	<u>Office(s) Held</u>
Ian W. Pearce	Chief Executive Officer
Michael R. Boone	Chief Financial Officer and Director
Louis Martin	Vice President, Taxation
Michael D. Hajdu	Treasurer
Stephen K. Young	Secretary and Director
Janice Fernandes	Assistant Secretary
William M. Ainley	Director
Douglas C. McLarty	Director

We request that the NWB process this Application for Assignment as soon as possible. Once the NWB has determined it will consent to the proposed Assignment, we request that the NWB sign and return the enclosed Letter of Consent. Following receipt of the NWB-signed Letter of Consent, Sabina will advise the NWB once the sale of the appurtenant undertaking to Xstrata is complete. At that time, Sabina will request that the NWB to transfer and re-issue the Water Licence in the name of Xstrata.

If you have any questions, or require any further information, please contact the undersigned.
SABINA GOLD & SILVER CORP.

Per: 

ELAINE BENNETT
VP FINANCE & CFO

