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SABINA GOLD & SILVER SIGNS TERM SHEET FOR EARN IN OPTION ON COOK LAKE PROPERTIES ADJOINING THE LALOR GOLD DEPOSIT IN MANITOBA

Sabina can earn 100% interest by spending \$10 million on exploration over 5 years

VANCOUVER – Sabina Gold & Silver Corp. (the “Company”) (SBB – TSX) reported today that the Company has signed a Non-Binding Term Sheet with Xstrata Canada Corporation, Xstrata Copper Canada Division (“Xstrata”) for an option to earn up to a 100% interest on the Cook Lake Volcanic Massive Sulphide (“VMS”) properties just north of the recently discovered Lalor copper – gold - zinc deposit in Manitoba, Canada.

Cook Lake Properties

The Cook Lake properties in the Snow Lake region of Northern Manitoba consist of 78 claims totaling 4,938 hectares on highly prospective holdings adjacent to the north and west of HudBay Minerals’ newly discovered Lalor deposit.

Lalor is the largest VMS deposit discovered to date in the Snow Lake camp and contains a significant gold component. HudBay reports NI 43-101 compliant resources (at October 2009) of 12.3 million tonnes of Indicated Resources grading 1.6 g/t Au, 24.2 g/t Ag, 0.66% Cu, 8.70% Zn and 5.0 million tonnes of Inferred Resources grading 1.4 g/t Au, 25.5 g/t Ag, 0.57% Cu, 9.39% Zn. Of particular significance are the gold-rich copper stringer zones present in the deposit.

The Cook Lake properties are comprised of two claim groups, the Cook Lake North (located directly to the north and west of HudBay’s Lalor claims) and the Cook Lake South claim blocks. There are a number of indications that Lalor- type rocks are present at Cook Lake North and the Lalor deposit is projected to plunge onto this claim block in an area that has received very little historical exploration work. Although the Lalor deposit is at a depth of +700 metres, Sabina’s initial interpretations indicate the Lalor deposit horizon may be closer to surface on the Cook Lake North property. In addition, there are also several other high quality targets to be tested on both claim blocks.

The Opportunity for Sabina

The Earn in Option with Xstrata on this project is attractive to Sabina for a number of reasons:

- It offers the opportunity to acquire a project in a mining friendly Canadian jurisdiction that has recently demonstrated exploration success;
- The project shares a similar geological setting as Sabina's Hackett River VMS project and will allow Sabina to utilize an experienced exploration team;
- The project is close to infrastructure, and will enable year-round work, results and news, in conjunction with Sabina's Nunavut properties;
- The project provides both short term and long term discovery opportunities;
- The project builds on the VMS expertise of the Sabina group and also focuses on the gold-rich end of the VMS spectrum; and
- The Sabina exploration team has significant historical knowledge of the project that will enable Sabina to focus on priority targets quickly.

"This is a great opportunity for Sabina investors to be part of another highly prospective mining district in Canada," said Tony Walsh, President & CEO "These expenditures will be staged over a five year period which will allow for contemplative high quality exploration rather than just getting exploration done to meet onerous earn in commitments. This project definitely provides diversity to Sabina's portfolio of assets while still fitting with our acquisition objectives."

Terms

Xstrata is offering a 100% interest in the Cook Lake properties subject to terms that include but are not limited to the following:

- Sabina will make \$100,000 cash payment to Xstrata upon signing of the formal Option Agreement;
- Sabina will make total expenditures of \$10 million on the Cook Lake North and Cook Lake South properties over a five year period to earn 100% in both properties;
- Sabina will be the operator of the project, subject to the direction of a Joint Technical Committee on which Xstrata will have input in directing annual programs;
- Xstrata will retain a back-in option subject to the attainment of certain thresholds and, if Xstrata does not exercise the back-in option, an NSR royalty; and
- Xstrata will retain a right of first refusal to enter into off-take agreements and marketing agreements on competitive terms for products from the property.

A formal option agreement between the parties will be completed by July 23, 2010 and, subject to the completion of satisfactory due diligence it is anticipated that Sabina could begin work on the property as early as the third quarter of 2010.

The Exploration Targets

There are currently no 43-101 compliant resources on either of the Cook Lake properties.

Cook Lake North –Potential Lalor Extension

The stratigraphy that hosts the Lalor deposit is projected to continue northward onto the Cook Lake North property. The Lalor horizon is relatively flat-lying and deep (Lalor is at a 700+ m depth) and the rocks above the deposit are discordant and unrelated to the ore stratigraphy giving little indication at surface if the horizon is present. Limited historical drilling on the Cook Lake North group does not appear to have adequately tested the stratigraphic extension of the Lalor Deposit stratigraphy. Initial interpretation also indicates that the Lalor deposit horizon may be closer to surface on the Cook Lake North property.

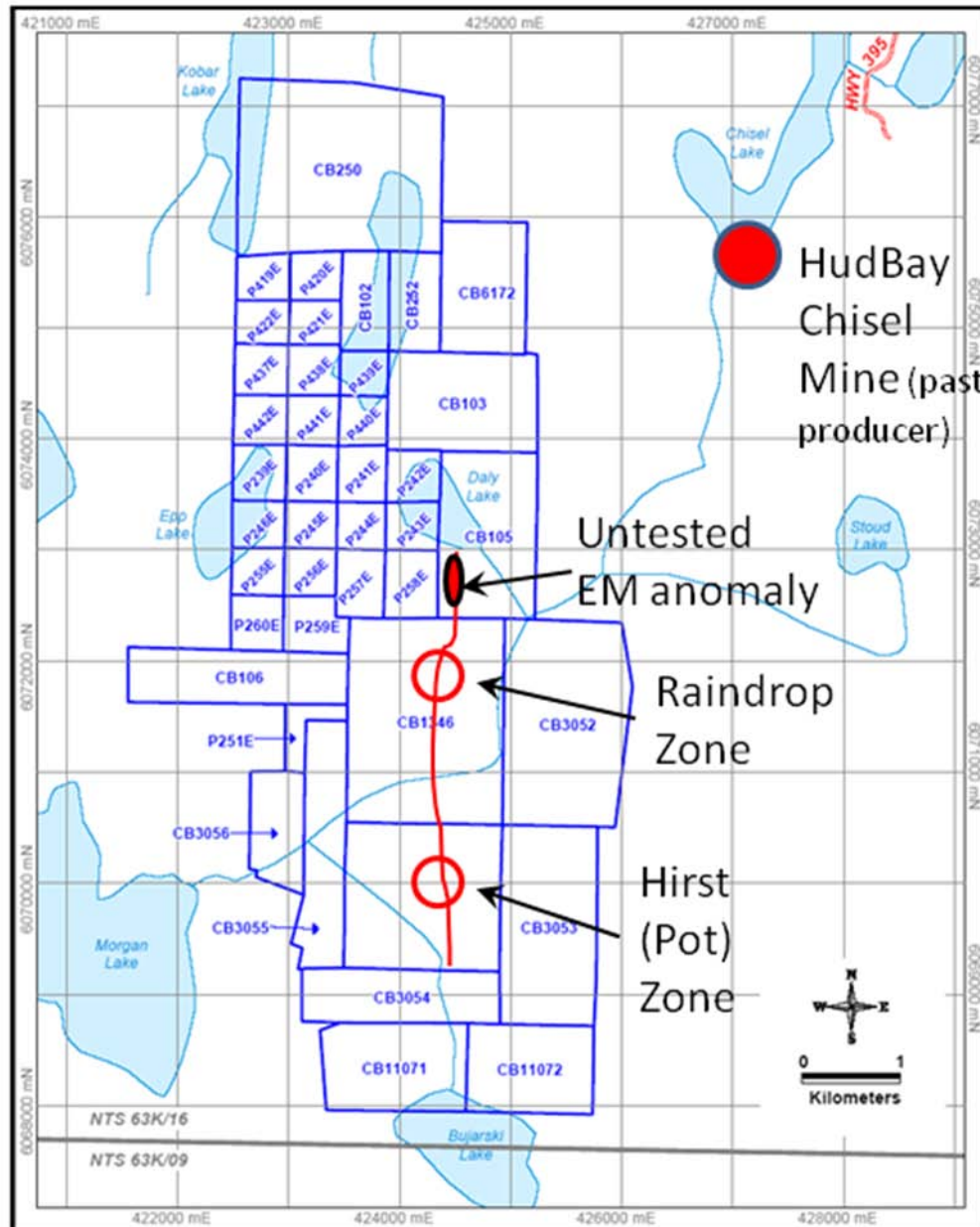
Unlike the rest of the Cook Lake North property, this area of interest has received relatively little historical exploration. The Lalor deposit was discovered by using large in-loop TEM. No similar deep penetrating geophysics has been completed over this part of the Cook Lake North property.

A recent VTEM survey has been flown over the property and the very conductive Cook North deposit (which contains historical pre NI 43-101 resources) can be seen to a depth of at least 300 meters by the survey. There are also some indications of possible anomalies at Varnson Lake and Gutray Lake.

Highly Prospective Untested EM Anomaly in the Daly Lake Rhyolite on the Cook Lake South Property

The Cook Lake South property has had a protracted history of exploration owing to its favourable location at the western end of the Sneath Lake synvolcanic pluton. The geology here is a near mirror image of the eastern end of the Sneath Lake pluton where the copper dominated mines of the Snow Lake camp are located (e.g. Stall Lake with historical production of 6.3 million tonnes grading 4.4% Cu, 0.5% Zn, 10.7 g/t Ag, 1.4 g/t Au). An area from Daly (Raindrop) lake to Hirst (Pot) lake is underlain by highly altered Daly Lake rhyolite that hosts two small deposits (Raindrop Zone: 135,000 tonnes grading 4.0% Cu, 2.6% Zn, 15.0 g/t Ag, 1.5 g/t Au; Pot Zone: 112,000 tonnes grading 1.43% Cu, 4.5% Zn (both resources are historical pre NI43-101 estimates). These deposits occur at or near the top of the eastern Daly Lake rhyolite. At Pot Lake in the south, the eastern Daly Lake rhyolite is overlain by mafic volcanics. At the Raindrop Zone, the eastern Daly Lake rhyolite is overlain by the western Daly Lake rhyolite. To the north of the Raindrop Zone, a thin sliver of pillowed mafic volcanic occurs along the projected mineralized horizon and the base of this unit is marked by a highly prospective ~ 500 metre untested EM anomaly.

Cook Lake South Property



SABINA GOLD & SILVER CORP

Sabina Gold & Silver Corp. is an emerging precious metals company with district scale, world class undeveloped assets in one of the world's newest, most politically stable mining jurisdictions: Nunavut, Canada.

The properties consist of the Hackett River silver-zinc Project, the Back River Gold Project, both advanced exploration properties, as well as the Wishbone Claims, a vastly prospective grass roots project.

The combined holdings total approximately 3,000 square kilometres and cover the largely unexplored Wishbone Greenstone belt.

Hackett River is one of the largest undeveloped silver - zinc volcanic massive sulphide (“VMS”) deposits in the world with indicated resources totaling 43.6 million tonnes with diluted (recovery) grades of 4.15% zinc, 129 g/t silver, 0.35% copper, 0.58% lead and 0.27 g/t gold. An additional inferred open resource totaling 16.0 million tonnes with diluted (recovery) grades of 3.53% zinc, 111 g/t silver, 0.24% copper, 0.46% lead and 0.25 g/t gold is also contained at Hackett River.

The Back River Project is comprised of the George and Goose Lake gold deposits and contain measured & indicated gold resources of 3.4 million tonnes grading 10.9 g/t Au for 1.19 million ounces and inferred resources of 3.6 million tonnes grading 10.2 g/t Au for 1.16 million ounces of gold.

Quality Assurance

Mr. John Wakeford, PGeo, and Sr. Vice President, Corporate Development of Sabina Gold & Silver Corp. is a Qualified Person under the terms of NI43-101 and has reviewed the technical content of this press release and approved its dissemination.

Mineral resources for Goose Lake and George Lake were generated by RSG Global Consulting Pty Ltd (Coffey Mining) in September 2007.

The mineral resource estimate for Hackett River was prepared as part of the Preliminary Economic Assessment (PEA) update by Gordon Zurowski, P.Eng., Principal Mine Engineer of PEG Mining Consultants Inc, and can be found on SEDAR at www.sedar.com. Gordon Zurowski is a qualified person as defined by National Instrument (NI) 43-101. CIM Definition Standards (2005) have been used in defining the mineral resource categories.

All technical reports have been filed on www.sedar.com

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Forward Looking Statements

Statements relating to development, feasibility and exploration work at the Hackett River project the Back River gold project and the Wishbone Greenstone Belt, the Terms Sheet on the Cook Lake properties and the expected results of this work are forward-looking statements within the meaning of securities legislation of certain Provinces in Canada. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “projects,”

“potential” and similar expressions, or that events or conditions “will,” “would,” “may,” “could” or “should” occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: risks related to fluctuations in gold prices; uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from weather, logistical, technical or other factors; the possibility that results of work will not fulfill expectations and realize the perceived potential of the Company’s properties; uncertainties involved in the estimation of metal reserves and resources; the possibility that required permits may not be obtained on a timely manner or at all; the possibility that capital and operating costs may be higher than currently estimated and may preclude commercial development or render operations uneconomic; the possibility that the estimated recovery rates may not be achieved; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of cost overruns or unanticipated expenses in the work program; the risk of environmental contamination or damage resulting from Sabina’s operations, failure to negotiate a formal option agreement on the Cook Lake property, unsatisfactory due-diligence results on the Cook Lake property and other risks and uncertainties, including those described in Sabina’s Annual Report for the year ended December 31, 2009.

Forward-looking statements are based on the beliefs, estimates and opinions of Sabina’s management on the date the statements are made. Sabina undertakes no obligation to update these forward-looking statements should management’s beliefs, estimates or opinions, or other factors, change.

This news release has been authorized by the undersigned on behalf of Sabina Silver Corporation

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