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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No.: **2BE-HAK0915**

December 17, 2009

Peter Manojlovic, Chief Geologist
Sabina Gold & Silver Corp.
601 Squier St.
Thunder Bay, ON P7B 4A7
Email: pmanojlovic@sabinasilver.com

RE: NWB Licence No. 2BE-HAK0915

Dear Mr. Manojlovic,

Please find attached Licence No. **2BE-HAK0915** issued to Sabina Gold & Silver Corp. by the Nunavut Water Board (NWB) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada*. The terms and conditions of the attached Licence related to water use and waste disposal are an integral part of this approval.

If the Licensee contemplates the renewal of this Licence, it is the responsibility of the Licensee to apply to the NWB for its renewal. The past performance of the Licensee, new documentation and information, and issues raised during a public hearing, if the NWB is required to hold one, will be used to determine the terms and conditions of the Licence renewal. Note that if the Licence expires before the NWB issues a new one, then water use and waste disposal must cease, or the Licensee will be in contravention of the *Nunavut Land Claims Agreement* (NLCA) and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWSRTA). However, the expiry or cancellation of a licence does not relieve the holder from any obligations imposed by the licence. The NWB recommends that an application for the renewal of this Licence be filed at least three (3) months prior to the Licence expiry date.

If the Licensee contemplates or requires an amendment to this licence, the NWB may decide, in the public interest, to hold a public hearing. The Licensee should submit applications for amendment as soon as possible to give the NWB sufficient time to go through the amendment process. The process and timing may vary depending on the scope of the amendment, however a minimum of sixty (60) days is required from time of acceptance by the NWB. It is the responsibility of the Licensee to ensure that all application materials have been received and acknowledged by the Manager of Licensing.

The NWB strongly recommends that the Licensee consult the comments received by interested persons on issues identified. The Government of Nunavut Department of Environment

included recommendations to ensure compliance with the Canada-wide Standards (CWS) for Dioxins and Furans and the CWS for Mercury Emissions. Environment Canada (EC) made comments pertaining to sewage incineration and included a reference for its *Technical Document for Batch Waste Incineration* to be incorporated into any incineration management plans. Also, EC requires that sewage sludge incineration emissions must be reported to the National Pollutant Release Inventory. Indian and Northern Affairs Canada's comments refer to previously identified deficiencies in the most recent annual report; these deficiencies must be addressed with future annual reports. This information is attached for your consideration.¹

Sincerely,



Thomas Kabloona
Nunavut Water Board
Chair

TK/dc/ip

Enclosure:

Licence No. **2BE-HAK0915**
Comments – INAC, EC, DFO, GN-DOE

cc: Distribution – Kitikmeot

¹ Indian and Northern Affairs Canada, October 1, 2009; Environment Canada, October 26, 2009; Fisheries and Oceans Canada, October 28, 2009 and Government of Nunavut – Department of Environment, October 26, 2009

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DECISION

LICENCE NUMBER: 2BE-HAK0915

This is the decision of the Nunavut Water Board (NWB) with respect to an application dated September 16, 2009 for a renewal and amendment of a Water Licence made by:

SABINA GOLD & SILVER CORP.

to allow for the use of water and disposal of waste during camp operations and exploration activities including prospecting, geological mapping, geophysical surveys, diamond drilling, reverse circulation drilling and thermistor installation and data collection at the Hackett River Project located within the Kitikmeot Region, Nunavut generally located at the geographical coordinates as follows:

Max: Latitude: 66° 10' N	Min: Latitude: 65° 10' W
Max: Longitude: 108° 45' N	Min: Longitude: 106° 45' W
Camp: Latitude: 65° 54' 32.5" N	Camp: Longitude: 108° 22' 13" W

DECISION

After having been satisfied that the application was for a location within an area in which there is no valid Land Use Plan and exempt from the requirement for screening by the Nunavut Impact Review Board in accordance with Section 12.4.3 of the *Nunavut Land Claims Agreement* (NLCA), the NWB decided that the application could proceed through the regulatory process. In accordance with S.55.1 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA) and Article 13 of the NLCA, public notice of the application was given and interested persons were invited to make representations to the NWB.

After reviewing the submission of the Applicant and considering the representations made by interested persons, the NWB, having given due regard to the facts and circumstances, the merits of the submissions made to it and to the purpose, scope and intent of the NLCA and of the NWNSRTA, waived the requirement to hold a public hearing, and determined that:

Licence Number 2BE-HAK0915 be issued subject to the terms and conditions contained therein. (Motion #: 2009-15-L03)

SIGNED this 14th day of December 2009 at Gjoa Haven, NU.



Thomas Kabloona
Nunavut Water Board
Chair

TK/dc/ip

LICENCE NUMBER: 2BE-HAK0915

I. INTRODUCTION

Sabina Gold and Silver Corp. (Sabina or Licensee) and has been conducting mineral exploration in the Hackett River Project area based in a camp located between Hackett River and Mara River. Sabina has been conducting land based and on-ice drilling for Lead, Zinc, Gold, Silver and copper deposits.

The Hackett River area is underlain by generally northwest – southeast trending Archean metasediments and metavolcanics of the Yellowknife Group. The metavolcanics and metasediments are bounded by granite and similar felsic intrusive of Archean age. The supracrustal belt is up to 20 km wide and at least 40 km long. Metasediments consist of quartzite, greywacke, quartz-biotite schist, marble, calcareous quartzite and paragneiss derived from the metasediments. Intercalated within the metasediments are mafic to intermediate volcanic rocks as well as felsic volcanic rocks consisting of ash, tuff, rhyolite and chert. Numerous long, sulfide gossans are present throughout the belt. Most are caused by weak sulfide mineralization consisting of pyrite and pyrrhotite. Locally, mineral deposits containing pyrite, pyrrhotite, sphalerite with minor chalcopyrite, galena and tetrahedrite are present.

The climate, soils and vegetation of the camp area are arctic in character. Plant cover is characteristic of the Arctic Tundra community. Shrubs are found sparsely distributed on the mesic sites near the rivers and lakes. On the interfluvies are found low-growing perennials; grasses and sedges and some flowering species. The eskers support very little actual plant cover.

The camp is located on the western shore of Camp Lake which is close to the headwaters of Camp Creek, a small tributary that drains east to the Hackett River. Hackett River is part of the Burnside River basin which drains into Bathurst Inlet. An east - west trending esker system forms the southern edge of Camp Lake and is located approximately 150 m south of the existing camp. The camp is located on a gravel or sandy terrace adjacent to Camp Lake.

II. PROCEDURAL HISTORY

On March 5, 2004, an application for a new water licence was filed by Sabina Resources Ltd. The application was to allow Sabina Resources Ltd. the use of water and disposal of waste for its Hackett River Project. The Board issued water Licence No. NWB2HAK0406 on June 1, 2004 with an expiry of May 31, 2006. On March 20, 2006, Sabina Silver Corporation applied to renew its licence until December 31, 2006. Licence 2BE-HAK0606 was issued June 1, 2006 and expired December 31, 2006. On December 5, 2006, Sabina Silver Corporation applied to renew its licence until December 31, 2009 and Licence 2BE-HAK0709 was issued March 2, 2007.

The Nunavut Water Board (NWB) received the most recent application for renewal and amendment of Licence 2BE-HAK0709 on September 16, 2009 from Sabina Silver Corporation. The application consisted of the following documents:

- Application cover letter
- Signed Application form;
- Executive Summary; English and Inuktitut;
- A&R Plan;
- Fuel Spill Contingency Plan & Figures;
- Reclamation Estimate;
- Remote Camp Questionnaire; and
- NIRB Determination.

Additional information was later received including:

- A&R Plan name change;
- Spill Contingency Plan name change;
- Sabina Company name change;
- Certificate of name changes
- New contact information;
- Incinerator Specifications;
- Pacto Toilet Specifications; and
- A letter from the Incinerator Manufacturer.

The application included an amendment to allow for additional water use in support of an increased camp population and additional drills. Following an internal preliminary technical review, a notice of the application was posted and the application information was made available for general comment from September 25, 2009 to October 26, 2009. Submissions were received from INAC, EC, DFO and GN-DOE. Following the submissions, Sabina responded to comments on December 10th and 11th, 2009. Based upon the results of the detailed assessment, including consideration of any potential accidents, malfunctions, or impacts to water that the overall project might have in the area, the Board approved the application and has issued Licence 2BE-HAK0915.

III. GENERAL CONSIDERATIONS

The following section outlines the issues identified by the NWB and raised by interested parties and provides the background on the terms and conditions imposed within the body of the licence.

A. Term of Licence

In accordance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* s. 45, the NWB may issue a licence for a term not exceeding twenty-five years. In determining an appropriate term of a water licence, the Board considers a number of factors including, but not limited to; the results of INAC site inspections and the corresponding compliance record of the Applicant, as well as intervenor comments provided during the application review process.

In review of the comments received on the application, the NWB has noted that there were no concerns expressed with respect to the requested Licence term of approximately six (6) years

proposed by the Applicant. In review of the information available during the renewal process, the NWB concurs with the Applicant that a Licence term of approximately six (6) years is appropriate.

The Licence duration will allow the Licensee to properly carry out the terms and conditions of the Licence and will ensure that sufficient time is given to permit the Licensee to develop, submit and implement the plans required under the Licence to the satisfaction of the NWB and carry out the proposed activities during this period.

B. Annual Reporting

The NWB has imposed on the Licensee, the requirement to produce an Annual Report. These Reports are for the purpose of ensuring that the NWB has an accurate annual update of the Licensee's activities related to water use and waste disposal during a calendar year. This information is maintained on the Public Register and is available to interested parties upon request. A "*Standardized Form for Annual Reporting*" is to be used by the Licensee and is available from the NWB file transfer protocol (FTP) site under the Public Registry link at the NWB Website.

Website Public Registry:

(<ftp://nunavutwaterboard.org/ADMINISTRATION/Standardized%20Forms/>).

This form provides the basis for annual reporting and format, however individual licenses with project specific reporting requirements will need to provide information in addition to that of the standard form.

C. Water Use

The preceding licence authorized a daily maximum of 198 m³ of Water for camp and exploration drilling purposes. As part of the renewal, to support an increase in drill rigs and maximum camp population, Sabina has requested the Board increase the daily allocation to 250 m³. Of the total, 230 m³/day will be for drilling and 20 m³/day for camp purposes. As part of the renewed licence, the Board has authorized the requested change in water use. Conditions pertaining to water use are detailed under Part C of the Licence.

D. Waste Disposal

Waste Management Plan

In the renewal/amendment application, the Licensee noted there may be potential for acid generation in the drill cuttings. In its comments, the Government of Nunavut, Department of Environment requested that a mitigation plan be provided for cuttings with acid generation potential. The NWB has imposed the requirement for Sabina to submit for approval, within ninety (90) days, a Waste Management Plan. The Plan, included under Part D, Item 9 is to address all aspects of waste disposal with an emphasis on mitigation of potential impacts

including but not limited to the following:

- Solid Waste;
- Grey Water;
- Sewage;
- Bulky Items;
- Hazardous Waste; and
- Drill Cuttings with a potential for acid generation.

Incineration

In its submission, Environment Canada recommended that sewage not be incinerated unless Sabina provided a letter from the manufacturer confirming the incinerator was designed for such wastes. On December 11, 2009, Sabina provided the Board with a letter from Eco Waste Solutions confirming that the incinerator can incinerate such wastes however it also advises that no more than 1/5 of any batch should contain Toilet Wastes. The NWB has authorized sewage disposal through incineration with the requirement to not load more than 1/5 of any given batch with Toilet Wastes.

The Government of Nunavut, Department of Environment provided comments recommending proper segregation of wastes prior to incineration to achieve compliance with the Canada-wide Standards (CWS) for Dioxins and Furans and the CWS for Mercury Emissions. In a response received on December 10, 2009, Sabina identified that segregation of material such as hazardous wastes, waste oil and non-combustible waste is backhauled for proper disposal. Sabina also identified that as much plastic as possible is recycled however some kitchen plastics and packaging are incinerated. The Licensee should include waste segregation procedures in the Waste Management Plan.

E. Spill Contingency Plan

As part of the Application, the Licensee submitted a Spill Contingency Plan entitled “Spill Contingency Plan, Hackett River Exploration Project” revised September 16, 2009. Comments received by INAC identify that the Manager of Field Operations should be the INAC point of contact in the event of a spill. The Board has approved the Plan with the renewed Licence and the Licensee is advised to update INAC contact info.

F. Abandonment and Restoration Plan

As part of the Application, the Licensee submitted a Plan entitled “Sabina Gold & Silver Corp. Hackett River Camp Abandonment and Restoration Plan” dated September 16, 2009. The Board has approved the Plan with the renewed Licence. A requirement has been included in the Licence under Part I, Item 2 and Part B, Item 2, to have the Licensee annually update the Project Reclamation Costs estimate provided with the Application and the Abandonment and Restoration Plan, to be included within the Annual Report requirements of Part B, Item 2 in order to assess future project requirements for security provisions to ensure that the remediation of any project impacts are considered and addressed.

G. Monitoring

To ensure consistency with other on-ice drilling and exploration projects licensed in Nunavut, the Board requires that the Licensee establish, implement and report on the Monitoring Program outlined in Part J of the licence.



NUNAVUT WATER BOARD WATER LICENCE

Pursuant to the Nunavut Waters and Nunavut Surface Rights Tribunal Act and the Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada, the Nunavut Water Board, hereinafter referred to as the Board, hereby grants to

SABINA GOLD & SILVER CORP.

(Licensee)

601 SQUIER ST., THUNDER BAY, ON, P7B 4A7

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water or dispose of waste for a period subject to restrictions and conditions contained within this Licence:

Licence Number/Type: 2BE-HAK0915 TYPE "B"

Water Management Area: NUNAVUT 07

Location: HACKETT RIVER
KITKMEOT REGION, NUNAVUT

Classification: MINING AND MILLING UNDERTAKING

Purpose: DIRECT WATER USE AND DEPOSIT OF WASTE

Quantity of Water use not to Exceed: TWO HUNDRED AND FIFTY (250)
CUBIC METRES PER DAY

Date of Licence Issuance: DECEMBER 14, 2009

Expiry of Licence: DECEMBER 31, 2015

This Licence, issued and recorded at Gjoa Haven, Nunavut, includes and is subject to the annexed conditions.

Thomas Kabloona,
Nunavut Water Board
Chair

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

1. Scope

This Licence allows for the use of water and the disposal of waste for an undertaking classified as Mining and Milling as per Schedule II of the *Regulations* at the Hackett River Project, located approximately 104 km south-southwest of Bathurst Inlet and 385 km southwest of Cambridge Bay within the Kitikmeot Region, Nunavut.

- a. This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing of waste of any type in any waters or in any place under any conditions where such waste or any other waste that results from the deposits of such waste may enter any waters. Whenever new Regulations are made or existing *Regulations* are amended by the Governor in Council under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, or other statutes imposing more stringent conditions relating to the quantity or type of waste that may be so deposited or under which any such waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be subject to such requirements; and
- b. Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

2. Definitions

“Act” means the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“Addendum” means the supplemental text that is added to a full plan or report usually included at the end of the document and is not intended to require a full resubmission of the revised report.

“Amendment” means a change to original terms and conditions of this Licence requiring correction, addition or deletion of specific terms and conditions of the Licence; modifications inconsistent with the terms of the set terms and conditions of the Licence;

“Appurtenant Undertaking” means an undertaking in relation to which a use of water or a deposit of waste is permitted by a licence issued by the Board;

“Board” means the Nunavut Water Board established under the *Nunavut Land Claims Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“Engineer” means a professional engineer registered to practice in Nunavut in accordance with the Engineering, Geological and Geophysical Act (Nunavut) S.N.W.T. 1998, c.38, s.5;

“Greywater” means all liquid wastes from showers, baths, sinks, kitchens and domestic washing facilities, but does not include toilet wastes;

“ICP Scan” means the laboratory method for determining trace metals in water through Emission Spectroscopy using inductively coupled plasma (including up to approximately 32 elements depending on the laboratory performing the analysis);

“Inspector” means an Inspector designated by the Minister under Section 85 (1) of the *Act*;

“Licensee” means the holder of this Licence;

“Modification” means an alteration to a physical work that introduces a new structure or eliminates an existing structure and does not alter the purpose or function of the work, but does not include an expansion;

“Nunavut Land Claims Agreement” (NLCA) means the *“Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada”*, including its preamble and schedules, and any amendments to that agreement made pursuant to it;

“Regulations” means the *Northwest Territories Water Regulations* sor/93-303 8th June, 1993, omitting Section 5, Water Use or Waste Deposit Without a Licence;

“Sewage” means all toilet wastes and greywater;

“Spill Contingency Plan” means a Plan developed to deal with unforeseen petroleum and hazardous materials events that may occur during the operations conducted under the Licence;

“Sump” means an excavation for the purpose of catching or storing liquids such as Greywater with the water draining to the soil;

“Toilet Wastes” means all human excreta and associated products, but does not include greywater;

“Waste” means, as defined in S.4 of the *Act*, any substance that, by itself or in combination with other substances found in water, would have the effect of altering the quality of any water to which the substance is added to an extent that is detrimental to its use by people or by any animal, fish or plant, or any water that would have that effect because of the quantity or concentration of the substances contained in it or because it has been treated or changed, by heat or other means.

3. **Enforcement**

- a. Failure to comply with this Licence will be a violation of the *Act*, subjecting the Licensee to the enforcement measures and the penalties provided for in the *Act*;
- b. All inspection and enforcement services regarding this Licence will be provided by Inspectors appointed under the *Act*; and
- c. For the purpose of enforcing this Licence and with respect to the use of water and deposit or discharge of waste by the Licensee, Inspectors appointed under the *Act*, hold all powers, privileges and protections that are conferred upon them by the *Act* or by other applicable law.

PART B: GENERAL CONDITIONS

1. The water use fees of \$30, payable to the Receiver General for Canada, shall be sent to the Board annually in advance of any use in accordance with Section 9 of the *Regulations*.
2. The Licensee shall file an Annual Report on the appurtenant undertaking with the Board no later than March 31st of the year following the calendar year being reported, containing the following information:
 - a. A summary report of water use and waste disposal activities;
 - b. A list of unauthorized discharges and a summary of follow-up actions taken;
 - c. Any revisions to the Plans required by the Licence including an updated estimate of Project Reclamation Costs, submitted in the form of an Addendum;
 - d. A description of all progressive and or final reclamation work undertaken, including photographic records of site conditions before, during and after completion of operations;
 - e. Report all artesian flow occurrences as required under Part F, Item 3;
 - f. A summary of all information requested and results of the Monitoring Program; and
 - g. Any other details on water use or waste disposal requested by the Board by November 1 of the year being reported.
3. The Licensee shall notify the NWB of any changes in operating plans or conditions associated with this project at least thirty (30) days prior to any such change.
4. The Licensee shall install flow meters or other such devices, or implement suitable methods required for the measuring of water volumes as required under Part J, Item 1.
5. The Licensee shall, for all Plans submitted under this Licence, include a proposed timetable for implementation. Plans submitted, cannot be undertaken without subsequent written Board approval and direction. The Board may alter or modify a Plan if necessary to achieve the legislative objectives and will notify the Licensee in writing

of acceptance, rejection or alteration of the Plan.

6. The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board in writing.
7. Every Plan to be carried out pursuant to the terms and conditions of this Licence shall become a part of this Licence, and any additional terms and conditions imposed upon approval of a Plan by the Board become part of this Licence. All terms and conditions of the Licence should be contemplated in the development of a Plan where appropriate.
8. The Licensee shall ensure a copy of this Licence is maintained at the site of operations at all times. Any communication with respect to this Licence shall be made in writing to the attention of:
 - (a) **Manager of Licensing:**
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0
Telephone: (867) 360-6338
Fax: (867) 360-6369
Email: licensing@nunavutwaterboard.org
 - (b) **Inspector Contact:**
Water Resources Officer, INAC
Nunavut District, Nunavut Region
P.O. Box 100
Iqaluit, NU X0A 0H0
Telephone: (867) 975-4295
Fax: (867) 979-6445
9. The Licensee shall submit one paper copy and one electronic copy of all reports, studies, and plans to the Board. Reports or studies submitted to the Board by the Licensee shall include a detailed executive summary in Inuktitut.
10. The Licensee shall ensure that any document(s) or correspondence submitted by the Licensee to the Board is received and acknowledged by the Manager of Licensing.
11. This Licence is assignable as provided in Section 44 of the *Act*.

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain all water for domestic camp use from Camp Lake. Total domestic water use shall not exceed twenty (20) cubic metres per day. Drill water shall be obtained from lakes and ponds, proximal to the drilling targets as outlined in the application and shall not exceed two hundred and thirty (230) cubic metres per day. The volume of water for the purposes of this Licence shall not exceed two hundred and fifty

(250) cubic metres per day.

2. Streams cannot be used as a water source unless authorized and approved by the Board in writing.
3. If the Licensee requires water in sufficient volume that the source water body may be drawn down the Licensee shall, at least thirty (30) days prior to commencement of use of water, submit to the Board for approval in writing, the following: volume required, hydrological overview of the water body, details of impacts, and proposed mitigation measures.
4. The Licensee shall equip all water intake hoses with a screen of an appropriate mesh size to ensure that fish are not entrained and shall withdraw water at a rate such that fish do not become impinged on the screen.
5. The Licensee shall not remove any material from below the ordinary high water mark of any water body unless authorized.
6. The Licensee shall not cause erosion to the banks of any body of water and shall provide necessary controls to prevent such erosion.
7. Sediment and erosion control measures shall be implemented prior to and maintained during the operation to prevent entry of sediment into water.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

1. The Licensee shall locate areas designated for waste disposal at a minimum distance of thirty one (31) metres from the ordinary high water mark of any water body such that the quality, quantity or flow of water is not impaired, unless otherwise approved by the Board in writing.
2. The Licensee shall not practice on-site land filling of domestic waste, unless otherwise approved by the Board in writing.
3. The Licensee is authorized to dispose of all acceptable food waste, paper waste and untreated wood products in an incinerator.
4. The Licensee shall provide to the Board documented authorization from all communities receiving wastes from the Hackett River Project prior to any backhauling of wastes to those communities.
5. The Licensee shall backhaul and dispose of all hazardous wastes, waste oil and non-combustible waste generated through the course of the operation in an approved waste disposal site.
6. The Licensee shall maintain records of all waste backhauled and records of confirmation

of proper disposal of backhauled waste. These records shall be made available to an Inspector upon request.

7. The Licensee shall contain all Greywater in a Sump located at a distance of at least thirty one (31) metres above the ordinary high water mark of any water body, at a site where direct flow into a water body is not possible and no additional impacts are created, unless otherwise approved by the Board in writing.
8. The Licensee shall dispose of all Toilet Wastes through collection in Pacto Toilets and Incineration or as otherwise approved by the Board. Any remaining residue generated through the course of the operation shall be backhauled and disposed of in an approved waste disposal site. As per the Incinerator Manufacturers Instructions, the Licensee shall ensure that no more than 1/5 of each batch contains Toilet Wastes.
9. The Licensee shall submit to the NWB for approval, a Waste Management Plan for approval within ninety (90) days following issuance of the Licence. The Plan shall address all aspects of the Hackett River Project waste disposal required for the camp and exploration operations including:
 - a. solid waste;
 - b. grey water;
 - c. sewage;
 - d. bulky items, hazardous waste; and
 - e. drill cuttings with acid rock drainage potential.
10. All Effluent discharged from Sumps where drill cuttings have been deposited shall have a pH between 6.0 and 9.5. If the pH limits are exceeded, the Licensee shall either treat the Effluent to the above levels, backhaul for proper disposal or as otherwise approved by the Board.

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

1. The Licensee shall not erect camps or store material on the surface of frozen streams or lakes including immediate banks except what is for immediate use. Camps shall be located such as to minimize impacts on surface drainage.
2. All activities shall be conducted in such a way as to minimize impacts on surface drainage and the Licensee shall immediately undertake any corrective measures in the event of any impacts on surface drainage.
3. Winter lake and stream crossings, including ice bridges, shall be constructed entirely of water, ice or snow. The Licensee should minimize disturbance by locating ice bridges in an area that requires the minimum approach grading and the shortest crossing route. Stream crossings shall be removed or the ice notched prior to spring break-up.

4. With respect to access road, pad construction or other earthworks, the deposition of debris or sediment into or onto any water body is prohibited. These materials shall be disposed a distance of at least thirty one (31) metres from the ordinary high water mark in such a fashion that they do not enter the water.

PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS

1. The Licensee shall not conduct any land based drilling within thirty one (31) metres of the ordinary high water mark of any water body, unless otherwise approved by the Board in writing.
2. The Licensee shall ensure that all drill waste, including water, chips, muds and salts (CaCl_2) in any quantity or concentration, from land-based and on-ice drilling, shall be disposed of in a properly constructed sump or an appropriate natural depression located at a distance of at least thirty one (31) metres from the ordinary high water mark of any adjacent water body, where direct flow into a water body is not possible and no additional impacts are created.
3. If artesian flow is encountered, drill holes shall be immediately sealed and permanently capped to prevent induced contamination of groundwater or salinization of surface waters. The Licensee shall report all artesian flow occurrences within the Annual Report, including the location (GPS coordinates) and dates.
4. Drilling additives or mud shall not be used in connection with holes drilled through lake ice unless they are re-circulated or contained such that they do not enter the water, or are demonstrated to be non-toxic.
5. For “on-ice” drilling where drill additives are not being used, return water released must be nontoxic, and not result in an increase in total suspended solids in the immediate receiving waters above the Canadian Council of Ministers for the Environment, Guidelines for the Protection of Freshwater Aquatic Life (i.e. 10 mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100 mg/L).
6. The Licensee shall establish water quality conditions prior to and upon completion of any drilling program through lake ice.
7. The Licensee shall dispose of rock saw sludge collected from the settling container (as indicated in the application) through the process of collection, drying, and placement in plastic sample bags and deposited in an approved disposal facility. These materials are to not be used as a fill material.

PART G: CONDITIONS APPLYING TO MODIFICATIONS

1. The Licensee may, without written consent from the Board, carry out Modifications to the Water Supply Facilities and Waste Disposal Facilities provided that such Modifications are consistent with the terms of this Licence and the following

requirements are met:

- a. the Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;
 - b. such Modifications do not place the Licensee in contravention of the Licence or the *Act*;
 - c. such Modifications are consistent with the NIRB Screening Decision
 - d. the Board has not, during the sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and
 - e. the Board has not rejected the proposed Modifications.
2. Modifications for which all of the conditions referred to in Part G, Item 1 have not been met can be carried out only with written approval from the Board.
 3. The Licensee shall provide as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.

PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

1. The Board has approved the Plan entitled “Spill Contingency Plan Hackett River Exploration Project” revised September 16, 2009 that was submitted as additional information with the Application.
2. The Licensee shall prevent any chemicals, petroleum products or wastes associated with the project do not enter water. All sumps and fuel caches shall be located at a distance of at least thirty one (31) metres from the ordinary high water mark of any adjacent water body and inspected on a regular basis.
3. The Licensee shall ensure that any equipment maintenance and servicing be conducted only in designated areas and shall implement special procedures (such as the use of drip pans) to manage motor fluids and other waste and contain potential spills.
4. If during the term of this Licence, an unauthorized discharge of waste occurs, or if such a discharge is foreseeable, the Licensee shall:
 - a. Employ the Spill Contingency Plan;
 - b. Report the spill immediately to the 24-Hour Spill Line at (867) 920-8130 and to the Inspector at (867) 975-4295; and
 - c. For each spill occurrence, submit to the Inspector, no later than thirty (30) days after initially reporting the event, a detailed report that will include the amount and type of spilled product, the GPS location of the spill, and the measures taken to contain and clean up the spill site.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING

1. The Board has approved the Plan entitled “Sabina Gold & Silver Corp. Hackett River Camp Abandonment and Restoration Plan” dated September 16, 2009 that was submitted as additional information with the Application.
2. The Licensee shall annually update the Project Reclamation Costs estimate provided with the Application and the Abandonment and Restoration Plan identified in Part I, Item 1, to be included within the Annual Report requirements of Part B, Item 2.
3. The Licensee shall complete all restoration work prior to the expiry of this Licence.
4. The Licensee shall carry out progressive reclamation of any components of the project no longer required for the Licensee’s operations.
5. The Licensee shall backfill and restore all sumps to the pre-existing natural contours of the land.
6. The Licensee shall remove from the site, all infrastructure and site materials, including all fuel caches, drums, barrels, buildings and contents, docks, water pumps and lines, material and equipment prior to the expiry of this Licence.
7. All roads and airstrip, if any, shall be re-graded to match natural contour to reduce erosion.
8. All culverts shall be removed and the drainage opened up to match the natural channel. Measures shall be implemented to minimize erosion and sedimentation.
9. In order to promote growth of vegetation and the needed microclimate for seed deposition, all disturbed surfaces shall be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.
10. Areas that have been contaminated by hydrocarbons from normal fuel transfer procedures shall be reclaimed to meet objectives as outlined in the Government of Nunavut’s Environmental Guideline for Site Remediation, January 2002. The use of reclaimed soils for the purpose of back fill or general site grading may be carried out only upon consultation and approval by the Government of Nunavut, Department of Environment and an Inspector.
11. Drill holes and disturbed areas will be restored to natural conditions immediately upon completion of the drilling. The reclamation of drill holes must include the removal of any drill casing materials and the capping of holes with a permanent seal.

12. The Licensee may store drill cores produced by the Appurtenant Undertaking in an appropriate manner and location at least thirty one (31) metres above the ordinary high water mark of any adjacent water body, where any direct flow into a water body is not possible and no additional impacts are created.
13. All disturbed areas shall be contoured and stabilized upon completion of work and restored to a pre-disturbed state.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

1. The Licensee shall measure and record, in cubic metres, the daily quantities of water utilized for camp, drilling and other purposes.
2. The Licensee shall provide the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where sources of water are utilized for all purposes.
3. The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where wastes associated with camp operations and drilling operations are deposited.
4. The Licensee shall obtain representative samples of the water column below any ice where required under Part F, Item 6. Monitoring shall include but not be limited to the following:

Total Suspended Solids
pH
Electrical Conductivity,
Total Trace Metals as determined by a standard ICP Scan (to include at a minimum, the following elements: Al, Sb, Ba, Be, Cd, Cr, Co, Cu, Fe, Pb, Li, Mn, Mo, Ni, Se, Sn, Sr, Tl, Ti, U, V, Zn), and
Trace Arsenic and Mercury
5. All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the current edition of *Standard Methods for the Examination of Water and Wastewater*, or by such other methods approved by the Board in writing.
6. All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.
7. The Licensee shall include in the Annual Report required under Part B, Item 2 all data, monitoring results and information required by this Part.