



NIRB File No.: 08EA084
AANDC File No.: N2012C0003
NWB File No.: 2BE-MLL

January 24, 2012

The Honourable John Duncan
Minister of Aboriginal Affairs and Northern Development
c/o Jeff Mercer, Manager Land Administration
Aboriginal Affairs and Northern Development Canada
Iqaluit, NU

Via email: Jeff.Mercer@aandc.gc.ca; and landsmining@aandc.gc.ca

Re: Application exempt from Screening pursuant to Section 12.4.3 of the NLCA: Sabina Gold and Silver Corp.'s "Beechy Lake Area" project

Dear Jeff Mercer:

On January 3, 2012 the Nunavut Impact Review Board (NIRB or Board) received applications from Aboriginal Affairs and Northern Development Canada (AANDC) for a new Land Use Permit (N2012C0003) and from the Nunavut Water Board (NWB) for a Type B Water License (2BE-MLL) for Sabina Gold and Silver Corp.'s (Sabina) "Beechy Lake Area" project proposal.

Please be advised that the NIRB conducted a screening (NIRB File No.: 08EA084) of the various Dundee Precious Metals Inc. holdings in the Beechy Lake area, including the Back River area and Wishbone Trend, as a result of an application received on December 9, 2008 from Indian and Northern Affairs Canada (INAC; now AANDC); the project proposal was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On March 3, 2009 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the Minister of INAC which indicated that the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

On May 26, 2010 the NIRB received an application from INAC for a new Land Use Permit (N2010C0015) to replace a previously issued permit which was no longer eligible for renewal (N2004C0005) for the above mentioned project. After a thorough assessment of the application, the NIRB determined that the proposal was exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed March 3, 2009 screening decision report on June 17, 2010.

On July 5, 2010 the NIRB received an application from INAC for a new Land Use Permit (N2010C0016) to replace the previously issued Land Use Permit (N2006C0008) for the project.

After a thorough assessment of the request for the new land use permit, the NIRB determined that the application was exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed March 3, 2009 screening decision report on August 5, 2010.

On December 7, 2010 the NIRB received an application from the NWB for an amendment to the Type B water license (2BE-GOO0510) for the above mentioned project. After a thorough assessment of the amendment request, the NIRB determined that the application was exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed March 3, 2009 screening decision report on December 9, 2010.

The current AANDC application, the original NIRB Screening Decision Report (08EA084) and related file information are available from the NIRB's ftp site at the following link:

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2009/08EA084-Dundee%20Precious%20Metals/>

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 08EA084), the "Beechy Lake Area Mineral Exploration" project was located within the Kitikmeot region, approximately 160 kilometre (km) south-south east of the community of Bathurst Inlet, 400 km south of Cambridge Bay. The Proponent indicated that it intended to conduct mineral exploration activities on claims within the "Wishbone" area (Wishbone, Del Lake, Lovechild, Mahna Mahna, and Malley claims) as well as the "Core Properties" area (Goose Lake, George Lake, Boot Lake and Boulder Pond claims). Exploration activities were proposed to occur from March 1, 2009 to September 30, 2009 and were expected to continue into 2010. The Proponent also proposed to conduct prospecting activities on the areas to the north and south of the "Wishbone" area during 2009, with potential drilling to follow in these areas during 2010 and 2011.

The activities and components associated with the previously screened proposal included:

- Base metal mineral exploration; including prospecting, sampling, soil sampling, exploration trenching, diamond drilling (on land and on ice), and air and ground geophysics.
- Use of existing Goose Lake Camp site as the base of operations, with maximum capacity of 80 personnel.
- Helicopter assisted drill program, including daily transportation of field crew to drill sites.
- Potential use of snowmachines around the Goose Lake area.
- Temporary storage of small fuel caches (up to 19 drums each) throughout the area to support exploring activities.
- Fuel storage at Goose Lake (6 bulk tanks) and George Lake (2 bulk tanks). Drummed fuel stored at George Lake.
- Storage of chemicals and hazardous materials at site.
- Water use for drilling purposes and camp use.
- Sewage, greywater and waste production related to camp operation.

- Incineration of sewage and combustible waste.
- Use of Goose Lake for site access via charter aircrafts; winter use of an ice-strip at Goose Lake.
- Potential use of esker strip at George Lake camp or gravel strip northwest of Goose Lake during breakup period in spring.

Additional project activities associated with the INAC application received on July 5, 2010 included:

- New LUP to authorize operations at the George Lake and Goose Lake camps, in addition to outlying areas of operation including claim groups at Boot Lake, Boulder Pond and Del Lake – for a period of two years (commencing November 1, 2010).
- Establish small temporary camps and ice airstrips proximal to exploration areas on an “as-needed” basis; and,
- Store fuel and chemicals used for exploration activities at locations other than Goose Lake Camp, with established fuel and material storage at the George Lake Camp site.

The activities and components associated with the previous December 7, 2010 amendment application with the Nunavut Water Board included:

- Surface mapping, sampling and diamond drilling activities;
- Exploration program supported by Caterpillar and loader equipment, helicopter, snowmobile, and all-terrain vehicle;
- Transportation and storage of fuel, chemical, and hazardous materials;
- Establishment and use of winter roads and trails;
- Reclamation of drill sites and camp upon project completion;
- Increase water volume use to 297 cubic metres per day (m³/day);
- Include water use for purposes of water diversion, collection, dust management, and water crossings; and,
- Include open burning of untreated wood products such as paper, cardboard and lumber when this material is either too large for existing incinerators at Goose camps or is of a significant volume that it exceeds the capacity of the existing incinerator.

CURRENT APPLICATION:

Sabina is proposing to continue exploration of claims in the Malley-Wishbone area under a new Land Use Permit (AANDC: N2012C0003) and water license (NWB: 2BE-MLL), to include the following additional components/activities:

- Conduct operations using the Goose Camp (as previously screened), typically open between February to early March of each year;
- Erect and prepare up to 6 temporary camps and ice airstrips, reusing locations and materials where possible, proximal to the exploration areas around the following locations Bullwinkle, Rocky, Musk, Kuuk, Aorta, and Pterydactyl sites;
- Continue exploration activities on claims in the Malley-Wishbone area seasonally between opening of the Goose Camp through October of each year;
- Use of up to 200 m³/day of water for drilling, camp function, reclamation and alternative use, as well as ice airstrip construction; and,

- Conduct a detailed archaeological survey during the summer of 2012.

Please note that Section 12.4.3 of the NLCA states that:

“Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:

(a) such component or activity was not part of the original project proposal; or

(b) its inclusion would significantly modify the project.”

After completing a review of the information provided in support of the current application, the NIRB is of the understanding that the proposed additional land use permit and water license does not change the general scope of the original project activities, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply. Therefore, this application is exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original March 3, 2009 Screening Decision Report (enclosed).

If you have any questions or concerns, please contact Tara Arko, Technical Advisor, at 867-983-4611 or tarko@nirb.ca.

Sincerely,



Ryan Barry
Executive Director

cc: John Laitin, Sabina Gold & Silver Corp.
Elizabeth Sherlock, Sabina Gold & Silver Corp.
Stanley Anablak, Kitikmeot Inuit Association
Phyllis Beaulieu, Nunavut Water Board

Enclosed: NIRB Screening Decision Report, File No.: 08EA084 (March 3, 2009)