



Water Resources Division Nunavut Regional Office Iqaluit, NU X0A 0H0

Aug 10, 2011

NWB File: 2BE-HAK0915 CIDMS #: 475343

Re: 2BE-HAK0915 – Water License Assignment Application – Hackett River Project – Xstrata Canada Corporation – Xstrata Zinc Canada Division.

Please be advised that the Water Resources Division of Aboriginal Affairs and Northern Development Canada (AANDC) have completed a review of the water license assignment application of 2BE-HAK0915 from Sabina Gold and Silver Corporation (Sabina) to Xstrata Canada Corporation (Xstrata) submitted by Lawson Lundell LLP on behalf of Xstrata. The NWB circulated the water license assignment application for comments on July 13, 2011. All documents related to the application posted on the NWB ftp site under 2BE-HAK0915 were included in my review (See attached Technical Review Memo).

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4282 or by email at lan.Parsons@aandc-aadnc.gc.ca.

Sincerely,

Original signed by

lan Parsons Regional Coordinator





Technical Review Memorandum

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Ian Parsons – Regional Coordinator, Aboriginal Affairs and Northern Development Canada.

Re: 2BE-HAK0915 – Water License Assignment Application – Hackett River Project – Xstrata Canada Corporation – Xstrata Zinc Canada Division.

Background

The Hackett River property has gone through a number of companies and name changes during its development. The sales and purchases and name changes of the Hackett River property are described below:

In 2004 Sabina Resources Ltd. entered into an option agreement with Cominco Mining Partnership (CMP) to earn a 100% interest in the Hackett River Property.

In 2005 Sabina Resources Ltd. officially changed its name to Sabina Silver Corporation.

On October 28, 2009 Sabina Silver Corporation officially changed its name to Sabina Gold and Silver Corporation.

On June 23, 2011 Xstrata entered into an option purchase agreement with Sabina to purchase a 100% interest in the Hackett River property.

The Hackett River property is situated in the Kitikmeot Region of Nunavut 104km South of Bathurst Inlet, with the exploration site at 65° 54′ 33"N latitude and 108° 22′ 13" W longitude. Sabina recently renewed and amended their license to include and account for upgrading of current facilities to accommodate 75 personnel due to increased drilling activities in the area.





Recommendations/Comments

AANDC looks forward to the opportunity to working with and reviewing any and all plans and reports from Xstrata in the future.

AANDC has no concerns with the assignment of water license 2BE-HAK0915, from Sabina to Xstrata at this time

Cc. David Abernethy, A/Manager of Water Resources – Aboriginal Affairs and Northern Development Canada, Nunavut Regional Office Andrew Keim, Water Resources Officer, Field Operations – Aboriginal Affairs and Northern Development Canada, Nunavut Regional Office

