

June 16, 2020

Keith Morrison
Technical Advisor II
Nunavut Impact Review Board
Cambridge Bay, NU X0B 0C0
Email: johokannoak@nirb.ca

RE: Back River Project 2020 Modification Package

Dear Keith,

Sabina Gold & Silver Corp. (Sabina) has identified proposed modifications that would further optimize and de-risk the Back River Project (the Project), as set out in the previously submitted materials (the 2020 Modification Package). Sabina is writing to provide further context and information relevant to the 2020 Modification Package, for consideration by the Nunavut Impact Review Board (NIRB).

These modifications are a result of advancements identified during detailed engineering and additional field work carried out since the Nunavut Impact Review Board (NIRB) Project Certificate No. 007 and the Nunavut Water Board (NWB) Type A Water Licence 2AM-BRP1831 were issued.

The specific components of the 2020 Modification Package are:

- Extension to the existing permitted airstrip at Goose Property;
- Extension to the existing permitted airstrip at the Marine Laydown Area;
- Extension of the planned underground operations at Umwelt;
- Waste rock storage infrastructure modifications which would permit Sabina to increase overall storage, without increasing the overall footprint (essentially, Sabina is proposing higher storage areas than originally envisioned);
- Shoreline pad extension at the Marine Laydown Area;
- Additional fuel storage at the Marine Laydown Area (following permitted design for other fuel storage areas at the mine site);
- Winter Road subbase upgrade;
- Additional emergency/service camps to be installed along the mine road; and
- Increases to water use for the Winter Ice Road and at the Goose Property.

These items are associated with refinements to the mine plan and project design that are typical of every project as it moves from the conceptual to the detailed design phase. For ease of the NIRB and intervenors and to enhance transparency, Sabina has chosen to present all changes within one package rather than to file the individual modifications closer to individual construction dates as has been the case with other Projects. Sabina wishes to emphasize that the 2020 Modification Package is not the result of “phased development” as the changes are not associated with material production expansion to the mine.

As per the Nunavut Planning Commission (NPC) referral to NIRB of June 9, 2020 (NPC File No. 149378), the modification is outside the area of an applicable regional land use plan, the NIRB has previously



reviewed the works and activities associated with the current project (NIRB File No. 12MN036), and so the 2020 Modification Package has been referred to NIRB.

As set out in Article 12, Section 12.4.3 of the Nunavut Agreement:

Nunavut Agreement, Article 12, Section 12.4.3: 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 proposal; or (b) its inclusion would significantly modify the project.

NIRB guidance does not indicate that further NIRB assessment is automatically required if individual components would trigger screening if they were new project components. In determining whether additional NIRB process is required, it is important to consider the overall context of modifications that proceed following the completion of a comprehensive NIRB review and issuance of Project Certificate. The mitigation and monitoring framework that is established under Project Certificate No. 007 is much more comprehensive, detailed and stringent as compared to a screening report, and that framework would continue to apply to the 2020 Modification Package. The 2020 Modification Package activities will be taking place in the same area as specified in the original project proposal, there have been no substantial changes to the environment or cumulative effects in the area of the project activities since the project proposal was originally reviewed (as shown by Sabina's ongoing monitoring program), the changes to the components, activities, and project proposal are not significant as compared to the original project proposal, and based on Sabina's consultation to date, they are not of a nature that would arouse significant public concern.

NIRB is well placed to consider all these aspects in making its own determination as to whether the 2020 Modification Package is significant. The following specifically addresses the NIRB Guidance on factors the NIRB may consider in its determination as to whether a requested modification constitutes a significant modification that requires a NIRB assessment, and in Sabina's view all of these factors would support a determination by NIRB that the 2020 Modification Package is not a significant modification.

1. Summary of consultation carried out and community feedback on the 2020 Modification Package

Sabina continues to utilize industry and northern best practices to develop its public consultation and engagement program for the Project and maintains strong support on its approach from community and government representatives, regulators, and other Project stakeholders.

Sabina consulted on aspects of the 2020 Modification Package with the communities of the Kitikmeot Region (Cambridge Bay, Gjoa Haven, Kugaaruk, Kugluktuk, and Taloyoak) in May 2019. Separate meetings were held in Cambridge Bay and Kugluktuk with the Kitikmeot Inuit Association during the same trip. Further details of the proposed modifications were also presented in September 2019 during public meetings in Cambridge Bay and Kugluktuk, and at the KIA Board Meeting in Kugaaruk.

In general few comments were received on the components presented in the 2020 Modification Package.



2. Was the scope of the proposed 2020 Modification Package included within the scope of what was previously assessed for the approved Back River Project?

The project changes reflected in Back River Project 2020 Modification Package are refinements of the conceptual design on which the NIRB review was based and are not a change in scope. The general activities defined within the scope of the Back River Project 2020 Modification Package are the same as previously assessed. There are no new activities proposed, and the changes would represent a minimal change to the potential ecosystemic effects that were previously assessed by the NIRB. As set out in detail in the enclosed 2020 Modification Package, the proposed modifications are considered minor in the overall scope of the original environmental assessment and permitted mine, and are considered "non-significant modifications" to the Project. Table 1 summarizes the differences between the original proposal and the 2020 Modification Package.

3. Is the proposed modification consistent with the terms and conditions of the existing NIRB Project Certificate or are changes to the Project Certificate necessary to reflect the modification?

The Back River Project 2020 Modification Package does not require changes to the existing terms and conditions of Project Certificate No. 07, nor does it change any of the commitments made during the original NIRB assessment.

Sabina has also considered whether one or more of the items included in the Back River Project 2020 Modification Package triggers a Type A Water Licence amendment. Sabina anticipates that amendment to the Type A Water Licence (2AM-BRP1831) is necessary as a result of the inclusion of various components of the Back River Project 2020 Modification Package, including increases to water use.

With respect to updates to management and mitigation plans and modifications to the existing monitoring program for the Project, Sabina has identified that the Back River Project 2020 Modification Package would require an update to the Water Management Plan, as well as an updated Water and Load Balance Model which would be considered during the NWB process.

Should the NIRB ultimately disagree with Sabina's view and require further environmental assessment before the 2020 Modification Package may proceed, Sabina may request to enter the concurrent, NWB and NIRB Detailed Coordinated Process in order to avoid delays, as generally outlined in the "Detailed Coordinated Process Framework for NIRB Reviews and NWB Licencing".

4. Is the proposed modification a "significant modification" to the Back River Project that is integrally linked to the original project? Alternatively, Is the proposed modification a "significant modification" to the Back River Project that is not integrally linked to the original project, and that has sufficient scope to be assessed as an independent project proposal?

The 2020 Modification Package is integrally linked to the Project, and should be considered by NIRB in the context of the previously approved project and not as a separate project proposal. Any potential for ecosystem and socio-economic effects arises in the context of overall groundwater and surface water management taking place at the Back River Project.



Should you have any questions, please do not hesitate to contact Merle Keefe by email at mkeefe@sabinagoldsilver.com or by telephone at 604-240-6619.

Best Regards,

A handwritten signature in black ink, appearing to read "M. Pickard", with a long, sweeping horizontal stroke extending to the right.

Matthew Pickard B.Sc., MBA, P.Geo, CRSP, EP
Vice President, Environment & Sustainability
Sabina Gold & Silver Corp.

CC:

*Kelli Gillard, Nunavut Impact Review Board
Sergey Kuflevskiy, Nunavut Water Board
Karén Kharatyan, Nunavut Water Board
John Roesch, Kitikmeot Inuit Association
Godwin Okonkwo, Crown-Indigenous Relations and Northern Affairs Canada
Merle Keefe, Sabina Gold & Silver Corp*

Table 1. 2020 Modification Package Summary with respect to Previous NIRB and NWB Processes

Component	Original Back River Project Proposal	2020 Modification Package Proposal	Proposed Changes from NIRB Assessments (as compared to Sabina 2015, 2017a)
Umwelt Underground Extension	Sabina (2012): Up to 680 m depth Sabina (2015, 2017a, 2017b): 650 m depth	900 m depth	Additional 250 m depth (this item relates to mine plan only but is provided for context and NIRB and NWB information purposes)
Goose Property Airstrip Extension	Sabina (2012): Up to 8,200 ft by 150 ft Sabina (2015, 2017a, 2017b): 5,000 ft by 150 ft	6,000 ft by 200 ft	Additional 1,000-ft (305 m) length and 50-ft (15 m) width
Goose Property Total Water Use Increase	Sabina (2012): Fresh water to be sourced from Goose Lake, and other suitable lakes Sabina (2015, 2017a): 518,000 m ³ annually (Goose Lake = 390,000 m ³ ; Big Lake = 128,000 m ³) Sabina (2017b): 468,000 m ³ annually (Goose Lake = 390,000 m ³ ; Big Lake = 78,000 m ³)	822,450 m ³ annually (Goose Lake = 608,700 m ³ ; Big Lake = 273,750 m ³)	Additional annual water use of 364,450 m ³ (Goose Lake = 218,700 m ³ ; Big Lake 145,750 m ³)
Waste and Water Management Infrastructure	Sabina (2012): Operations Phase = 10-15 years; Process Plant Throughput = Up to 7,000 tonnes per day (tpd); Mining = 7 open pit and underground mining deposits; and Waste Rock and tailings management facilities. Sabina (2015, 2017a, 2017b): Operations Phase = 10 years; Process Plant Throughput = 6,000 tpd; Open Pit mines = 4; Underground mines = 4; Waste Rock Volume = 59.0 Mt; and Tailings Storage = 3 facilities (Tailings Storage Facility [TSF], mined-out Umwelt Pit [Umwelt TF], mined-out Goose Main Pit [Goose Main TF]); included optionality to use alternative open pits for tailings storage.	Operations Phase = 12 years; Process Plant Throughput = 3,000-4,000 tpd; Open Pit mines = 3; Underground mines = 1; Waste Rock Volume = 86.6 Mt Tailings Storage = 2 facilities (TSF, mined-out Llama Pit [Llama TF])	Additional 2 operational years Reduced Process Plant throughput (33%-50% reduction) 4 Fewer mining areas (1 less Open Pit; 3 less Undergrounds) Additional waste rock volume of 27.6 Mt, stored within the same total footprint areas Exercised optionality described in FEIS to use other open pits as tailings facilities
MLA Fuel Transfer Area	Sabina (2012): Up to 70-ML bulk fuel storage Sabina (2015, 2017a, 2017b): 60-ML bulk fuel storage	Addition 500,000 L fuel storage on separate pad	Additional 500,000 L fuel storage
MLA Airstrip Extension	Sabina (2012): Airstrip to support Dash7/8 aircraft (~4,500 ft) Sabina (2015, 2017a, 2017b): Proposed using an existing all-weather road as airstrip; existing airstrip is 3,000 ft by 150 ft.	5,000 ft by 200 ft	Additional 2,000-ft (610 m) length and 50-ft (15 m) width
MLA Shoreline Pad Extension	Sabina (2012): Included in-water structures (e.g., dock, jetty, moorings, buoys) whose design would depend on the vessels used and shipping requirements Sabina (2015, 2017a, 2017b): Permanent in-water footprint of 9,900 m ²	Permanent in-water footprint of 420 m ²	No change - Within previously permitted in-water footprint
WIR Subbase Upgrade	Sabina (2012): Considered construction of all-weather and/or winter roads connecting MLA to Goose Property Sabina (2015, 2017a, 2017b): Stated aggregate may be required along the WIR over rough terrain or where there is insufficient snow cover to create a smooth, level driving surface for highway legal loads	Placing aggregate over approximately 15 km of WIR	15 km of aggregate placement
WIR Service/Emergency Camps	Sabina (2015, 2017a, 2017b): Emergency Shelters placed approximately every 60 km	Three permanent camps	No change - Three permanent camps instead of temporary shelters
WIR Total Water Use Increase	Sabina (2015, 2017a, 2017b): Water use of 675 m ³ /km for 160-km WIR	Water use of 2,025 m ³ /km for 160-km WIR	Additional water use of 1,350 m ³ /km for 160-km WIR

Sabina. 2012. Back River Project 2012 Project Description. Submitted to the Nunavut Impact Review Board. June 2012. NIRB File No. 12MN036

Sabina. 2015. The Back River Project, Final Environmental Impact Statement. Submitted to the Nunavut Impact Review Board. November 2015.

Sabina. 2017a. Final Environmental Impact Statement Addendum. Submitted to the Nunavut Impact Review Board. February 2017.

Sabina. 2017b. Revised Type A Water Licence Application for Sabina Gold & Silver Corp. Back River Project. Submitted to the Nunavut Water Board. October 4, 2017.