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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File No: 2BE-HAK0915 Assignment

June 28, 2011

Elaine Bennett
VP Finance and CFO
Sabina Gold and Silver Corp.
930 W 1st Street, Suite 202
North Vancouver, BC V7P 3N4
Email: ebennett@sabinagoldsilver.com

Subject: Request for NWB to Provide Letter of Consent in Respect of Assignment of NWB Licence No. 2BE-HAK0915 Sabina Gold & Silver Corp. to Xstrata Canada Corporation, Xstrata Zinc Canada Division

Dear Ms. Bennett:

This letter confirms that the Nunavut Water Board (NWB or Board) received, on June 23, an application by Sabina Gold & Silver Corp. to assign NWB Licence No. 2BE-HAK0915 from the current Licensee Sabina Gold & Silver Corp. to Xstrata Canada Corporation, Xstrata Zinc Canada Division. In that application, you also requested that, in advance of the Board reviewing and making its decision regarding the assignment application, the Board provide a Letter of Consent signifying that the NWB “will consent to the proposed Assignment”.

As you may be aware, the provisions regarding water licence assignments are set out as follows in s. 44 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSTRA):

44. (1) A sale or other disposition by a licensee of any right, title or interest in an appurtenant undertaking constitutes, subject to the authorization of the Board, an assignment of the licence to the person to whom the sale or other disposition is made.

(2) The Board shall, on application, authorize the assignment of a licence if it is satisfied that the assignment and the operation of the appurtenant undertaking would not be likely to result in a contravention of any condition of the licence or any provision of this Part or the regulations.

On this basis, the Board reviews each application received to ensure that it is satisfied that the conditions of s. 44(2) are met, and if the conditions are met, it is mandatory that the Board issue

the assignment. Given the Board's jurisdiction, the Board has no process or jurisdiction to make any form of "interim" decision such as that requested in your letter and set out in the proposed form of Letter of Consent. The Board is either satisfied that the conditions are met, in which case the assignment is issued, or the Board is not satisfied, in which case the application may be rejected or the Board may seek additional information. Until the Board review is completed and an assignment decision is issued, the Board is not in a position to advise as to whether they would, in future, be willing to issue an assignment should the sale proceed. Consequently, the Board cannot provide you with a preliminary determination such as the Letter of Consent you requested.

However, the Board, upon receipt of your application, has commenced its technical review of the application materials submitted to date and will work, as always, to ensure timely processing of your application as required under the Act. In the interim, if you have questions regarding this matter, please contact the undersigned at PO Box 119, Gjoa Haven, NU X0B 1J0, telephone: 867.360.6338, fax: 867.360.6369, or e-mail: licensing@nunavutwaterboard.org.

Sincerely,

Original signed by:

Phyllis Beaulieu,
Manager of Licensing
Nunavut Water Board

Cc: Distribution List - Kitikmeot
NWB Public Registry