SABINA GOLD & SILVER CORP.

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2012

APRIL 2, 2013

SUITE 202, 930 WEST 1ST STREET
NORTH VANCOUVER, BC V7P 3N4

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PRELIMINARY NOTES

All financial information in this Annual Information Form ("**AIF**") of Sabina Gold & Silver Corp. (the "**Company**" or "**Sabina**") is prepared in accordance with International Financial Reporting Standards for financial periods commencing after December 31, 2010 and Canadian generally accepted accounting principles for prior financial periods.

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated.

In this AIF, the definitions of mineral resources are those used by the Canadian securities administrators and conform to the definitions utilized by the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") in the "CIM Standards on Mineral Resources and Reserves – Definitions and Guidelines" adopted on August 20, 2000 and amended December 11, 2005.

All information in this AIF is as of April 2, 2013 unless otherwise indicated.

FORWARD-LOOKING INFORMATION

This AIF contains "forward looking information" within the meaning of applicable Canadian securities legislation. Such forward looking information concerns the Company's anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. Statements concerning mineral resource estimates may also be deemed to constitute forward looking information to the extent that they involve estimates of the mineralization that will be encountered if a mineral property is developed.

Forward looking information is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation:

- exploration hazards and risks;
- risks related to exploration and development of natural resource properties;
- uncertainty in the Company's ability to obtain funding;
- precious and base metal price fluctuations;
- passive nature of royalty on Hackett River Project;
- recent market events and conditions;
- risks related to the uncertainty of mineral resource calculations and the inclusion of Inferred Mineral Resources in economic estimation;
- risks related to governmental regulations;
- risks related to obtaining necessary licenses and permits;

- risks related to the Company's business being subject to environmental laws and regulations;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- risks relating to competition from larger companies with greater financial and technical resources;
- risks relating to the Company's inability to meet its financial and other obligations under agreements to which it is a party;
- ability to recruit and retain qualified personnel;
- risks related to the Company's directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interests; and
- other risks described in this AIF under the heading “Risk Factors”.

The foregoing list is not exhaustive of the factors that may affect the Company's forward-looking information. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information. The Company's forward-looking information is based on beliefs, expectations and opinions of management on the date the statements are made and the Company does not assume any obligation to update forward-looking information if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

CORPORATE STRUCTURE

The Company was incorporated under the Company Act (British Columbia) on June 7, 1966 under the name of Sabina Industries Limited. The name of the Company was changed to New Sabina Resources Limited on March 23, 1984, to Sabina Resources Limited on December 17, 1987, to Sabina Silver Corporation on October 17, 2005 and to Sabina Gold & Silver Corp. on October 28, 2009. On July 31, 2008, Sabina continued under the Business Corporations Act (British Columbia).

The Company's head office is located at Suite 202 930 West 1st Street, North Vancouver, British Columbia, Canada V7P 3N4 and its registered office is located at Suite 1200, 750 West Pender Street, Vancouver, British Columbia, Canada V6C 2T8.

The Company has one subsidiary, Sabina Back River Ltd., an Alberta company which is wholly-owned.

GENERAL DEVELOPMENT OF THE BUSINESS

Prior to 2006, the Company was a junior mineral resource exploration company with properties in Ontario and British Columbia. In January 2006, the Company earned a 100% interest (subject to certain royalties) in the Hackett River silver zinc project (the “**Hackett River Project**”) located in Nunavut, Canada. See "Acquisition of the Hackett River Project". In June 2009 the

Company acquired a 100% interest in the Back River gold project (the "**Back River Property**") and the Wishbone Greenstone Belt (the "**Wishbone Project**") in Nunavut, Canada. See "Acquisition of the Back River Assets". In November 2011, the Company completed the sale of the Hackett River Project to Xstrata Canada Corporation, Xstrata Zinc Canada Division ("**Xstrata**") for cash and a royalty on silver produced from the Hackett River Project. See "Sale of the Hackett River Project". The Nunavut projects continue to make up the Company's main assets with an estimated $60 million planned to be spent on the Back River Property in 2013.

2006

On December 21, 2006 the Company closed a non-brokered private placement with Silver Wheaton Corp. ("**Silver Wheaton**"). In connection with this private placement, the Company and Silver Wheaton entered into a participation rights agreement dated December 21, 2006 (the "**Silver Wheaton Participation Rights Agreement**"), pursuant to which Silver Wheaton was granted the right to maintain its pro rata interest in Sabina in the event that Sabina issues additional equity securities pursuant to an equity financing or an acquisition of any shares or assets of a third party. In addition, the Company and Silver Wheaton entered into an agreement dated December 21, 2006 (the "**Silver Streams Agreement**") pursuant to which Silver Wheaton was granted a right of first refusal over any silver sale (other than trade sales in the ordinary course of business) by Sabina from the Hackett River Project and the Company's other then existing projects.

2007

In March 2007 the Company received a positive preliminary economic assessment (the "**Hackett PEA**") on the Hackett River Project after which it engaged AMEC Americas Ltd. ("**AMEC**") to undertake a preliminary feasibility study (the "**Hackett PFS**").

2008

In mid 2008, Mr. Anthony P. Walsh joined the Company as President and Chief Executive Officer. Within the next few months, the Company's head office was transferred to North Vancouver, British Columbia and changes and additions were made to the senior management team. Mr. Walsh and senior management have extensive resource exploration and development experience in northern Canada, particularly in Nunavut.

2009

Under new management, a new corporate strategy was defined by management and the board of directors with two mandates:

- drive leverage and growth through continued exploration of precious metals primarily focused on projects in Nunavut with the objective of demonstrating their economic viability in a new major mining district in Canada; and

- maintain a strong balance sheet to continue to seek accretive precious metals opportunities in politically stable jurisdictions.

The first step in carrying out these mandates was the purchase from Dundee Precious Metals Inc. ("**DPM**") on June 9, 2009 of the Back River Property and the Wishbone Project (collectively, the "**Back River Assets**") in Nunavut. See "Acquisition of the Back River Assets".

On October 28, 2009, the Company changed its name from Sabina Silver Corporation to Sabina Gold & Silver Corp. to better reflect its focus. On November 5, 2009, the Company graduated from the TSX Venture Exchange to the Toronto Stock Exchange (the "**TSX**"). The common shares in the capital of the Company ("**Common Shares**") continued to trade under the symbol "SBB".

As stated above, in 2007 the Company engaged AMEC to undertake the Hackett PFS on the Hackett River Project. As part of this study, AMEC completed and the Company filed on SEDAR a technical report which updated the resource estimate on the Hackett River Project. The new resource estimate represented an improvement on the previous estimate and included recoveries resulting from metallurgical studies which were completed under the supervision of AMEC as part of the work to prepare for the Hackett PFS.

Based on the positive results from the resource and metallurgical studies, the opportunities identified from the new resource model and the significant exploration potential identified at the Hackett River Project in the fall of 2008, the Company delayed commencing the engineering work that would form part of the Hackett PFS. The Company engaged PEG Mining Consultants Inc. to prepare an updated Hackett PEA to provide insight on how best to proceed with the Hackett PFS. The updated Hackett PEA was completed and filed on SEDAR on December 23, 2009 and amended and filed on SEDAR on July 27, 2010.

On November 4, 2009, the Company sold its 2,800,000 common shares of Premier Gold Mines Limited for net proceeds of $9.2 million.

2010

On May 4, 2010, the Company announced the discovery of the significant Llama gold deposit on the Goose Property at the Back River Property.

On June 1, 2010 the Company completed a private placement of 7,500,000 flow-through Common Shares at a price of $2.00 per share for gross proceeds of $15.0 million and paid the underwriters a 5% cash commission. Additionally the Company issued 450,500 flow-through Common Shares at $2.00 per share on a non-brokered basis for gross proceeds of $901,000.

On June 21, 2010 the Company announced the discovery of the significant Umwelt gold deposit on the Goose Property at the Back River Property.

On August 5, 2010 the Company completed a public offering qualified by short form prospectus of 9,545,000 Common Shares (including the over-allotment) at a price of $2.70 per share for total gross proceeds of $25,771,500 and paid the underwriters a 5% cash commission.

In addition to the prospectus qualified offering, the Company sold to DPM, on a non-brokered basis, 1,539,713 Common Shares at $2.70 per share for gross proceeds of $4,157,225.10. DPM purchased the Common Shares pursuant to the exercise of its equity participation right. See "Acquisition of the Back River Assets – Equity Participation Agreement".

On August 24, 2010, the Company announced the discovery of new massive sulphide stringer intersections to the south and west of the East Cleaver deposit as well as significant thicknesses of new copper stringer mineralization encountered in the immediate footwall of the Main Zone West deposit at the Hackett River Project.

In the fall of 2010, the Company engaged BMO Capital Markets to solicit investors or partners for the Hackett River Project and to advise the Company in its pursuit of strategic alternatives to accelerate the development of the project.

On November 5, 2010, the Company completed a bought deal private placement of 2,990,660 flow-through Common Shares at a price of $5.35 per share for gross proceeds of $16,000,031 and paid the underwriters a 5% cash commission. Additionally, the Company sold, on a non-brokered basis, 119,781 flow-through Common Shares at $5.35 per share for gross proceeds of $640,828.

On November 17, 2010 Silver Wheaton exercised its warrants to purchase 3.9 million Common Shares gross proceeds of approximately $10.7 million.

2011

On March 1, 2011 the Company completed a bought deal public offering qualified by short form prospectus of 10,454,650 Common Shares at $5.50 per share and 6,061,000 flow-through Common Shares at $6.60 per share for total proceeds of $97.5 million, pursuant to an underwriting agreement dated February 14, 2011 (the "**2011 Underwriting Agreement**"). The Company paid the underwriters a 5% cash commission. In addition the Company completed a non-brokered offering of 19,825 Common Shares at $5.50 per share and 188,515 flow-through Common Shares of $6.60 per share for gross proceeds of $1.4 million.

On March 9, 2011, the Company announced an updated resource estimate for the Llama and Umwelt deposits situated on the Goose Property of the Back River Property.

On March 23, 2011, the Company announced that it had entered into a memorandum of understanding (the "**NRC MOU**") with the Nunavut Resources Corp. ("**NRC**") pursuant to which the parties agreed to co-operate and work together to investigate infrastructure development opportunities in the Kitikmeot Region of Nunavut. The Company committed up to $2 million of which $200k was advanced in seed funding for the NRC. NRC is a newly created Inuit-owned organization designed to provide Inuit with opportunities to participate in the ownership and management of infrastructure and natural resources in Nunavut through direct equity investment and joint venture partnerships with industry. The NRC MOU expired in August, 2012.

On June 2, 2011, the Company announced it had signed a definitive agreement with Xstrata to sell the Hackett River Project and part of the Wishbone Project for $50 million in cash and reservation of a fully carried silver production royalty equal to 22.5% of first 190 million ounces of silver product and 12.5% thereafter. The transaction included other commitments by Xstrata to advance the Hackett River Project and was formally completed on November 14, 2011.

In connection with the sale to Xstrata, on May 30, 2011 Sabina purchased all of the issued shares of R. A. Olson Consulting Ltd. ("**RAOC**") for consideration of $4,500,000 in cash and 750,000 Common Shares. RAOC owned a production royalty on the value of the minerals mined on certain of Sabina's Back River Property properties as well as on the Wishbone Project. The production royalty was 1.5% until the royalty payments aggregated $5 million, after which it was reduced to 0.75%. Following the transaction the corporate name of RAOC was changed to Sabina Back River Ltd.

On September 20, 2011, the Company announced an update to the Goose deposit resource.

On October 4, 2011 the Company announced it had entered into a memorandum of understanding with the Kitikmeot Inuit Association ("**KIA**") for the creation of a development trust. Initial payments to the Trust included $1.4 million and a commitment of 3% of Sabina's net proceeds from the silver royalty retained by Sabina on the Hackett River and Wishbone properties sold to Xstrata. At the same time the Company and the KIA signed another MOU for long term land use on the Back River and Wishbone Properties.

On October 24, 2011, the Company announced that, effective November 14, 2011, Mr. Rob Pease would replace Anthony Walsh as President and Chief Executive Officer. Mr Walsh had expressed his desire to retire earlier in the year. Mr. Pease has been involved with mineral exploration and mine development projects worldwide for the past 30 years.

On November 21, 2011, the Company announced a third resource update for the Back River Property.

2012

On May 29, 2012, the Company announced the completion of a Preliminary Economic Assessment ("**PEA**") of the Back River Property completed by SRK Consulting (Canada) Inc. The PEA contemplated a scenario with concurrent open-pit and underground mining operations delivering mineralized material from the Llama, Umwelt, Goose and George deposits to a centralized 5,000 tonne per day ("**tpd**") processing facility located near the Umwelt deposit. Based on the PEA, gold production is projected to average ~300,000 oz/year over 12.3 years for total production of 3,677,000 oz Au, beginning in late 2016 or early 2017.

Following the announcement of the PEA, pursuant to an agreement dated June 26, 2012 (the "**2012 Underwriting Agreement**"), on June 26, 2012 the Company completed a bought deal financing of 11,896,750 Flow-through Common Shares at $2.90 per share for total proceeds of $34,500,575 for which a 5% commission was paid. In addition to the brokered offering, the Company has also sold, on a non-brokered basis and on the same terms as the brokered placement, 344,827 flow-through shares at $2.90 per share for gross proceeds of $999,998.30

On June 26 Sabina filed a preliminary Project Description ("**PPD**") and applications for a Type A Water License and associated Land Use Permit with the Nunavut Water Board ("**NWB**"), Aboriginal Affairs and Northern Development Canada ("**AANDC**"), and the Nunavut Impact Review Board ("**NIRB**") which triggered the Environmental Assessment Process with the NIRB. On December 19, 2012, the Company announced that the Honourable John Duncan, Minister of Aboriginal Affairs and Northern Development Canada ("**AANDC**") concurred with the NIRB screening decision dated September 25, 2012 recommending that the Back River Property move forward to a Part 5 regional public review. In August 2012, the Company initiated a Pre-Feasibility Study ("**PFS**") on the Back River Property. The Company engaged Tetra Tech WEI Inc., as the lead, responsible for overall delivery of the PFS, process and infrastructure design, operating and capital expenditures and economic modelling, AMC Consultants Ltd., responsible for geology and mining and Knight Piésold Consultants Ltd., responsible for tailings design, geotechnical, and hydrogeology.

2013

On February 15, 2013, the Company announced an updated resource estimate for Back River. The new mineral resource is comprised of measured resources of 2.168 million tonnes grading 4.4 grams per tonne ("**g/t**") for 304,000 ounces of gold, indicated resources of 22.0 million

tonnes grading 6.1 g/t for 4.35 million ounces of gold, and inferred resources of 7.7 million tonnes grading 7.8 g/t for 1.9 million ounces of gold. Remodelling from first principles was conducted on all deposits and in combination with 2012 drilling, resulted in increasing overall confidence and grade and added approximately 740,000 ounces (or 13%) of gold in all categories. The updated NI 43-101 technical report entitled Back River Gold Property, Nunavut Canada, was filed on SEDAR on March 28, 2013.

BUSINESS OF THE COMPANY

Sabina is an emerging gold development company focused on the acquisition, exploration and development of mineral resource properties. The Company is primarily focused on the Back River Gold Project located in Nunavut in the Canadian Arctic. Sabina also holds a royalty of 22.5% on the first 190 million ounces and 12.5% thereafter on silver produced at the Hackett River Project, which was sold to Xstrata in November 2011. The Company also has the grassroots exploration Wishbone Project, also in Nunavut and interests in several properties in the Red Lake area of northwestern Ontario, in particular a100% interest in the Newman-Madsen property.

The Company had approximately 34 full-time employees as at December 31, 2012.

The following sections entitled "Back River Assets", "Hackett River Silver Royalty" and "Other Properties" describe the Company's mineral resource properties. The Company considers its Back River Property and its royalty interest in the Hackett River Projects to be its only material mineral properties.

BACK RIVER ASSETS

Acquisition of the Back River Assets

The Back River Assets consist of two main components, the original Back River Property hosting the George and Goose iron formation hosted gold deposits and a recent new project area, the Wishbone Project. The combined properties total approximately 1419square km and cover a largely unexplored highly prospective greenstone belt.

Pursuant to an asset purchase agreement dated March 27, 2009 (as amended, the "**Back River Agreement**") between the Company and DPM, on June 9, 2009 the Company acquired the Back River Assets from DPM for the following consideration: (i) $7 million in cash, (ii) 17 million Common Shares, (iii) Series A special warrants ("**Series A Special Warrants**") exercisable to acquire, for no additional consideration, 5,000,000 class A units ("**Class A Units**"), and (iv) Series B special warrants ("**Series B Special Warrants**") exercisable to acquire, for no additional consideration, 5,000,000 class B units ("**Class B Units**").

The Series A Special Warrants are for a term of 35 years and will be deemed to be exercised at such time as any of the following events shall occur:

(a) a positive decision being made by the board of directors of Sabina (or the operator or majority owner of the Back River Assets if not the Company) to proceed with the preparation of a feasibility study (as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI-43-101**")) on all or part of the Back River Assets;

(b) a positive decision being made by the board of directors of Sabina (or the operator or majority owner of the Back River Property if not the Company) to bring all or any part of the Back River Property into production;

(c) a consolidation, amalgamation, merger or takeover of Sabina with, into or by another body corporate that results in the acquisition of at least 66 2/3 of the outstanding Common Shares for cash consideration or, if for non cash consideration, as long as the acquisition price is at least a 25% premium to the volume weighted average trading price of the Common Shares on the TSX, for the five consecutive trading days ending on the trading day prior to the first public announcement of such consolidation, amalgamation merger or take over; or

(d) the transfer of the undertaking or assets of Sabina as an entirety or substantially as an entirety to another corporation or entity that is subject to shareholder approval of Sabina.

The Series B Special Warrants will be exercisable for a term of 35 years for no additional consideration, at such time as any of the events in paragraph (b), (c) or (d) above occurs.

Each Class A Unit will consist of one Common Share and, if applicable, one half of one class A share purchase warrant ("**Class A Warrants**"). Each whole Class A Warrant will be exercisable until June 9, 2014 to purchase one Common Share at a price of $1.07 (the "**Exercise Price**"). Each Class B Unit will consist of one Common Share and, if applicable, one half of one class B share purchase warrant ("**Class B Warrants**"). Each whole Class B Unit Warrant will be exercisable until June 9, 2014 to purchase one Common Share at the Exercise Price.

Pursuant to the Back River Agreement, DPM and Sabina entered into certain ancillary agreements. The following is a description of each of the ancillary agreements.

Equity Participation Agreement

The Equity Participation Agreement grants to DPM the right to participate (the "**Participation Right**") in any equity securities issued pursuant to a financing of Sabina (an "**Equity Financing**"), or equity securities issued by Sabina in connection with the acquisition of any shares or assets of a third party (an "**Acquisition Transaction**").

(a) The Participation Right is the right of DPM to maintain up to its Pro Rata Interest (as defined below) of the equity securities to be issued in an Equity Financing or Acquisition Financing (calculated after giving effect to the proposed issue of equity securities);

(b) in the event of any Equity Financing or Acquisition Transaction, Silver Wheaton will have the first right to exercise its participation rights under the Silver Wheaton Participation Rights Agreement following which DPM will have the right, on a one-time basis in respect of that Equity Financing or Acquisition Transaction, to exercise the Participation Right after giving effect to any exercise by Silver Wheaton of its participation right under the Silver Wheaton Participation Rights Agreement;

(c) the Participation Right will terminate in the event that DPM ceases to beneficially own at least 10% of the number of Common Shares outstanding (calculated on an undiluted basis).

For purposes of the Equity Participation Agreement, "Pro Rata Interest" means, on any given date, the ownership interest of DPM in Sabina, expressed as a percentage, and calculated as follows: (i) the number of outstanding Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by DPM (before giving effect to the exercise, conversion or exchange of any securities exercisable for, convertible into, or exchangeable for, Common Shares, including the Series A and Series B Special Warrants and the Class A and Class B Warrants) on such date; divided by (ii) the aggregate number of outstanding Common Shares (before giving effect to the exercise, conversion or exchange of any securities exercisable for, convertible into or exchangeable for Common Shares, including the Series A and Series B Special Warrants and the Class A and Class B Warrants) on such date.

Nomination Rights Agreement

The Nomination Rights Agreement grants to DPM the right, as long as DPM holds at least 15% of the outstanding Common Shares, to nominate two directors to the board of Sabina and, as long as DPM holds at least 10% of the outstanding Common Shares, to nominate one director to the board of Sabina. Jonathan Goodman and David Fennell are DPM's current nominees on the Sabina board.

Qualification Rights Agreement

The Qualification Rights Agreement grants to DPM the right to request the qualification of Common Shares owned by DPM for distribution by prospectus, at DPM's expense (unless such qualification for distribution is part of a public distribution being made by Sabina), as long as DPM holds more than 20% of the outstanding Common Shares or is otherwise considered a control person as such term is defined under the Securities Act (Ontario).

Standstill Agreement

Pursuant to the Standstill Agreement, DPM agreed that until June 9, 2013, DPM will not, either directly, through a subsidiary or with any third party acting jointly or in concert with DPM, without the prior written consent of Sabina (which consent may be given or withheld by Sabina in its sole discretion), acquire any Common Shares (other than pursuant to the Back River Agreement and the ancillary agreements) if, after giving effect thereto, its direct or indirect beneficial ownership of Common Shares would exceed 18.8% (calculated on an undiluted basis), provided that the foregoing will not apply:

(a) from the time of the announcement, and for the duration, of a take-over bid made by an offeror, other than DPM, to all or substantially all of the shareholders of Sabina to purchase at least 50% of the number of Common Shares then outstanding; or

(b) if DPM makes a takeover bid to all or substantially all of the shareholders of Sabina to purchase all Common Shares then issued and outstanding, which takeover bid is open for acceptance for a period of at least the minimum period required by Canadian securities laws.

Description of the Back River Property

The following description of the Back River Property is the Executive Summary contained in the NI-43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") technical report dated effective February 15, 2013 entitled Back River Gold Property, Nunavut Territory, Canada (the "**AMC Report**") prepared by AMC Mining Consultants (Canada) Ltd. in conjunction with SRK Consulting (Canada) Inc. ("**SRK**") and filed by the Company on SEDAR on March 28, 2013, which has been updated and conformed to be consistent with other disclosure in this AIF. The entire AMC Report, a copy of which may be found on SEDAR at www.sedar.com, is incorporated by reference into this AIF and should be consulted for details beyond those incorporated herein. The disclosure contained below is subject to the assumptions, qualifications and procedures described in the AMC Report.

Introduction

The AMC Report is in regard to the Back River Property, located in the territory of Nunavut, approximately 520 km northeast of Yellowknife, Northwest Territories, Canada, and 50 km southeast of the Hackett River Project. It has been prepared by AMC Mining Consultants (Canada) Ltd. ("**AMC**") of Vancouver, Canada on behalf of Sabina, of Vancouver, Canada. It has been prepared in accordance with the requirements of NI 43-101 for lodgement on SEDAR.

It discloses the results of a Mineral Resource estimate based on all 2012 drilling results and is an update to those Mineral Resources reported in the PEA which was prepared by SRK Consulting (Canada) Inc. ("**SRK**") for Sabina in 2012. The results of the PEA reported herein are based on the earlier Mineral Resource model, and the studies related to the PEA have not yet been updated to consider the new Mineral Resource model. A PFS incorporating the new Mineral Resource model is currently underway and, until the PFS has been completed, the technical information used in the PEA is still considered relevant to the Back River Property.

The proposed concept of the PEA is to develop a greenfields gold deposit with open pit ("**OP**") and underground ("**UG**") mining methods, with mill feed being processed using gravity, flotation and leaching.

The Back River Property is undeveloped with the exception of the exploration camps at the Goose and George projects. Surface facilities (offices, shop warehouse, etc.) and infrastructure (electrical power and water supply) are proposed to support the mining and processing operation.

The project is proposed to treat 5,000 tpd of mineralized material and it is targeted to produce 300,000 ounces ("**oz**") of gold ("**Au**") per year. The proposed project has an approximate 12 year life, excluding the construction, pre-production and reclamation periods.

Sabina is a publicly traded mineral exploration company based in Vancouver, Canada, and is listed on the Toronto Stock Exchange under the trading symbol: SBB.

Location, Ownership and History

The Back River Property is centred in the south-western part of the Nunavut Territory, Canada (107°W Longitude and 65°N Latitude). It is situated approximately 520 kilometres ("**km**") northeast of Yellowknife, Northwest Territories, 225 km east of the closed Lupin Mine and 50 km southeast of Xstrata's Hackett River Silver and Zinc Project. It is comprised of 45 Federal

Mineral Leases and 16 Federal Mining Claims covering approximately 128,529 acres. The Back River Property is divided into two projects: Goose and George, and four exploration prospects: Boot, Boulder, Del, and Bath. All claims are in good standing.

The Back River Property is controlled 100% by Sabina, and has net smelter returns royalties payable on both the Goose and George projects, in addition to a Federal royalty.

There have been a number of owners over time from the inception of exploration in 1982. Most recently, DPM operated the Back River Property from 2005 to 2009 until in 2009, the Back River Property was purchased by Sabina. Periods of intensive exploration have been from 1987 to 1992 by Homestake Mineral Development Company, and then in 1997 by Arauco Resources Corporation, and almost continuously from 1999 to the present by Kinross Gold Corp., Miramar Bathurst Resources Ltd. and DPM. There has been no recorded production from any of the deposits on the Back River Property.

Geology and Mineralization

The current gold deposits in the Back River Property are located within the Goose and George projects. Gold is hosted by sulphidized carbonate, oxide and silicate iron formation that are cut by barren and sulphide-bearing quartz veins. Most of the known or observed gold mineralization identified is associated with quartz veins, silicification and shearing. The gold mineralization occurs within silicified and variably sulphidized iron formation and, to a lesser extent, meta-sedimentary units that appear to have a spatial association with narrow porphyritic felsic dykes and mudstones wherever these units are present.

Gold mineralization at the Goose project is predominantly structurally controlled. The deposits are situated within the Lower Iron Formation and underlying sediments located beneath the Goose antiform structure, which resides within a >500 metre ("**m**") wide corridor of widely spaced, sub-parallel, north to northeast trending, southeast dipping, normal faults that have up to 30 m of left-lateral displacement and a down-dropping of individual fault blocks of up to 75 m. The main deposits at Goose are Goose Main, Umwelt and Llama.

Gold mineralization at the George project (the Locale 1, Locale 2, Slave, GH and Lone Cow Pond deposits) is located within oxide iron formation near the stratigraphic base of this unit. Less significant gold mineralization is also hosted within silicate iron formation. Gold-bearing zones are associated with sulphide concentrations in the iron formation and are commonly accompanied by increased quartz veining and attendant alteration of the surrounding rocks.

Since acquisition by Sabina in June 2009, six new gold mineralized zones have been discovered on the Goose project: Wing, Echo, Llama, Umwelt, Goose Neck South and Camp Zone. Initial interpretation of the geology and gold mineralization of these new discoveries suggests that they have similarities with the Goose Main deposit, although there are significant variations in sulphide concentrations, intensity of alteration and host lithologies (predominantly the Lower Iron Formation).

Exploration and Data Management

Most of the current exploration activity completed by Sabina has been focused on the Goose project. The principal method of drilling at the Back River Property has been diamond core drilling. The accumulated total drilling over the Back River Property reached 418,029 m in 1,822 holes as of 31 December 2012. Of this, approximately 40% of the metres are in the

George project and 55 % in the Goose project with the remaining drilling having been carried out at Boot and Boulder prospects.

Independent data reviews have been carried out by Roscoe Postle Associates (2011), Coffey Mining (2009), Watts, Griffis, and McOuat Ltd. (2003 and 2005) and Mineral Resources Development Inc. (2001).

AMC has undertaken independent verification of the 2012 data used for the Back River Property and is satisfied that the drilling, surveying, geological logging, sample preparation and assaying procedures have been completed to accepted industry standards, and that the resulting data are suitable for inclusion in Mineral Resource evaluation studies.

Mineral Resource Estimates

At the Goose project, 470 drillholes for a total of 60,153 m and 155,360 assays were used to complete the Mineral Resource estimates on the Llama, Umwelt and Goose Main Deposits. At the George project, 564 drillholes for a total of 39,014 m and 107,590 assays were used to complete the Mineral Resource estimates on the LCP-North, LCP-South, Locale 1, Locale 2, GH and Slave Deposits. Mineralized domains were constructed to constrain the estimates using a 0.3 g/t gold threshold for the Goose project and 1-2 g/t gold threshold for the George project. Capping was employed and varied by deposit. The estimations were carried out using Datamine software, with Ordinary Kriging ("**OK**") employed as the interpolation method. A 3D block model with sub-celling was used in all cases except for Locale-1 and Locale-2, GH and Slave where a 2D accumulation method was used. The 2D accumulation method is deemed more appropriate for modelling the narrow deposits at George where mineralization thickness is a key variable in estimating the tonnage of the deposit. Therefore, using an unbiased estimation method such as OK to estimate thickness as well as gold grade is considered to be good practice. The search parameters chosen for the estimations were based on the drill spacing and variography of each deposit. To account for the folded nature of the Goose deposits, the dynamic anisotropy option in Datamine was used for estimating gold grade. Data density allowed for Indicated and Inferred Resources to be classified at all deposits with some Measured Resources classified at Goose Main.

Open pit Mineral Resources are reported within a base of overburden surface and a conceptual pit shell based on a US$1,500/ounce gold price. The cut-off applied for reporting the open pit Mineral Resources is 1.0 g/t Au. The underground Mineral Resources were estimated within mineral domains expanded to a minimum width of 2 m. Mineral Resources are also constrained by the base of overburden, with no allowance made for a crown pillar, at this point. The lower elevation constraints of the estimates are defined by the base of the Inferred shell. The cut-off applied to the underground Mineral Resources is 4.0 g/t Au. Assumptions to derive a cut-off grade included mining costs, processing costs and recoveries obtained from the pre-feasibility study currently in progress on the Back River Property.

The summary results of the estimates are shown in Table ES.1 below, and expanded in Table ES.2 in the same format as the PEA. Herein, term "kt" means thousand tones and the term "koz" means thousand ounces.

The summary results of the estimates are shown in Table ES.1 below, and expanded in Table ES.2 in the same format as the 2012 PEA Technical Report.

Table ES.1 Summary Mineral Resources as of 31 January 2013

Classification	Tonnes (kt)	Au (g/t)	Metal (koz Au)
Measured	2,168	4.4	304
Indicated	22,028	6.1	4,352
Measured and Indicated	24,196	6.0	4,656
Inferred	7,665	7.8	1,920

Notes: 1. CIM definitions were used for the Mineral Resources.
2. See footnotes in Table ES. 2 for prices and cut-off grades applied to the specific elements.
3. Using drilling results to 31 December 2012.
4. The numbers may not add due to rounding.

Table ES.2 Mineral Resource Estimates as of 31 January 2013

Classification	Location	Tonnes (kt)	Au (g/t)	Ounces (koz)
Open Pit Measured	Goose	2,168	4.4	304
Open Pit Indicated	Goose	4,616	4.1	609
	Llama	3,085	5.8	577
	Umwelt	4,780	5.6	867
Total Open Pit Indicated		**12,481**	**5.1**	**2,053**
Total Open Pit M&I		**14,649**	**5.0**	**2,357**
Underground Indicated	Goose	998	7.2	232
	Llama	501	7.2	115
	Umwelt	3,817	8.4	1,026
	George	4,230	6.8	925
Total Underground Indicated		**9,547**	**7.5**	**2,299**
Total M&I OP + UG		***24,196***	***6.0***	***4,656***
Open Pit Inferred	Goose	156	3.4	17
	Llama	23	5.6	4
	Umwelt	134	3.4	15
Total Open Pit Inferred		**313**	**3.6**	**36**
Underground Inferred	Goose	298	6.7	65
	Llama	780	7.7	192
	Umwelt	1,926	9.9	612
	George	4,348	7.3	1,015
Total Underground Inferred		**7,352**	**8.0**	**1,884**
Total Inferred OP + UG		***7,665***	***7.8***	***1,920***

Notes:

(1) CIM definitions were used for the Mineral Resources.
(2) Open-pit Mineral Resources are constrained by an optimized pit shell at a gold price of $1,500 oz Au.
(3) The cut-off grade applied to the open pit resources is 1.0 g/t Au, The underground cut-off grade is 4.0 g/t Au.
(4) The George Mineral Resources (LCP-North, LCP-South, Locale-1, Locale-2, GH & Slave) are reported with a cut-off applied after diluting to a minimum mining width of 2 m.
(5) Using drilling results to 31 December 2012.
(6) The numbers might not add due to rounding.

Mine Development and Operations

The PEA conceptual mining plan aims to achieve steady state annual gold production of 300,000 oz. The mining schedule focuses initially on production from the Goose deposits, which are all in close proximity to the proposed milling facility. The George deposits are generally higher in grade but are scheduled for later mining on a seasonal, satellite basis.

Mill feed will be a blend of OP and UG production. OP mining will be done at the Llama, Umwelt, and Goose deposits, while UG mining will be done at the Umwelt, Goose, and George deposits. The George deposits consist of four separate mining zones: Locale, LoneCow, GH, and Slave.

For OP mine projections, Whittle™ software was used, with an optimized pit shell being chosen for each deposit as the basis for ultimate pit design, mine planning, and scheduling.

In the case of the Umwelt and Goose deposits, a cross-over pit optimization was also conducted to determine the OP/UG interface. Key Whittle input parameters include: gold price – $1,050/oz, 90% recovery to dore, refining/transportation cost – US$5/oz, 95% grade factor, 4% royalties, exchange at C$1 = US$1; projected pit slope angles range from 39° to 43° and OP mining costs range from $3.50 per tonne ("**/t**") to $5.35/t; processing and G&A/sustaining costs are envisaged as $18/t and $16/t respectively at a processing rate of 5,000 tpd; and for the determination of the OP/UG interface, UG mining costs for Umwelt and Goose are assumed as $60/t, with dilution at 15%. Table ES.3 below summarizes key outputs from the OP design exercise.

Table ES.3 Open Pit Key Outputs

Pit	Shell #	Mine life (yrs)	Mill Feed Diluted (Mt)	Waste (Mt)	Total Material (Mt)	Strip Ratio (t:t)	Au (g/t)	Cont. Au (koz)
Llama Indicated			1.7				9.4	538
Llama Inferred			0.9				5.9	160
Total Llama	**28**	**3**	**2.6**	**62.0**	**64.6**	**23.6**	**8.25**	**698**
Umwelt Indicated			3.6				5.1	590
Umwelt Inferred			0.4				3.9	46
Total Umwelt	**26**	**4**	**4.0**	**17.2**	**21.2**	**4.4**	**5.00**	**636**
Goose Main Indicated			2.7				4.2	375
Goose Main Inferred			0.1				3.1	6

Pit	Shell #	Mine life (yrs)	Mill Feed Diluted (Mt)	Waste (Mt)	Total Material (Mt)	Strip Ratio (t:t)	Au (g/t)	Cont. Au (koz)
Total Goose Main	**29**	**3**	**2.8**	**10.9**	**13.7**	**3.9**	**4.19**	**381**
Total Indicated			8.0					1,503
Total Inferred			1.4					212
Total		**10**	**9.4**	**90.1**	**99.6**	**9.6**	**5.66**	**1,715**

* Inferred Mineral Resources represent 12% of the mill feed projected, none of which is Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resource estimates do not account for mineability, selectivity, mining loss, and dilution. The above tonnes and grade do not represent estimates of Mineral Reserves. The preliminary economic assessment is preliminary in nature in that it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categories as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized. There is no certainty that these Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.

Underground COGs for design purposes were generated using the costs and dilution noted above for Umwelt and Goose, and assuming $70.0/t mining cost and $7.0/t trucking cost for the George deposits. Design was done using Gemcom/Surpac software, with sections of the deposit wireframes and block model being created at 10 m intervals. Mining methods envisaged are longhole open stoping, drift and fill and mechanized cut and fill, with minimum mining widths ranging from 2.1 m to 3.0 m. Depending on mineralization parameters, mining method and mining width, overall projections for dilution range from 12% to 34% and for mining recovery range from 80% to 90%.

Table ES.4 Conceptual Underground Plan

Area	Unit	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	Y 7	Y 8	Y 9	Y 10	Y 11	Y 12	Y 13	Total
Umwelt	(kt)	630	630	630	630	630	630	630	630	630	630	66			6,366
	Au (g/t)	5.4	5.5	5.3	5.1	4.6	5.6	5.9	5.7	5.6	6.3	6.4			5.5
Goose Main	(kt)	280	280	280	280	280	280	144							1,824
	Au (g/t)	6.5	6.1	6.5	6.4	6.5	6.0	6.0							6.3
Locale 1	(kt)							210	210	210	210	210	94		1,144
	Au (g/t)							7.9	8.3	9.7	11.0	8.7	7.8		9.0
Locale	(kt)						140	140	140	140	140	12			712
	Au (g/t)						7.0	9.3	9.7	9.3	8.9	10.2			8.8
LoneCow	(kt)								193	193	193	87			665
	(g/t) Au								9.0	8.0	7.9	8.6			8.2
GH	(kt)											158	160	125	442
	Au (g/t)											6.7	6.4	7.0	6.7
Slave	(kt)											70	94	16	180
	Au (g/t)											7.8	7.4	10.3	7.8
Total UG	(kt)	910	910	910	910	910	1,050	1,124	1,173	1,173	1,173	602	348	141	11,333
	Au (g/t)	5.7	5.7	5.7	5.5	5.2	5.9	6.7	7.2	7.1	7.7	7.7	6.9	6.9	6.4
To Stockpile	(kt)						140	350	543	543	543	537	348	141	3,143
	Au (g/t)						6.8	8.5	8.9	8.8	9.4	8.0	7.0	7.4	8.4
In Stockpile	(kt)						140	490	897	1,159	1,422	1,679	1,182	413	
	Au (g/t)						6.8	8.0	8.6	8.7	8.9	8.6	8.2	7.9	
From Stockpile	(kt)							136	280	280	280	844	910	413	3,143

Area	Unit	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	Y 7	Y 8	Y 9	Y 10	Y 11	Y 12	Y 13	Total
	Au (g/t)							8.0	8.6	8.7	8.9	8.6	8.2	7.9	8.4
Total Mill Feed	(kt)	910	910	910	910	910	910	910	910	910	910	910	910	413	11,333
	Au (g/t)	5.7	5.7	5.7	5.5	5.2	5.7	6.2	6.6	6.6	7.1	8.5	8.2	7.9	6.4
	Au koz	168	166	166	161	152	168	182	192	192	207	248	239	105	2,345

Note *36% of the UG material projected to be processed is from Inferred Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resource estimates do not account for mineability, selectivity, mining loss, and dilution. The above tonnes and grade do not represent estimates of Mineral Reserves. The preliminary economic assessment is preliminary in nature in that it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categories as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized. There is no certainty that these Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.

Conceptual Mine Production Schedule

OP mining operations are envisioned to be sequenced starting at the Llama deposit, followed by Umwelt and finally at the Goose Main deposit, with only one OP in operation at any one time. Concurrent with OP mining, UG mining operations will commence initially at both the Umwelt and Goose Main deposits, followed by the George deposits. Underground access to each of the UG mining operations is provided by ramp declines. The OP and UG mining operations of the Umwelt deposit will occur simultaneously during years 4 to 9.

Table ES.5 below presents the combined conceptual mine production schedule. The project is envisaged to produce about 300,000 oz. of gold on an annual basis over the approximate 12 years of mill production.

Table ES.5 Combined Conceptual Plan

Conceptual Mine Production		Y-2	Y-1	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	Y 7	Y 8	Y 9	Y 10	Y 11	Y 12	Y 13	Total
TOTAL Open Pit Production																	
Diluted Mill Feed Mined	(kt)	1	101	388	844	650	730	641	939	929	891	506	811	973	1,001		9,403
Diluted Grade	Au (g/t)	8.2	7.7	7.1	6.1	8.0	9.1	8.1	5.5	4.6	4.7	4.8	4.3	4.1	4.1		5.7
Total UG Production																	
Diluted Mill Feed	(kt)			910	910	910	910	910	1,050	1,124	1,173	1,173	1,173	602	348	141	11,333
Diluted Grade	Au (g/t)			5.7	5.7	5.7	5.5	5.2	5.9	6.7	7.2	7.1	7.7	7.8	7.0	7.4	6.4
TOTAL Pit & UG Mill Feed																	
Diluted Mill Feed	(kt)			1,400	1,754	1,560	1,640	1,551	1,849	1,839	1,801	1,416	1,721	1,883	1,820	504	20,737
Diluted Grade	Au (g/t)			6.3	5.9	6.6	7.1	6.4	5.6	5.4	5.7	6.5	5.8	6.4	6.0	6.3	6.1
Mill Feed Metal	Au (koz)			282	333	332	373	319	334	319	328	297	323	389	354	102	4,086
Recovered Metal	Au (koz)			254	300	299	336	287	301	287	295	267	291	350	318	92	3,677

* Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resource estimates do not account for mineability, selectivity, mining loss, and dilution. The above tonnes and grade do not represent estimates of Mineral Reserves. The preliminary economic assessment is preliminary in nature in that it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categories as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized. There is no certainty that these Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.

Infrastructure

Annual project resupply will be via sealift with a proposed port on the south-west shore of Bathurst Inlet. The port location will house a small camp, laydown facilities and a large fuel tank farm. A 97 km winter road is envisaged to allow seasonal resupply to the mining areas.

An all-weather airstrip and apron capable of landing Hercules C-130 freight aircraft, and Boeing 737 Combi commercial jets will be located about 5 km due south of the Goose facilities. An all-weather road will link the airstrip to the Goose facilities.

Facilities at the Goose mining district will include the mill complex, camp and associated supporting infrastructure, power generating facilities, fuel and explosives storage and laydown areas to allow year-round operation. A similar, but smaller set of facilities, and without a mill complex will be constructed at the George mining area. Connection between the two mining areas will be via a winter road that will allow seasonal haulage to the mill. Table ES.6 gives a summary of the Camp, power and fuel storage requirements for the Back River Property.

Table ES.6 Camp, Power and Fuel Storage Requirements

Component	Goose	George	Port	Airstrip
Camp Size (# of Beds)	330	150	30	n/a
Fuel Storage Capacity (ML)	40	10	50	n/a
Power Generation Capacity (MW)	16	4	1	1

The evaluation of infrastructure needs assumes that the proposed Bathurst Inlet Port and Access Road Project does not go ahead. Should that initiative proceed, it would offer very significant benefits to the Back River Property.

Mine Closure

A comprehensive Reclamation and Closure Plan will be developed for all disturbances and infrastructure associated with the Back River Property. Reclamation guidelines established by the NIRB and industry best practises for reclamation must be fulfilled. The goals of this Reclamation and Closure Plan would be to:

- Restrict or eliminate the migration of all potential contaminants of concern from all sources on the mine site.
- Restrict or eliminate all potential public safety risks associated with the decommissioned and reclaimed mine site.
- Return the property, to the extent possible, to pre-mining conditions with the ultimate goal of transferring the property to Nunavut control.

Environmental and Permitting

The Back River Property lies north of the tree line in the Kitikmeot region of Nunavut. The land is dotted by thousands of lakes collected by streams or by one of the major rivers in the

Coronation Gulf – Queen Maud Gulf drainage basin. The proposed port facility is located in Bathurst Inlet. Open water in Bathurst Inlet occurs only during the late summer and early fall.

The regulatory requirements that may be applicable to operating major mining projects in Nunavut involve various land claim agreements and rights and consist of a combination of the federal and territorial governments, Inuit organizations and Institutes of Public Government.

Various pieces of federal legislation apply to mining projects in Nunavut. The agencies that would be involved in metal mining projects include the Department of Fisheries and Oceans, Transport Canada, Environment Canada, Natural Resources Canada, Health Canada, and Aboriginal Affairs and Northern Development.

The Fisheries Act, administered by the Department of Fisheries and Oceans and by Environment Canada, can play a substantial role in permitting mining projects in Nunavut. This is through the requirements of the Metal Mining Effluent Regulations and general prohibitions against the harmful alteration or destruction of fish or fish habitat.

The Navigable Waters Act, administered by Transport Canada can play a substantial role in permitting all-weather roads in Nunavut where stream crossings are required. Transport Canada will also play a lead role in permitting ocean shipping in support of a mining project.

In addition, permits including but not limited to Wildlife Research Permits, Scientific Research Permits, Land Use Permits and Water Licenses are required in order to collect baseline data, conduct monitoring activities, and manage potential effects pursuant to the operating permit terms and conditions.

The project implementation plan anticipates the issuance of a Water Licence for mining and milling to be issued in mid-2015 and for an amendment to the Metal Mining Effluent Regulations Schedule 2 for the proposed tailings impoundment and waste rock facility by the end of 2015. Other permits and authorizations to operate would also be obtained while the licence and amendment are in process.

Social Considerations

The closest settlements to the Back River Property are Kingaok, located approximately 100 km to the north, and a seasonal camp at Omingmaktok, located approximately 190 km to the northeast. The communities of Kugluktuk (approximately 360 km northwest) and Cambridge Bay (approximately 380 km northeast) are the closest major regional settlements.

The communities of the Eastern Kitikmeot region should be included as secondary study communities as they are within the boundaries of the Kitikmeot Inuit Association and are likely sources of workers and contractors. These communities include Gjoa Haven (617 km), Kugaruuk (846 km), and Taloyoak (742 km). Yellowknife, North West Territories, (485 km) is also an important community as it is the transport hub and a source for workers, goods and services.

Sabina is committed to providing continuing employment opportunities and contracting opportunities for Nunavut residents. More specifically, Kitikmeot Inuit will be given hiring preference. Those communities located nearest to Sabina's operations (i.e. Kingaok, Omingmaktok, Cambridge Bay, Kugluktuk) will be given particular preference for these opportunities, as a result of their traditional and contemporary ties to the Project area. However,

residents from other Kitikmeot communities (i.e. Gjoa Haven, Kugaaruk, Taloyoak) will also be provided with preferential hiring opportunities wherever possible. Objectives for employment and contracting may be negotiated in consultation with the Kitikmeot Inuit Association in an Inuit Impact and Benefits Agreement.

Sabina will develop a Socio-Economic Impact and Assessment/Mitigation Plan as part of, or parallel with, the Environmental Impact Assessment and will include a consultation program that will develop positive relations with all potentially affected communities as well as the government of Nunavut.

Capital Costs

Capital costs (CAPEX) were developed using first principles, assumptions and productivities consistent with conditions anticipated in the Back River Property area. SRK has estimated the initial start-up capital at US$450 million including a contingency at 14% of US$52 million. Sustaining capital of US$388 million is primarily comprised of UG equipment, UG development and the tailings dam expansion throughout the mine life, and includes a contingency of US$50 million. The Life of Mine ("**LOM**") LOM CAPEX estimate, accurate to ±30%, totals US$839 million as shown in Table ES.7. Contingencies vary depending on CAPEX category and the type of estimate. Contingencies are lower for equipment with manufacturer quotations, while contingencies for development, process, tailings, infrastructure, water management, owner's costs, and mine closure were higher due to the variable nature of the estimates. Pre-production construction is estimated to take two years, with full production commencing in the first year of operation.

Table ES.7 Capital Cost Estimate (US$000s)

Description	Initial	Sustaining	LOM
Mining	152,022	227,171	379,193
Processing	64,083	16,000	80,083
Tailings	19,201	8,016	27,218
Infrastructure	112,877	52,974	165,851
Water Management	13,488	0	13,488
Owner's Costs	36,746	14,400	51,146
Mine Closure	0	20,000	20,000
Subtotal	**398,418**	**338,562**	736,980
Contingency (14%)	52,046	49,531	101,577
Total Capital	**450,464**	**388,093**	**838,557**

Operating Costs

SRK developed estimates of operating costs which were derived from engineering first principles, factors, assumptions, and productivities which are consistent with conditions which will be encountered in the Back River Property area. Based upon this work, SRK estimates a

LOM operating cost of approximately US$87.82/t-Run of Mine ("**ROM**"). The Back River Property operating cost estimate is shown in Table ES.8.

Table ES.8 LOM Operating Cost Estimate (US$000s)

Description	US$/t-mined	US$/t-ROM	LOM (US$000s)
OP Mining	$2.87	$13.79	285,887
OP Stockpile Rehandle	$0.00	$0.00	96
UG Mining	$70.04	$38.28	793,801
Processing	$18.00	$18.00	373,258
Road: Goose to George	$0.53	$0.53	11,079
Road: Intersection to Bathurst	$1.21	$1.21	25,179
G&A	$16.00	$16.00	331,785
Total	-	$87.82	1,821,085

Economic Analysis

At a gold price of US$1,250.00/oz Au, project value (net present value ("**NPV**") of 5%) on a post-tax basis is US$650 million with an Internal Rate of Return ("**IRR**") of 25%. Payback will occur in year 3 of operations.

Economic results are summarized in Table ES.9. The LOM project cash cost, defined as the sum of total operating, freight, smelter, marketing and royalty costs, is estimated to be US$542/oz Au.

Table ES.9 Technical-Economic Model Results – Post Tax

Description	Units	Value	Unit Cost ($/t-ROM)
Mill Feed Processed	kt	20,737	-
Gold Recovered	oz	3,677,383	-
Gold Market Price	US$/oz	$1,250.00	-
Gross Revenue	US$000s	4,596,729	-
Freight and Marketing			
Refining / Transport	US$000s	(25,742)	($1.24)
Subtotal	US$000s	(25,742)	($1.24)
Net Revenue	US$000s	4,570,988	$220.43
Royalty	US$000s	(146,283)	($7.05)
Gross Income	US$000s	4,424,705	$213.38
Operating Costs			
OP Mining	US$000s	285,887	$13.79

Description	Units	Value	Unit Cost ($/t-ROM)
OP Stockpile Rehandle	US$000s	96	$0.00
UG Mining	US$000s	793,801	$38.28
Processing (US$/t-ROM)	US$000s	373,258	$18.00
Road: Goose to George	US$000s	11,079	$0.53
Road: Intersection to Bathurst	US$000s	25,179	$1.21
G & A	US$000s	331,785	$16.00
Subtotal	US$000s	1,821,085	$87.82
LOM Cash Cost	US$/oz-Au	$541.99	-
Operating Margin (EBITDA)	US$000s	2,603,620	$125.56
CAPEXs			
Mining	US$000s	379,193	-
Processing	US$000s	80,083	-
Tailings	US$000s	27,218	-
Infrastructure	US$000s	165,851	-
Water Management	US$000s	13,488	-
Owner's Costs	US$000s	51,146	-
Mine Closure	US$000s	20,000	
Contingency	US$000s	101,577	-
Subtotal	US$000s	838,557	-
Federal Income Tax	US$000s	(420,466)	-
Nunavut Royalty	US$000s	(238,178)	
Free Cash Flow	US$000s	1,106,419	-
NPV5%	US$000s	648,713	-
IRR	%	25%	-
Payback (from Operation start)	yrs	2.98	

Note: The economic analysis in this preliminary assessment contains Inferred Resources, which are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the preliminary assessment will ever be realized.

The project sensitivity analysis is summarized in Table ES.10. As presented, the Back River Property is most sensitive to grade, recovery and gold price, followed by operating costs and CAPEX, respectively.

Table ES.10 Project Sensitivity

NPV5% (US$ Millions)	-25%	-20%	-15%	-10%	-5%	Base	5%	10%	15%	20%	25%
Revenue	152	252	351	451	550	649	747	846	945	1,044	1,142
Operating Costs	855	814	773	731	690	649	607	566	525	483	442
Capital Costs	827	791	755	720	684	649	613	578	542	506	471
Recovery	135	239	342	445	547	649	751	852	954	1,056	1,157
Grade	135	239	342	445	547	649	751	852	954	1,056	1,157

On a Post-Tax basis and using variable gold prices, Table ES.11. shows the sensitivity of the project to gold price with regards to payback period, NPV5% and IRR.

Table ES.11 Base Case Gold Price Sensitivity Analysis

Gold Price (US$/oz-Au)	NPV5%	IRR	Payback (Years)
$1,050.00	331,291	16%	4.21
$1,250.00	648,713	25%	2.98
$1,500.00	1,043,702	34%	2.19

Interpretation and Conclusions

Since acquiring the Back River Property in June 2009, Sabina has had exploration success culminating in significant gold discoveries at Umwelt and Llama. Additional discoveries have been made on the Goose project at Wing, Echo, Goose Neck South and the Camp zone and also at the George project. New staking has also been conducted at the Boulder prospect.

The Goose Main deposit, although well drilled off on a systematic grid pattern, is still not well understood due to complex geology and historic drillholes drilled in a variety of orientations. The structural understanding of Llama has greatly advanced in 2012 with the addition of new infill drillholes and subsequent geological re-interpretation. At Umwelt, 2012 drilling was focused on the down-dip extent of mineralization as well as infill drilling. The result of this exploration was greater confidence in continuity of Inferred Resources than in previous estimates, and a better understanding of the geology and mineralization.

At the George project, new drilling occurred on the LCP-North, LCP-South, Locale-1 and Locale-2 deposits. At GH and Slave, no new drilling occurred but geological and mineralized domains were re-interpreted prior to the new Mineral Resource estimates. The 2012 exploration program was a success, resulting in a 23% increase in gold ounces in the Indicated Category and a 47% increase in the Inferred Category at George.

Adequate geological and other pertinent data was available to generate a PEA for the Back River Property. Industry-standard mining, processing design, construction methods, and economic evaluation practices were used in the assessment.

The results of the PEA study for the Back River Property prepared by SRK in June 2012 (prior to completion of the updated Mineral Resource estimates reported herein) demonstrate positive economics and no fatal flaws. The PEA has justified advancement to the next level of study.

Risks identified in the PEA that are common to many projects include geological interpretation, Mineral Resource classification; permit acquisition, Land Use agreements, and stakeholder support; gold price; exchange rate; operating cost; capital cost; development schedule; dilution and extraction expectations; and ground water. A particular feature of the Back River Property that can significantly influence ability to realize cost estimates is the 'far-northern' location.

Opportunities for the Back River Property include potential to increase and upgrade Mineral Resources, and possible economic value maximization via alternative development and production approaches and sequencing.

Ongoing study will allow further assessment of Back River Property risks and opportunities.

Recommendations

For future Mineral Resource estimates, AMC makes a number of recommendations which include those below.

As general recommendations, Sabina should conduct its own regular, random checks of the database. Future duplicates should be chosen from mineralized samples. The poor reproducibility between TSL and ACME should be investigated, though AMC notes that the poor reproducibility is not material for the Mineral Resource estimate due to the low bias observed in the overall dataset.

In addition the Middle Mudstone should be modelled as an enclosed 3D envelope at all deposits as opposed to be being modeled as a surface. This is to aid with geotechnical studies.

There are a number of deposit specific recommendations as follows:

At Goose Main two cross sections should be re-logged because of the complexity of the geology and mineralization at Goose Main, one cross section should be through the eastern mineralization and one through the western mineralization.

At Llama drilling should be undertaken from a slightly different orientation to define the true thickness of the folded mineralized zones.

Further drilling at LCP and Locale 1 & 2 should focus on defining the geometry of the splay and a possible mineralized shoot in LCP South. This should include structural measurements on drill core. At Locale 1 & 2 further drilling should aim to define the lower limits of mineralization as this will improve the agreement between the composites and block model at depth

AMC endorses and has contributed to the 2013 exploration program commenced by Sabina, comprising 45,000 m diamond drilling, and AMC recommends that this program be carried to completion. Total estimated cost for the 2013 exploration program is C$25 million. This includes, where relevant, the cost of the recommendations listed above.

The PEA recommended a number of actions relative to the undertaking of a PFS which was said to be justified. The following recommendations have been summarized from those of SRK in the PEA.

Metallurgy

Samples from each deposit should cover a range of head grades and may be blended to an average grade if required. A minimum of ten samples per deposit should be collected and, based on the initial result variability, further samples may be needed for testing. The cost of the testwork program is estimated to be US$250,000.

Conduct testwork to confirm/validate the flow sheet of rougher flotation followed by concentrate leaching. This will address expected gold recovery, as well as give estimation of arsenic and sulphur grades in the flotation concentrate and leach residue.

Conduct mineralogical analysis on the flotation concentrate to understand the association of gold with arsenopyrite, pyrrhotite, and pyrite.

Include arsenic in the resource block models to identify any problematic areas.

Consider the following processing trade-off studies:

1. Comminution circuit design (tertiary crushing, ball milling vs. semi-autogenous grinding SAG , and ball milling);

2. Whole mill feed leaching vs. flotation concentrate leaching; and

3. Pressure oxidation of flotation concentrate vs. separate waste handling of leach residue.

The estimated cost of a trade-off study program (including pressure oxidation) would be US$500,000.

Geotechnical

Do targeted geotechnical drilling in order to understand rock mass conditions in key mining areas – OP slopes and UG.

Undertake mechanical testing for both uniaxial and tri-axial compressive strength (UCS) tests with the complete stress-strain curve recorded for each test.

Conduct field strength testing (point load testing) to supplement the above recommended UCStesting program.

Conduct a structural study to identify and characterize the key structures that may influence ground stability and permeability at each mining area.

Do regional scale mapping and compile historical structural reviews to identify and understand where the higher risk structures are; these to then be investigated via geotechnical drillholes.

Highlight risks to slope and UG mining areas from adverse major structures.

The cost of the testwork program is estimated to be in the range of US$500,000 to US$700,000.

Hydrogeological

Define chemical characteristics of the groundwater that will be encountered in the OP & UG mine operations.

Investigate and delineate the talik boundary between the proposed development and the talik beneath any lakes.

Complete testing of shallow and deep bedrock beneath lake areas and structures that may connect the talik to OP / UG mining areas to improve inflow estimates.

Conduct packer testing of drillholes intersecting identified structures proximal to the proposed OP and UG mining areas. Testing should focus on gathering data from the different lithologies, as well as structural features identified during the field program and structural review.

Collect water samples from the talik zone, both shallow and deeper groundwater that may be indicative of water chemistries for inflowing waters.

Installation of two Westbay multi-level monitoring wells would be approximately $300,000.

Install thermistor strings to provide better delineation of the overall talik boundary. Thermal data-loggers should be installed in deeper lakes to determine if the lakes freeze to the bottom. The estimated costs of the work above would be $225,000.

Conduct a trade-off study to determine the economic parameters that should be used to provide the optimal overall value to the project. These parameters to be used in the next level of engineering to develop, evaluate and maximize the project's value. A trade-off study would be included in the costs of a preliminary feasibility study.

HACKETT RIVER SILVER ROYALTY

Acquisition of the Hackett River Project

The Hackett River Project was acquired pursuant to a Memorandum of Understanding dated November 24, 2003 (the "**Hackett River Agreement**") between the Company and Cominco Mining Partnership ("**CMP**"), a partnership of Teck Cominco Metals Ltd. and its wholly owned subsidiary, Cominco Nova Scotia Company. The Hackett River Agreement granted to the Company an option to earn a 100% interest in the Hackett River Project by spending $7 million on exploration within a five year period. On January 12, 2006 Sabina exercised the option and earned a 100% interest in the Hackett River Project subject to certain back in rights of CMP (which were not exercised). The property is subject to a 2% net smelter return royalty in favour of CMP and a 10% net profit interest royalty capped at $2,000,000 in favour of Etruscan Resources Ltd. ("**Etruscan**"). The Hackett River Agreement also granted the partnership a right of first refusal (the "**ROFO**") to purchase 50% of all products derived from the Hackett River Project.

On December 13, 2010, the Company entered into an extinguishment agreement (the "**Extinguishment Agreement**") with the partnership pursuant to which the ROFO was extinguished in consideration of 100,000 Common Shares (the "**Extinguishment Shares**") and 100,000 special warrants of the Company (the "**Special Warrants**"). The Special Warrants were exercisable for no further consideration to acquire 100,000 Common Shares upon the

occurrence of certain events by December 30, 2015. The Special Warrants were exercised in December 2011 upon completion of the sale of Hackett River to Xstrata Zinc.

Sale of the Hackett River Project

Recognizing that it had two potentially world class projects and given the size and complexity of the Hackett River Project, in the fall of 2010 Sabina engaged BMO Capital Markets to look for a strategic partner on the project. The objective of this strategy was to allow Sabina to focus on developing its gold assets, potentially enabling production sooner at the smaller scale Back River Property, while at the same time continuing to push the Hackett River Project forward. Xstrata expressed interest in the Hackett River Project early in the process and was aggressive in completing due diligence and making a bona-fide offer in the spring of 2011.

On June 1, 2011, the Company entered into a definitive agreement (the "**Xstrata Agreement**") to sell the Hackett River Project and certain claims included in the Wishbone Project (the "**Sold Properties**") to Xstrata for cash consideration of $50 million. As well, Sabina reserved a silver production royalty (the "**Hackett Royalty**") equal to 22.5% of the first 190 million ounces of payable silver from the current resource at the Sold Properties and 12.5% of all payable silver from the Sold Properties thereafter.

Following formal closing, which occurred on November 14, 2011, Xstrata is required to spend not less than $50 million on the Sold Properties ("**FS Expenditures**") with a view to completing a National Instrument 43-101 compliant feasibility study by the fourth anniversary of the completion date of the transaction. If the feasibility study has not been completed by this date, Xstrata can elect to incur additional FS Expenditures of not less than $10 million by each of the next three anniversaries.

If at any of the fourth, fifth, sixth or seventh anniversaries, Xstrata has not met the spending requirement and has not completed the feasibility study, Xstrata may elect to pay Sabina the shortfall, failing which, upon notice to Xstrata, Sabina may exercise a right to buy back ("**Buy Back Right**") the Sold Properties for a cash purchase price equal to 100% of the FS Expenditures incurred by Xstrata. The Buy Back Right also applies if Xstrata has not by the seventh anniversary of the completion date publicly announced a definitive decision to begin construction of a mine within 12 months following such seventh anniversary.

If Sabina exercises the Buy Back Right, Xstrata may elect to pre-empt the Buy Back Right and retain the Properties by paying to Sabina an advance royalty payment of $75 million in three instalments of $25 million over three years.

The Hackett Royalty is contained in a separate silver royalty agreement (the "**Royalty Agreement**") made as of October 3, 2011 which sets out the terms for the calculation and payment of the Hackett Royalty and other rights relating thereto. Under the Royalty Agreement, the obligation to pay the Hackett Royalty arises from the date on which Xstrata is entitled to receive payment for the sale of silver from the Sold Properties under sales contracts entered into by Xstrata from time to time. The Hackett Royalty payable is equal to 22.5% of the gross value (being, generally speaking, the ounces of silver sold multiplied by the silver market price less deductions for actual charges incurred by Xstrata specifically with respect to such silver) on the first 190 million ounces of silver produced in the aggregate from what is defined in the Royalty Agreement as the "Known Resource" or otherwise from the Sold Properties (subject to set off against, and potential repayment of, any Excess Royalty described below), and 12.5% of

the gross value of any additional silver mined from the "Known Resource" or elsewhere on the Sold Properties.

The "Known Resource" is a 3-D block model completed for the purposes of the Xstrata Agreement consisting of the existing Hackett River mineral resources, derived from the PEG Study (see "Description of the Hackett River Project"), and additional tonnage of approximately 10% as assessed by Xstrata based on its review of the 2010 drilling on the Hackett River Project.

A reconciliation of the silver produced and Hackett Royalty paid as it relates to the Known Resource will be completed once the Known Resource has been completely mined out. Once reconciled, if it is determined that less than 190 million ounces was mined and milled from the Known Resource and consequently the Hackett Royalty was paid at 22.5% on ounces of silver that were not produced from the Known Resource ("**Excess Ounces**"), Sabina must repay to Xstrata an amount equal to, generally speaking, 10% of the gross value of such Excess Ounces (the "**Excess Royalty**"). Any Excess Royalty will be repaid by Sabina to Xstrata by way of a set off against future 12.5% royalty payments payable to Sabina. The right to set off against future royalty payments is Xstrata's sole means to recover any Excess Royalty made until such time as Xstrata has permanently ceased mining operations on the Sold Properties whereupon Xstrata may notify Sabina to repay any unrecovered Excess Royalty in cash within 180 days of such notice.

Under the Royalty Agreement, Xstrata will have a right of first refusal (the "**Xstrata ROFR**") if Sabina receives an offer to purchase the Hackett Royalty from an arm's length third party that Sabina wishes to accept. The Xstrata ROFR, however, does not apply to a sale of the Hackett Royalty to (i) certain purchasers named in the Royalty Agreement, or (ii) subject to the prior approval of Xstrata, not to be unreasonably withheld, to a purchaser with a market capitalization greater than $500 million. In addition, the Xstrata ROFR does not apply to the acquisition of Sabina, unless at the relevant time the Hackett Royalty represents all or substantially all of Sabina's assets.

Silver Wheaton agreed that the Silver Streams Agreement did not apply to the Xstrata Agreement. However, in connection with entering into the Xstrata Agreement, Sabina agreed, among other things, that Silver Wheaton's right of first refusal will include the sale or assignment by Sabina of the Royalty Agreement.

Description of the Hackett River Project

The following information is summarized from a technical report amended July 26, 2010 entitled "Preliminary Economic Assessment Update – NI 43-101 Technical Report Amended July 26, 2010 Hackett River Project, Nunavut Canada" (the "**PEG Study**") prepared by PEG Mining Consultants Inc. ("**PEG**") and filed by the Company on SEDAR on July 27, 2010. Information dated subsequent to the date of the PEG Study is provided by the Company.

While the Company does not have information that would materially update or change the disclosure in this AIF regarding the Hackett River Project, the Company understands that since acquiring the Project in 2011, Xstrata has conducted drilling on the Project and may release a new mineral resource estimate in the near future. If and when such estimate is released, the Company anticipates providing an update on the Hackett River Project.

The economic analysis of the Hackett River Project contained in the PEG Study is no longer considered material or relevant in light of the sale to Xstrata.

Description and Location

The Hackett River Project comprises seven mineral leases, totalling 10,637 hectares. The mineral leases expire at various dates between 2018 and 2022. Annual lease payments are $1.00 per acre to keep the leases in good standing. The total payment for 2010 was $52,570. The mineral leases have been legally surveyed.

The Hackett River Project is located about 480 km northeast of Yellowknife and 105 km south–southwest of the community of Bathurst Inlet which is located on the Arctic Ocean.

Three separate types of surface rights are held over the mineral leases comprising the Hackett River Project. Surface rights over the mineral leases west of Hackett River are owned by the KIA. The KIA administers its surface lands in the Kitikmeot region which includes all but the Hackett River Project exploration camp site surface lease. INAC administers a 4.18 ha rectangular parcel located on the southwest shore of Camp Lake which covers lands used by the Hackett River Project exploration camp. Crown land covers the mineral leases located east of the Hackett River. Crown land in Nunavut is administered by INAC.

Surface rights for construction of a mining operation, including port, plant, access roads, airstrip, and accommodation have not been granted. Development of such infrastructure will require additional negotiations, with, amongst other parties, INAC and the KIA.

Exploration conducted by Sabina on the Hackett River Project was undertaken in accordance with permits attained from the relevant regulatory authorities, including a water license from the Nunavut Water Board, a land use permit from INAC and an Inuit land use license from the KIA.

Sabina also held appropriate research permits to facilitate environmental, archaeological and heritage studies to support the development of an Environmental Impact Statement.

An Inuit Impact and Benefits Agreement ("**IIBA**") will be required and is negotiated with the KIA. The Nunavut Land Claims Agreement requires that all major projects negotiate an IIBA.

The Hackett River Project will also require long term surface rights from INAC for the infrastructure on Crown Land, and from the KIA for the mine site and roads on Inuit Owned Land. The Hackett River Project will require land use permits from INAC and KIA for infrastructure needed to access the area through Bathurst Inlet.

Additional permits will be required for project development, including (i) an environmental assessment by the NIRB leading to the issuance of a Project Certificate that outlines terms and conditions for approval of the project, (ii) a water licence issued by the NWB, (iii) approval from the Department of Fisheries and Oceans for disposal of tailings into a natural water body, (iv) authorization under the Metal Mine Effluent Regulations for tailings disposal, and (v) approval from Transport Canada under the Navigable Waters Act to install culverts or bridges.

Accessibility, Climate, Local Resources Infrastructure and Physiography

During the summer months, access has been via float planes to Camp Lake. Access during the winter has been by ski or wheel equipped planes to the snow or ice of Camp Lake. During

spring break-up and freeze-up, when Camp Lake is not usable, access has been gained by using tundra-tire equipped planes to land on a 300 m long esker airstrip located approximately 8 km south–southeast of the exploration camp at Camp Lake. A helicopter was used by Sabina to ferry personnel and supplies from the esker airstrip to camp. The nearest commercial airstrip is at Yellowknife. Flight time from Yellowknife to the Hackett River Project camp via Twin Otter is approximately two hours. Exploration activity at the Hackett River Project is possible year round.

A 568 km long winter road connects Yellowknife to the Ekati and Diavik mines during February and March each year. The road is operated under a Licence of Occupation by the Tibbitt to Contwoyto winter road joint venture. The joint venture is comprised of BHP Billiton Diamonds Inc. and Diavik Diamond Mines Inc. (which operate the Ekati and Diavik mines). The winter road passes within 100 km of the Hackett River Project.

For project development, additional access would need to be constructed. This would include access from Bathurst Inlet to the project to allow for transport of any concentrate produced, and construction of an all weather airstrip sufficient to support larger aircraft. Construction of port facilities, at Bathurst Inlet, will also be required.

The climate is typical of the latitude with freezing temperatures extending from late August until late May or early June. Based on regional information, the mean annual temperature is approximately 10.5ºC with a summer mean of 6ºC and a winter mean of 26.5ºC. The mean annual precipitation range is 200–300 mm. A meteorological station was installed near Camp Lake in June 2007 to provide project specific information.

Operations are possible year round as demonstrated by operating mines in the area such as Diavik, Lupin and Ekati. Exploration and development activities in the field may become progressively more difficult at two seasonal thresholds, the first when water freezes around mid- to late-September each year, and when the temperature drops below about 30°C, which can occur by the end of October and continue through to March.

The population of the Kitikmeot region was 5,361 as of 2006, of whom 28% live in Cambridge Bay, the largest community in the district. The closest large commercial centre to the Hackett River Project is Yellowknife.

The project has been isolated from power and other public infrastructure. Project development will require the generation of electrical power on site. Infrastructure on site has been limited to a tented exploration camp capable of hosting 50 people.

There is sufficient area within the project to host an open pit and underground mining operation, including any proposed open pit, waste dumps and tailings. Building supplies, with the likely exception of aggregate, will have to be obtained off-site.

The Hackett River Project area lies north of the tree line in the West Kitikmeot region. The area is characterized by low topographic relief, with gently rounded hills and numerous small lakes. Vegetation is in the form of low shrubs of willow, birch, Labrador tea, and mountain cranberry. Lichen tundra is also common. The area is situated in two watersheds: Mara River and Hackett River, a tributary to the Mara River. Both rivers are north flowing tributaries of the Burnside River, which flows northeasterly to Bathurst Inlet. Locally, Boot Lake, Cleaver Lake, Anne Lake and Turtle Lake are located in the Mara River drainage while Banana Lake, Camp Lake, and Sunken Lakes are in the Hackett River drainage.

Bedrock in the region consists mainly of massive rocks that form broad, sloping uplands, plateaus, and lowlands. The Bathurst Hills form a prong of rugged ridges that reach about 610 m above sea level and stand as much as 185 m above nearby lakes. Turbic and static cryosols soil types have formed on thin discontinuous sandy morainal and glaciofluvial materials, and in association with rock outcrops, dominate the uplands. Organic cryosols are the dominant soils in the lowlands. Permafrost is deep and continuous with low ice content throughout the majority of the region, although the ice content along the west side of Bathurst Inlet is low to medium.

History

Exploration activities on the Hackett River Project have included geological mapping, geochemical sampling, and drilling by multiple operators. Activities from 2003 to the date of sale to Xstrata were conducted by Sabina personnel, or consultants and contractors appointed and supervised by Sabina staff.

1956	Early reconnaissance exploration on the Hackett River property was undertaken by Rio Tinto Exploration.
1966	A precursor company to Bathurst Norsemines Ltd. ("**Bathurst**") staked claims around the Camp Lake area and undertook mapping, prospecting and electromagnetic (EM) surveys
1969	Bathurst discovered zinc mineralization
	Adjacent claims were staked by predecessors of Bathurst to cover the strike extent of the then-known mineralized horizons
	Bathurst predecessors amalgamated under the name Bathurst Norsemines Ltd. (which subsequently consolidated and became Etruscan)
1970	Cominco was granted an option on the property
1970-1975	Cominco carried out systematic exploration; involving airborne and ground geophysics, geochemistry, mapping and diamond drilling
1976	A mineral resource estimate was prepared by Trigg, Willett and Associates
1980–1981	Detailed drilling by Cominco in the Camp lake area and a mineral resource estimate was completed for the Main Zone, East Cleaver and Boot lake deposits
1987	A preliminary open pit design for the Main Zone was completed by W.G. Hainsworth and Associates
1988	A precious metal evaluation by Cominco determined the base metal mineralization in the East Cleaver and Main Zone deposits was locally enriched in silver and gold
1993	Etruscan became the operator
1993-1994	Etruscan completed digitally integrated airborne EM and magnetic survey followed by a ground EM survey, a ground magnetic survey and diamond drilling
1997	A property-wide UTEM survey was undertaken by Etruscan
1998	A property-wide gravity survey and a seven hole diamond drilling program was completed
	Diamond drilling was conducted on the property consisting of the collection and processing of till samples

1998	Project was transferred to Teck Cominco, subject to a capped royalty payable to Etruscan
2003	Sabina optioned the property from CMP
2004	144 km of Max-Min geophysical surveying carried out and 61 diamond holes drilled for 15,179 m
2005	Diamond drilling consisted of 44 diamond holes for 9,357 m over the Main, Boot and East Cleaver Zones
2006-2010	An additional 300 holes for 71,754 m were completed
2011	No exploration program was conducted as a result of the sale negotiations with Xstrata
2012	Xstrata conducted a 50,000 metre program at Hackett as well as undertook baseline data collection at the project and along the proposed port and road site.

Geological Setting

The Hackett River deposits are situated within the Slave Structural Province, a predominantly Archaean granite-greenstone-sedimentary terrane that lies between Great Slave Lake and Coronation Gulf. The eastern portion of the craton is characterized by arc-like volcanic sequences.

About 26 greenstone belts are recognized within the Slave Structural Province, subdivided into either Yellowknife-type or Hackett River-type belts. Yellowknife-type belts typically contain massive to pillowed tholeiitic flows that are interbedded with calc-alkaline felsic volcanic and volcaniclastic rocks, clastic sedimentary rocks, and, more rarely, synvolcanic conglomerate and carbonate units. Hackett River-type belts are dominated by calc-alkaline felsic and intermediate rocks that are intercalated with turbidite sequences.

The Yellowknife Supergroup is composed of three members, from oldest to youngest: the Hackett River, Beechy Lake and Black River Groups. The Hackett River greenstone belt (informally known as the Hackett River–Back River or Wishbone greenstone belt) is about 120 km long, and trends northwest. The Hackett River Group is divided into four main units, which, from oldest to youngest are the Siorak Formation, the Nauna Formation, the Ignerit Formation, and the Beechy Lake Group.

The basal Siorak Formation consists of highly metamorphosed biotite schist, quartzofeldspathic gneiss, sericite schist and amphibole gneiss. Siorak Formation rocks are in contact with the underlying Hackett River or Hanimor gneiss dome, which is assumed to be a sunvolcanic intrusive into the Hackett River Group.

The Ignerit Formation conformably overlays the Siorak Formation. The Ignerit Formation, host of the sulphide deposits, consists of intermediate to felsic pyroclastics in the lower part with felsic tuff and sedimentary rocks in the upper part. Massive sulphides, calc-silicate, and marble occur locally at the contact between volcanic rocks and overlying sedimentary rocks.

The Nauna Formation consists of intermediate to felsic and mafic volcanic rocks. This unit is apparently not present in the immediate Property area where the Ignerit Formation rests with apparent conformity upon the Siorak Formation.

The overlying Beechy Lake Group consists of interbedded greywacke, mudstone and argillaceous turbidite deposits.

Project Geology

Within the project area, the general stratigraphic column of the Ignerit Formation consists of basal rhyolitic pyroclastics overlain by andesitic and dacite pyroclastics, which are in turn overlain by rhyolitic tuffs and sediments. Clastic sediments cap this entire sequence.

The Ignerit Formation comprises basal rhyolitic pyroclastic units that are overlain by dacitic pyroclastic units, which are in turn overlain by rhyolitic tuffs and sedimentary units; these are capped by fine-grained clastic sedimentary rocks.

The Lower Rhyolitic Pyroclastic Section is at least 450 m thick and comprises fragmental agglomerate to tuff with internal gradations to finer argillaceous tuffite and chert. The overlying Andesitic Pyroclastic Section is from 60 m to 180 m thick and is overlain by the Dacitic Pyroclastic Section that ranges from 180 m to 240 m in thickness.

The Upper Rhyolitic Tuff Section host most of the known sulphide deposits, is finer grained than the underlying units, becomes progressively argillaceous up-section, and grades into the overlying fine-grained clastic sedimentary units. This interval comprises three members from oldest to youngest as follows, a Lower Tuff member, a Middle Mineral Horizon/calc–silicate member, and an Upper Tuff member.

The Mineral Horizon Member is overlain by the Late Upper Rhyolitic Tuff (120 m to 180 m thick) which consists of variable mixtures of fine grained rhyolitic pyroclastic units, clastic and chemical sedimentary material; mainly argillaceous and cherty tuffite.

Individual units are laterally discontinuous except for the basal argillaceous tuffite, which occurs on top of the upper sulphide layer and is found at the Main and (west) Jo zones.

West of the Main Zone and from the Jo Zone, east, pyroclastic material increases substantially, possibly suggesting the Main and Jo zones were located at the central part of a small structurally controlled sedimentary basin.

Late leucocratic, coarse-crystalline pegmatite dikes of unknown age occur throughout the Project area.

Deformation has resulted in the development of upright and recumbent to overturned folds with moderate to steep southerly dips in the East Cleaver area. Late reverse fault movement is indicated for a near vertical fault that cuts the West Limb of the Main Zone. Early normal fault movement at the time of sulphide deposition can be inferred from the dramatic thickening of sulphide mineralization along strike at the East Cleaver deposit. An axial plane parallel fault is indicated to form the eastern boundary of the West Limb portion of the Main deposit.

The Mineral Horizon volcano–sedimentary rocks that host the Boot Lake, Main Zone and Jo deposits trend approximately east–west and generally dip to the south to southwest at approximately 60° with local strike and dip variations.

Mineralization

The central portion of the Hackett River Project contains six known sulphide occurrences over 6.6 km of strike distance. Sulphide mineralization occurs as tabular semi massive to massive lenses, typically at or near the upper volcano–sedimentary contact. Stringer sulphides are developed beneath the lower massive lenses in stratiform to pipe like configurations. The massive sulphide and stringer zones are enveloped by stratiform disseminated sulphides. Massive sulphides have sharp contacts but commonly grade laterally into less massive fringes. The four principal sulphide occurrences from west to east are the East Cleaver, Boot Zone, Main Zone and Jo Zone deposits.

The known massive sulphide deposits at the project vary in geometry. All deposits are interpreted to either crop out or reach the bedrock–overburden interface.

East Cleaver Zone

The East Cleaver area, 4 km west of the Main Zone area, is situated within the 'Mineral Horizon'. Quartz eye crystal tuff encloses the East Cleaver deposit and forms both the stratigraphic hanging wall and footwall to the deposit. A calc silicate horizon occurs laterally to the deposit and is locally preserved within the deposit.

The East Cleaver–Knob Hill deposit has a strike length of approximately 630 m, and a dip length of 460 m. Generally, thickness ranges from 5 m to 65 m in the massive to semi massive sulphide portion. The East Cleaver deposit host rocks dip approximately 45º to 60° southwest.

The deposit itself plunges to the west–southwest along an inferred syn volcanic paleo fault structure. Evidence supporting the syn volcanic fault interpretation includes the following: an abrupt thinning of the sulphide horizon to the north, a pipe shaped, discordant footwall alteration zone, the occurrence of a rusty weathering quartz eye porphyry dyke along strike, elevated concentrations of chalcopyrite, and inferences of remobilization based upon the enrichment of gold and silver associated with calc–silicate alteration.

The Knob Hill deposit was discovered in 1993 during drilling along strike from the East Cleaver Zone following a geophysical conductor with associated intense vent type alteration. The Knob Hill zone is a zinc–silver–copper ± lead ± gold rich massive to semi massive sulphide deposit. It is interpreted as the lateral extension of the East Cleaver deposit. At surface, it is located approximately 200 m northwest of the East Cleaver deposit and has been interpreted to connect with the East Cleaver deposit at depth based upon diamond drilling information.

Boot Zone

The Boot Zone deposit is located approximately 2.5 km west of the Main Zone within a thinner development of the Mineral Horizon. The Boot Zone deposit consists of a tabular massive to semi massive sulphide lens which is enveloped by mineralized host rocks comprised of disseminated to veined Zn enriched sulphide bearing host rocks and small, discontinuous massive sulphide lenses.

The Boot Zone deposit has a strike length of 500 m, a dip length of 900 m, and a thickness ranging from 5 m to 40 m. In the massive to semi massive sulphide portion of the deposit, the average thickness is approximately 20 m. When the massive sulphide mineralization is

combined with adjacent disseminated to semi massive sulphides, the deposit can reach thicknesses up to 40 m.

The deposit dips approximately 65º to the south southwest. The thickest portion of the deposit rakes to the south and is open at depth below 650 m. The deposit is underlain by altered felsic volcanic rocks and is overlain by a turbidite sequence of greywacke, siltstone, argillite chert and pyrrhotite layers. Local marble and felsic tuffaceous rocks are present within the overlying turbidite sequence.

A significant shear zone showing numerous graphitic slickenside surfaces (the Boot Zone fault) has been intersected in holes drilled through and to the south of Boot Zone. The Boot Zone fault dips southward at approximately 50° and appears to cut stratigraphy at a shallow angle. The fault is expressed at surface by the elongate nature of Boot Zone and is inferred to follow a strong to moderate geophysical conductive trend that is at least 4 km long. This shear/fault zone occurs approximately 150 m stratigraphically above the north end of the Boot Zone deposit.

Main Zone

The Main Zone deposit is folded about a southward plunging open fold and consists of two lenses, a well mineralized West Limb and East Limb separated by a weakly mineralized to unmineralized barren pyrite core along the hinge axis. A fold hinge parallel reverse fault offsets the West Limb stratigraphy including the massive sulphide horizon.

The Main Zone West lens has a strike length of approximately 600 m and a dip length approaching 200 m. The lens has been structurally displaced and glacially eroded. The current geometry is asymmetric, with thickness for the massive sulphides ranging from 5 m to 80 m. The Main Zone East area is folded but has an estimated unfolded strike length of 860 m, a dip length up to 450 m, and thicknesses ranging from 5 m to 25 m with an average of approximately 12 m in the massive to semi massive sulphide portion.

Footwall lithologies consist of fine grained to coarse dacitic felsic pyroclastics with clasts ranging up to 10 cm across locally. Felsic tuff and chert in variable proportions overlies the Main Zone mineralization. Laterally calc silicate altered carbonate occurs away from the sulphide zones with marble or dolomitic marble occurring furthest away from the sulphide deposits. The cherty tuff that overlies the Main Zone is capped by a thin graphitic black argillite, above which lies a thick sequence of turbidite layers of greywacke, siltstone and argillite containing intervals of chert and pyrrhotite.

Alteration takes the form of an assemblage of sericite–quartz–(sillimanite–cordierite) developed along inferred paleo hydrothermal fluid channel ways, interspersed with patchy anthophyllite–cordierite–biotite–garnet–quartz–(sillimanite–sericite). Both zones fall within a relatively broad envelope of spotted sillimanite–biotite–garnet–quartz–(cordierite–sericite) rock.

Jo and Jo South Zones

The Jo Zone is located approximately 250 m along strike to the south of the East Limb of the Main Zone deposit. The Jo South Zone is located approximately 300 m southeast of the Jo Zone.

The Jo and Jo South Zones are both hosted within the same Mineral Horizon that hosts the Main Zone deposit. The Main and Jo Zone deposits are interpreted to be situated at the same stratigraphic position. The stratigraphic position of the Jo South Zone is not clear.

The Jo Zone is completely covered by glacial till esker gravel and by Upper Sunken Lake and was discovered in 1971 by drilling. The Jo Zone presently consists of three stacked sulphides lenses dipping south-southwest at 50° to 60°. The Jo Zone mineralization is hosted within black–grey turbidite sediments (meta argillite, siltstone and greywacke with minor marble), which stratigraphically overlie dacite tuff. A pegmatite dyke appears to truncate the deposit to the north.

Slump features within the sedimentary rocks, limited development of stringer zone mineralization beneath the sulphide zone, lack of metal zoning, no associated footwall, copper poor and pyrite dominated alteration are all suggestions that the Jo Zone may have been deposited as a distall environment.

The Jo South Zone has been observed in trenched outcrops. The occurrence is hosted in calc silicate altered marble within enclosing dacite tuff and garnet bearing metasedimentary rocks. The occurrence is located approximately 300 m southeast of the Jo Zone in the Mineral Horizon. The sphalerite–galena rich mineralization exposed in the trench occurs as disseminations and blebs. The Jo South showing was first drilled in 1970.

Drilling

The drilling by Bathurst, Cominco, and Etruscan between 1969 and 1998 was for early-stage exploration-focused programs and to support initial mineral resource estimates. Sabina commenced drilling on the property in 2004. All Sabina exploration drilling was completed at NQ size. As of December 31, 2010, Sabina had completed 391 drill holes for 94,356 m.

Drill Orientations

The intent of the drill programs was to test the mineralized horizon at 50 m intervals, vertically and horizontally. As with any drill program, the hole orientation was typically at an angle to the strike and dip of the mineralization. Given variations in the attitude of the strata, and the objective of a regular drill grid, the relationship between sample length and true thickness of the interval sampled is variable due to apparent thicknesses. The drill orientations were found by PEG to be appropriate to the orientation of the mineralization and the deposit was drilled to industry standard.

Core Handling Procedures

Drill core was delivered from the rigs at the end of each shift via helicopter transport or by snow machine. Core was packed in appropriately sized core boxes holding 4.5 m of core in three channels at the rig; wooden markers were inserted in the boxes at core breaks to indicate the down-hole depth at the break point. For oriented holes, an orange 'Ezy Mark®' impression holder was inserted at the end of each core run. The boxes were then stacked for transport at the end of the 12 hour drill shift. A helicopter slung core from the drill site to the core shack using a long line. The core was received by a geologist or geological technician and laid out in order on a ground level rack.

Collar Surveys

Hole collar locations were initially established in the field using a GPS instrument. Collar locations were re-measured using a hand-held GPS following hole completion. Nominal accuracy of these positions, as stated by the manufacturer of the GPS units is ±3 m. Beginning in 2005, a Trimble R8 differential GPS unit capable of ±10 mm accuracy horizontally and ±20 mm accuracy vertically was used to survey the hole collars. In 2006, all accessible hole collars prior to the 2005 drill campaign were re-surveyed with the same instrument. Thirteen holes were not accessible.

Sample Preparation, Assay and Security Procedures

According to the PEG Study, in PEG's opinion the sample preparation, assay, and security procedures employed by Sabina since the 2004 drill campaign were appropriate for the style of mineralization and the commodities of interest, and were suitable to support mineral resource estimation. Preparation procedures were in line with industry-standard methods, and suitable for the deposit style. A comprehensive quality assurance/quality control ("**QA/QC**") program implemented by Sabina comprising blank, standard and duplicate samples was used on the project since the 2004 drill program. QA/QC submission rates met industry-accepted standards of insertion rates. Data that was collected prior to the introduction of digital logging was subject to validation from Sabina staff and various independent consultants.

Database

The Hackett River Project data was stored by Sabina in a Microsoft Access® database as part of the commercially available mining software package, Gems®. An audit of the digital database was performed by PEG. This audit consisted of validating the digital data against source documents to ensure proper data entry as well as data integrity checks (checking for overlapping intervals, data beyond total depth of hole, unit conversion, etc.). Data audits of the legacy data and the Boot Zone, Main Zone, and East Cleaver areas were conducted separately.

Drill Logs

PEG reviewed 10% to 12% of the 2007 to 2009 database against the original drill logs, provided by Sabina. Cases of missing records and duplicate records were identified and corrected.

Assays

PEG audited a minimum of 10% of zinc, silver, copper, gold, and lead assays from 2007 to 2009 against source documentation. The legacy data was audited previously in 2007. PEG found that zeros in the database represented assays below detection. Sabina corrected an issue related to unsampled intervals containing zero values as identified in a previous report.

Corrections were made to the database and provided to Sabina to ensure the master database was also updated.

The error rate of assays in the database to certificates was 0% for zinc, copper and silver in 2007, 2008, and 2009. Gold had an error rate of 5% in 2007 and 0% in 2008 and 2009. The gold assays in two boreholes recorded in 2007 contained gold values of zero for the entire hole. Corrections were made to the database reflecting the certificate results.

Density

A review of the density formula used by AMEC (2007) was found to be acceptable. AMEC performed regression analysis using the 2005 measured density data and arrived at a formula that is acceptable to calculate density for the current level of study.

SG = 2.592 - (0.024 x %Cu) + (0.040 x %Pb) + (0.019 x %Zn) + (0.042 x %Fe)

Assay QA/QC

No documentation of QA/QC results was available to Sabina for the legacy drill campaigns. To determine the accuracy of the legacy assays, Sabina re-sampled 1/4 core for 10% of legacy assay intervals, selected by AMEC, and submitted them to ALS Chemex Laboratories ("**ALS Chemex**") in Vancouver Canada for assay. A total of 291 sample intervals were sampled and assayed. ALS Chemex is an ISO 9001:2000 and 17025:2000 certified assay laboratory. AMEC concluded that the legacy assays were acceptably accurate based upon the comparison of legacy assay grades with the ALS Chemex check assays. PEG did not review the results of the legacy sampling comparison conducted by AMEC.

Sabina included blanks, SRMs, and duplicates in 2004 to 2007 drill sample dispatches to control assay accuracy and precision. Insertion rates for these QA/QC samples were considered acceptable. PEG did not review the QA/QC results from the 2004 to 2007 drill campaigns.

Sabina included blanks, SRMs, and duplicates in 2008 and 2009 drill sample despatches to control assay accuracy and precision. Sabina continued to use the same process and procedure for the collection of or insertion of blanks, field duplicates and Standard Reference Material.

Blanks employed by Sabina consisted of 30 cm to 50 cm lengths of half-core of pegmatite dikes from the property. Sabina's documented insertion rate of blanks was one every 40 samples (2.5% insertion rate). This was at the low end of the industry acceptable standard, which typically prefers an insertion rate of 5%. During the 2008-early 2009 drill campaigns, Sabina's actual insertion rate of blanks was 1.6%, with the inclusion of the 26 ARD holes drilled in 2008. According to the PEG Study, this was below the acceptable industry standard. Blank assays for gold were found to be acceptable. Silver, copper, and zinc had blank failure rates of 9.5%, 21.4% and 71.4%, respectively. A blank failure was defined as any assay value greater than two times the elements detection limit. The elevated blank failure rate originated not from lab cross contamination but from the pegmatite dyke "blank" material containing minor amounts of sphalerite, chalcopyrite, pyrite and pyrrhotite mineralization.

The PEG Study concluded that the drill collars, drill logs and assay database were essentially error free with only minor corrections required.

According to the PEG Study, in PEG's opinion the data verification programs undertaken on the data collected from the Hackett River Project support the geological interpretations, and the analytical and database quality, and the data can support mineral resource estimation.

Mineral Resource Estimate

The Hackett River Project consists of four distinct deposits, East Cleaver, Boot Lake, Main Zone and Jo Zone. All deposits are potentially amenable and potentially economic to mine using

conventional open pit mining. For East Cleaver and Boot Lake, below the open pits, the deposits are potentially economic to mine using underground mining techniques. It should be noted that the PEG Study is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the PEG Study will be realized.

As part of the PEG Study, PEG verified the independent resource estimate and the metallurgical test program that was done for the East Cleaver, Boot Lake and Main Zone deposits prepared by AMEC. A new resource estimate was created by PEG for the Jo Zone. Pierre Desautels, P. Geo – Geology and Todd McCracken, P. Geo – Geology were the qualified persons responsible for the geological resource estimate. Engineering and economic criteria were applied to the geological estimates to establish that mineral resource estimates follow the CIM guidelines of reasonable expectation of economic extraction.

The mineral resource is defined as the material currently considered as mill feed by the PEG Study in the open pits and underground designs. Other mineralized zones exist beneath the Main Zone pits, for which the PEG Study was not able to show positive economics and which were excluded.

No measured resources have been defined for the Hackett River Project. The following table sets forth the resources by classification and mining method as set forth in the PEG Study. These resources are diluted.

	Mill Feed	**Zinc**	**Silver**	**Copper**	**Lead**	**Gold**
	(tonnes x1000)	%	grams/t	%	%	grams/t
Indicated						
Open Pit	26,459	4.43	126.53	0.41	0.60	0.29
Underground	17,176	3.71	132.16	0.24	0.55	0.23
Total Indicated	43,635	4.15	128.75	0.35	0.58	0.27
Inferred						
Open Pit	5,856	3.88	103.06	0.30	0.48	0.21
Underground	10,128	3.33	114.97	0.20	0.46	0.27
Total	15,983	3.53	110.60	0.24	0.46	0.25

* Mineral resources that are not mineral reserves do not have demonstrated economic viability
* Numbers may not add due to rounding

Cutoff Grade

The cutoff value used for each area was determined by PEG by the mining method employed. The basis for both though was the value per tonne calculation as part of the economic pit calculation. Each block in each model had a calculation performed to determine its net value. The calculation took into account metal grades, metal prices, metal recoveries, smelting and refining terms and operating costs. Details of each of these parameters and the calculation methods employed are contained in the PEG Study. The equivalent breakeven Cutoff Grades are as follows:

Area	Zinc (Zn) %	Silver (Ag) g/t	Copper (Cu) %	Lead (Pb) %	Gold (Au) g/t
Open Pit					
East Cleaver	1.30	47.6	0.07	0.22	0.09
Boot Lake	1.36	41.9	0.10	0.21	0.06
Main Zone	1.43	35.1	0.16	0.17	0.09
Jo Zone	1.48	34.2	0.15	0.14	0.03
Underground					
East Cleaver	2.39	81.6	0.07	0.46	0.18
Boot Lake	2.36	79.3	0.14	0.31	0.14

These Cutoff Grades are for illustrative purposes only and were not explicitly used in the cutoff calculation. The value per tonne per block was the only value used.

Dilution

For the open pit resources, the only dilution applied was contact dilution resulting from the mining along the boundary of the deposit. The quantity and grade of the diluting material was dependent upon the location within the deposit. The average dilution percentages by grade item for the open pit resource were Zn 6.7%, Ag 7.9%, Cu 7.8%, Pb 7.3% and Au 8.1%. The underground resource was impacted to a greater extent than the open pit resource. Final dilution was in the order of 25% to 30% depending on the deposit mined. The run of mine mill feed external dilution was a mixture of mill feed from previously blasted material and waste which in total was equivalent to 19% waste at zero grade due to the rings blasted, in addition to internal dilution within the sublevel caving operation that is impractical to remove. Details of the dilution calculations are contained in the PEG Study.

OTHER PROPERTIES

Wishbone Project, Nunavut

Description of the Wishbone Project

The Wishbone Project was initially comprised of a series of 180 mining claims covering a district-scale land package over the highly prospective extension of the Hackett River Greenstone belt that hosts the Hackett River VMS project.

With the sale of the Hackett River project to Xstrata, Sabina retained 48 of these claims along the south eastern portion of the greenstone belt that cover a number of iron formation hosted targets with geology analogous to that found at Back River.

In August 2011, a new highly favourable gold trend was identified by Sabina on these retained Wishbone claims at the Lucky 7 target. As a result of this discovery, Sabina staked 73 new claims to the east and south of the existing property. The Wishbone project now consists of 121 mining claims covering 79,166 ha.

The Back River Property is located 60km to the east of Wishbone. The Wishbone Project covers volcaniclastic rocks of the Hackett River Group, which is part of a larger group of volcanic rocks collectively referred to as the Hackett River Greenstone Belt consisting of largely volcanic rocks of varying composition which differs from the largely sedimentary rocks in the Back River Property including George Lake and Goose Lake.

Limited exploration work was completed in the area during the 1970s and early 1980s following the discovery of a massive sulphide deposit, at what is now Hackett River. Work included airborne and ground geophysics over numerous gossan zones in the area, along with detailed mapping and soil geochemistry surveys. The bulk of this work was carried out by Cominco Ltd. and Noranda Inc. DPM staked the initial Wishbone claims and commenced exploration work in 2007. They completed a time-domain electromagnetic (VTEM) and magnetic geophysical survey over a portion of the Wishbone Project which generated 198 anomalies of which 112 warranted follow-up. DPM completed limited preliminary ground investigation of selected anomalies which given the geological setting would be considered to be base metal exploration targets rather than gold exploration targets. Moderate to high potential exists to define a mineral resource within the Wishbone Project. The Company considers the Wishbone Project to be an early stage grassroots exploration prospect**.**

Geological Mapping and Prospect Evaluation

A geological mapping and prospect evaluation program was conducted throughout the summers of 2009 and 2010. This program focused on high potential VMS, gold and kimberlite targets that were identified by an evaluation of the extensive VTEM survey that covers most of the southern portion of the property.

A focus was to evaluate the volcanic stratigraphy and alteration immediately surrounding the Hanimor dome. The Hanimor dome is thought to be a synvolcanic intrusion that supplied heat and metals to the Hackett River deposits. Very limited previous work approximately 13 km to the east of the Hackett deposits, at the May and Watson prospects, encountered interesting mineralization during scout drilling by Cominco in 1971.

Geophysics

In 2010 a new VTEM survey was flown over the Hackett River property and a portion of the Wishbone claims immediately to the north of the earlier VTEM survey flown by DPM in 2008. This survey defined a number of new high quality targets, particularly at the eastern end of the property immediately to the east of the Hanimore Dome.

2011 Wishbone Exploration Results

The Company completed 11,629 meters of drilling in 2011 on the Wishbone properties for total expenditures of $8.8 million. Work initially began in the Bullwinkle area and then relocated to the Rocky area in July returning to Bullwinkle in September. Both areas are underlain by folded oxide and silicate iron formations. The iron formations in the Rocky area are locally very highly sulphidized with abundant pyrite and pyrrhotite.

The highlight of the program has been the discovery at Lucky 7 in the Bullwinkle area, in in an altered fault gouge zone with shearing, quartz veining and up to 5% pyrite and pyrrhotite.

At Rocky, numerous wide, low grade intersections have been returned in pyrrhotite-rich silicate and oxide iron formation.

A total of 33 holes and 7479m were drilled on the Wishbone property in 2012. Drilling continued to outline low grade gold zones found in 2011 at the Lucky 7 and Rocky targets. As no higher grade zones were discovered, further drilling has been put on hold and will not be conducted in 2013.

Mapping, prospecting and till sampling were also completed over several areas on Wishbone with encouraging results at the Dark Side, Hawaii and Hawaii South prospects. Field work is recommended for Wishbone in 2013 in order to better outline targets and further evaluate the claims staked in 2011.

Roughly $6,000,000 was spent on all Wishbone work (including drilling and field programs) in 2012. In 2013, continued mapping and sampling is planned at Wishbone.

Red Lake Area, Ontario

Newman-Madsen

In October 2004, the Company entered into an option and joint venture agreement with Premier Gold Mines Limited ("**Premier**") on the Newman-Madsen property, an early stage exploration project located in the Red Lake Mining Division of north-western Ontario. The Company initially made a $50,000 payment and funded its share of exploration costs on the property with Premier as the operator to earn a 50% joint venture interest in the property subject to a 3% net smelter return royalty and a 10% net profits royalty on part of the property.

On February 10, 2009, the Company and Premier entered into a letter of intent (the "**Skybridge LOI**") with Skybridge Development Corporation ("**Skybridge**") which granted to Skybridge an option to acquire 100% of the East My-Ritt property portion of the Newman-Madsen property. Under the terms of the Skybridge LOI, the Company and Premier would receive $200,000 in cash and 1.5 million Skybridge shares. The payment of cash and shares would occur in five equal distributions over a four-year period, with the first payment due upon signing a definitive agreement. The Company and Premier would retain a 0.5% net smelter royalty on the property as well as the right to jointly buy out the existing underlying royalty provisions on the property. The existing underlying royalty provisions are comprised of a 3% net smelter royalty on all eight claims and a 10% net profits interest on six claims. Additionally, the purchasers must incur exploration expenditures totalling $1.2 million over a five-year period. In May 2009, Skybridge merged with Mega Silver Resources ("**Mega Silver**") and Sabina will receive 600,000 Mega Silver shares under the Skybridge LOI.

On January 16, 2012, Sabina purchased Premier's 50% joint venture interest for a cash payment of $500,000 and a 0.5% net smelter return royalty on the property. As a result of Sabina's purchase of Premier's 50% interest in the Newman-Madsen property, Sabina will now be entitled to Premier's interest in the Skybridge LOI.

The Newman Madsen property is comprised of 46 patented mining claims located in the Red Lake Mining Division of Ontario, 3.5 km southwest of the town of Red Lake and 4.5 km northeast of Clause Resources Ltd's. Madsen Mine. Eight of these claims are currently under option to Mega Precious Metals (East My Ritt Option).

2011 Newman Madsen Exploration Summary

The Company completed 3,039 metres of drilling in 2011 on the property for total expenditures of $398,000. This drilling took place in early 2011 and focussed on exploring for mineralized structures within the mafic volcanis that underlie the western half of the property. No significant assay results were returned although a number of potentially mineralizing structures were defined. During the fall, geological mapping and prospecting took place to further evaluate the property in anticipation of a winter drill campaign in 2012.

2012 Newman Madsen Exploration Summary

In 2012, the Company completed 4,332 metres of drilling in 13 holes during the first quarter on the Newman-Madsen property. The focus was on exploring for mineralized structures within the mafic volcanics that underlie the western half of the property, extensions of the Buffalo West Zone and the Madsen Mine trend. No significant assay results were returned although a number of potentially mineralized structures were defined. Geologic assessment of the property continues.

In 2013, a 20 to 40 Km IP survey will be completed at Newman Madsen with consideration of drilling being dependent upon results and management discretion.

Golden Sidewalk

Sabina owns 100% of 18 leasehold patented claims, known as the Golden Sidewalk property, located in Skinner Township in the Red Lake Mining District of north-western Ontario. There are no royalties or carried interests attached to the Golden Sidewalk property. The Golden Sidewalk Property, hosting the past-producing Bathurst Mine, is located within the Birch-Uchi greenstone belt. Gold was discovered on the Golden Sidewalk property in 1926. The property produced high-grade gold specimens from several different locations during limited sporadic production from 1928 to 1937.

Among the more recent high grade discoveries is the "Joe Vein" first discovered in preliminary surface trenching work by Sabina in late 2004. Compilation of the current and historical data along with limited drilling was completed in 2006. Further reconnaissance work was undertaken in 2007, including surface mapping as well as inspection of old workings at the Bathurst Mine shaft. A drilling program of 2,472 meters in 23 core holes was completed in March 2008. Drilling intersected gold mineralization in the primary target "Bathurst Mine Horizon" and also discovered a second horizon with potential high-grade gold mineralization. The diamond drilling of the "Bathurst Mine Horizon" and the new "Upper Bathurst Mine Horizon" confirmed the presence of multiple gold bearing structures with further potential along strike and at depth. No work has been done on the property since 2010 and no work is planned for 2013.

Skinner

Sabina owns a 100% interest in 14 claims, covering 2,900 hectares, known as the Skinner property, located in the Red Lake Gold camp adjacent to and immediately south of the Golden Sidewalk property. Sabina optioned the property in June 2004 from Wolfden Resources Ltd. (now Premier), which retained a 7.5% net profit interest capped at $450,000. Franco-Nevada Corporation holds a 1% net smelter return royalty and a local prospector holds another 2% net smelter return interest (1% of which can be purchased by Sabina for $1,200,000, while the other 1% is subject to a right of first refusal granted to Sabina).

Compilation of historic data has been completed and geophysics surveys, geochemistry, geological mapping and limited mechanical stripping and diamond drilling were carried out by Sabina during 2005 and 2006. Additional geological mapping and prospecting programs were completed during 2007 on staked claims adjoining the north of the property where historic gold occurrences are noted and geophysical surveys indicated complex structure. In addition, detailed work on historic information was completed to evaluate the significant historic high grade gold occurrences on the property.

In 2008, drilling intersected a gold mineralized structure along the edge of an ultramafic unit. The discovered ultramafic unit is located under an arm of Narrow Lake. At present, only two holes have tested the mineralized structure, both returning anomalous gold values. These holes were successful in discovering gold mineralization in an east-west trending structure (the "**Blind Zone**") with gold mineralization occurring along a sheared contact between a gabbro sill and ultramafic unit. The 2009 drill program consisted of 10 holes totalling 2,045 meters and was completed in February 2009. No work has been done on the property since 2010 and no work is planned for 2013.

Redaurum

Goldcorp Inc. ("**Goldcorp**") commenced exploration activities in 2003 on the Company's 80% owned Redaurum property in accordance with the terms of an option agreement effective April 30, 2003. The remaining 20% interest in the Redaurum property was held by Claude Resources Inc. ("**Claude**"). Under the option agreement, Goldcorp earned a 50% interest in the property from Sabina's 80% interest only (reducing Sabina's interest to 30%) by making cash payments to Sabina totaling $100,000 over a three year period ended April 30, 2006 and incurring exploration expenditures on the Redaurum property totaling $2,000,000 over a four year period ended April 30, 2007. Upon Goldcorp earning its initial 50% interest in the Redaurum property, Sabina was deemed to have transferred a 5% interest to Claude in return for Claude having waived a right of first refusal granted to it by Goldcorp. Sabina then elected to have Goldcorp fund all further expenditures on the Redaurum property up to production in return for an additional 5% interest, leaving Sabina with a 20% interest carried to production.

The Redaurum property is located within one of the major Red Lake deformation zones and in close proximity to the past producing Madsen Gold Mine. The Redaurum Property is underlain by several ultramafic rock units and extensive quartz carbonate veining, which are important features of Goldcorp's Campbell and Red Lake producing gold mines.

Nipigon Project

In the fall of 2011, the Company staked 107 mineral claims covering over 25,000 ha in an area approximately 100 km north of Thunder Bay, Ontario. The Nipigon Project is 100% owned and is located along the same iron formation that hosts the Beardmore-Geraldton gold camp. There has been little exploration along this prospective trend that has produced over 4.5 million ounces of gold from four mines; the McLeod-Cockshut, Hard Rock and Mosher mines in Geraldton and the Leitch Mine in Beardmore.

The setting of these four deposits and the geology of the belt are identical to the Back River area which will allow Sabina to apply its extensive technical knowledge and exploration toolbox on the Nipigon Project.

In early 2012, a 2,200 km airborne (VTEM) survey was completed which identified a number of prospective conductors. In the second half of 2012, a number of these targets were drill tested in 13 drill holes for a total of 3,746 metres. Targeting was focused on zones with both geophysical and geological characteristics with potential for the presence of mineralized iron formation. All assays have been received with no anomalous gold values being returned. Geologic assessment of the property continues.

Manitoba

Cook Lake Project (Option from Xstrata Copper Canada)

Pursuant to an agreement made as of November 29, 2010, Sabina had an option to earn up to a 100% interest in the Cook Lake properties by having made an initial payment of $100,000 and by completing exploration work totalling $10 million over a five year period. The Cook Lake properties consist of 78 claims totalling 4,938 hectares located in the Snow Lake region of northern Manitoba adjacent to the north and west of the newly discovered Lalor deposit owned by HudBay Minerals Inc. Work commenced in January 2011 with line-cutting, ground EM and diamond drilling.

A total of $3.8 million of exploration work has been done on the property which includes 8,139 metres of drilling in 11 drill holes. Following an assessment of results, the Company determined that it had not identified sufficient potential for an economic mineral system. Consequently, on January 15, 2013, the Company provided notice to Xstrata Copper terminating the option agreement and the Company wrote off all related deferred costs on the project.

RISK FACTORS

Investors should carefully consider all of the information disclosed in this Annual Information Form prior to investing in the securities of the Company. In addition to the other information presented in this Annual Information Form, the following risk factors should be considered when evaluating an investment in such securities.

Risks Related to the Business of the Company

Exploration Hazards and Risks

Natural resource exploration generally involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following; environmental hazards, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave ins, landslides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labour. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration of precious and base metals, any of which could result in work stoppages, asset write downs, damage to or destruction of equipment and other facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, or hazards against which it cannot insure

or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

The Company's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry at reasonable terms or at all. In addition, the Company's insurance coverage may not continue to be available at commercially acceptable premiums, or at all. Any such event could have a material adverse affect on the Company's business.

Exploration and Development of Natural Resource Properties

There is no assurance that the exploration programs on the Company's current or future natural resource properties will result in the discovery of new resources or lead to the development of a commercially viable orebody.

The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

The economics of developing gold, silver and base metal properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, and fluctuating mineral markets.

Depending on the prices of gold, silver or base metals, the Company may determine that it is impractical to continue exploration or to commence development of a mineral property. Substantial expenditures are required to discover an orebody, to establish resources and reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations and conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and financial condition.

Due to the location of the Back River Assets, there is presently no infrastructure available to explore or, if a production decision is ultimately made, develop or engage in production from the Project. As a result of the lack of infrastructure, access to the Back River Property is limited. In connection with the sale of the Hackett River Project, the Company entered into an infrastructure access agreement which will provide it with the ability, on competitive commercial terms, to use the infrastructure built by Xstrata for the Hackett River Project. However, no assurance can be given that either the Company's Back River Property or the Hackett River Project will be sufficiently commercially viable to support the capital cost of developing the necessary infrastructure.

Uncertainty of Funding

The Company has limited financial resources, and the exploration and development of the mineral properties in which the Company has an interest require substantial financial expenditures to be made by the Company.

There can be no assurance that adequate funding will be available to the Company so as to enable it to maintain its interests, conduct exploration activities and, if warranted, commence development of a mineral property. Further exploration work and development of the properties in which the Company has an interest depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Precious and Base Metal Price Fluctuations

The ability of the Company to raise funds to continue exploration of the mineral properties in which it has an interest will be significantly affected by changes in the market prices of precious metals. In addition, although the Company no longer has direct exposure to base metal prices, such prices will significantly affect the manner in which Xstrata carries on exploration and, if warranted, development of the Hackett River Project. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of precious and base metals, foreign currency exchange rates, international investments, regulation of monetary systems, speculative activities, international economic conditions and political developments. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not being able to continue its planned exploration programs. Declining market prices for these metals could materially adversely affect the Company's operations and financial condition.

Passive Nature of Hackett River Project Royalty

The Hackett Royalty reserved by the Company on the Sold Properties represents an asset with substantial potential value. However, as a holder of a royalty interest, the Company will have no right to participate in the decision making process with respect to the future exploration and, if warranted, development of the Hackett River Project. Xstrata is the world's largest zinc producer with the financial and other resources necessary to develop the Hackett River Project along with the infrastructure that will be required to conduct a major mining operation in Nunavut. In addition, the Xstrata Agreement has provisions intended to create financial incentives for Xstrata to incur significant exploration expenditures and to complete a feasibility study. If Xstrata does not incur such expenditures or complete a feasibility study within the prescribed time periods, the Company has the right to repurchase the Sold Properties, subject to Xstrata's right to pre-empt that right by paying the Company an advance royalty of $75 million in three annual $25 million instalments. However, notwithstanding these incentives, there can be no assurance as to if, or when, the Hackett River Project will be developed and if or when the Company will receive royalty payments therefrom.

Recent Market Events and Conditions

The unprecedented events in global financial markets since mid 2007 have had a profound effect on the global economy. Many industries, including the mining industry, have been affected by these market conditions. Some of the key effects of the financial market turmoil have included contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's activities. Specifically the global credit/liquidity crisis has affected the volatility of precious and base metal prices, energy prices, commodity and consumables prices and currency exchange rates. These factors affect the valuation of the Company's equity securities and the cost and availability of financing. As a result, these factors could have a material adverse effect on the Company's financial condition.

Calculation of Reserves, Resources and Precious Metal Recoveries

There is a degree of uncertainty attributable to the calculation and estimates of reserves and resources and the corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of the Company's properties. To date, the Company has not established reserves on any of its mineral properties and neither has Xstrata in respect of the Hackett River Project.

Government Regulation

The Company's exploration operations are, and any development activities which it conducts in the future will be, subject to extensive federal, provincial, territorial and local laws and regulations governing such matters as environmental protection, management and use of toxic substances and explosives, management of natural resources, health, exploration and development of mines, production and post closure reclamation, safety and labour, mining law reform, price controls, import and export laws, taxation, maintenance of claims, tenure, government royalties and expropriation of property. There is no assurance that future changes in such laws and regulations, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even the actions of former property owners, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company retains competent and well trained individuals and consultants in jurisdictions in which it does business. However, even with the application of considerable skill the Company may fail to comply with certain laws. Such events can lead to financial restatements, fines, penalties, and other material negative impacts on the Company.

Obtaining and Renewing of Government Permits

The Company is required to obtain and renew government and KIA permits for its exploration activities and will require permits for the development, construction and commencement of any mining operations. Obtaining or renewing the necessary governmental permits is a time consuming process involving numerous regulatory agencies and involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control including the interpretation of applicable requirements implemented by the permitting authority. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can ultimately recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company.

Title to Assets

Although the Company has received title opinions for its material properties there is no guarantee that title to such properties will not be challenged or impugned. The Company's claims may be subject to prior unregistered agreements or transfers and title may be affected by unidentified or unknown defects. The Company has conducted an investigation on the title of properties that it has acquired to confirm that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. There can be no assurance that the Company will be able to acquire any interest in additional projects that would yield resources or reserves or result in commercial mining operations.

Employee Recruitment and Retention

Recruiting and retaining qualified personnel is critical to the Company's success. The Company is dependent on the services of key executives including the Company's President and Chief Executive Officer and other experienced executives and personnel focused on managing the Company's interests. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. If the Company is not able to attract, hire and retain qualified personnel, its operations could be impaired.

Potential Conflicts of Interest

Reference is made to "Directors and Executive Officers – Conflicts of Interest" for information concerning potential conflicts of interest of the Company's directors and officers.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition and exploration of natural resource properties, thereby allowing these companies to (i) participate in larger properties and programs, (ii) acquire an interest in a greater number of properties and programs, and (iii) reduce their financial exposure to any one property or program. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Risks Related to the Common Shares

International Financial Reporting Standards (IFRS)

The transition from Canadian Generally Accepted Accounting Principles ("**Canadian GAAP**") to International Financial Reporting Standards ("**IFRS**") became applicable to Canadian public entities for financial years beginning on or after January 1, 2011. The Company's first period of IFRS reporting was for the quarter ending March 31, 2011. The first IFRS annual financial statements presented in accordance with IFRS are for the year ended December 31, 2011. Conversion to IFRS has resulted in balances as at January 1, 2010 (the first year of comparative statements applicable to the year ended December 31, 2011) requiring adjustments. Mineral properties were adjusted by ($998 thousand) due to a reversal of deferred income taxes allowable under GAAP but not under IFRS. Under IFRS, the premium attached to the issuance of flow-through shares must be recorded as a liability and amortized into income as qualifying expenditures are made. This policy change resulted in a deferred liability account of $2,353 thousand (as at December 31, 2010). Share capital was also adjusted by an increase of $4,626 thousand as a result of the flow-through premium adjustment and a reversal of deferred income tax effects related to financings. The deferred tax liability account also increased by $4,859 thousand related to the tax share capital effects above and timing of incurring qualifying flow-through expenditures. Finally, deficit has increased by $11,568 thousand due to the expensing of the flow-through premium as detailed above.

Reliability of Financial Statements

In the preparation of financial statements, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting details are described in more detail in the notes to the Company's annual consolidated financial statements for the year ended December 31, 2012. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, it cannot provide absolute assurance in that regard.

Substantial Volatility of Share Price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Common Shares is also significantly affected by short term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports. Other factors unrelated to the Company's performance that may have an effect on the price of its Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of the Common Shares; and the market price of the Common Shares and size of the Company's public float may limit the ability of some institutions to invest in the Company's securities.

Potential Dilution of Present and Prospective Shareholdings

In order to finance future operations and development efforts, the Company may raise funds through the issue of Common Shares or the issue of securities convertible into or exercisable for Common Shares. The Company cannot predict the size of future issues of Common Shares or the issue of securities convertible into or exercisable for Common Shares or the effect, if any, that future issues and sales of the Common Shares will have on the market price of the Common Shares. Any transaction involving the issue of previously unissued shares, or securities convertible into or exercisable for shares, would result in dilution, which may be substantial, to existing holders of shares.

Lack of Dividends

No dividends on the Common Shares have been paid to date. The Company currently plans to retain earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Board of Directors after taking into account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

DIVIDENDS

No dividends on the Common Shares have been declared during the past three fiscal years ended December 31, 2012, December 31, 2011 and December 31, 2010. The Company has no present intention of paying dividends on its Common Shares as it anticipates that all available funds will be invested to finance further acquisition, exploration and development of its mineral properties.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without par value. As at April 2, 2013, 2013, 173,577,432 Common Shares were issued and outstanding.

Shareholders are entitled to one vote for each Common Share held on all matters to be voted on by the shareholders. Each Common Share is equal to every other Common Share, is entitled to receive pro rata such dividends as may be declared by the board of directors out of funds legally available therefore and to participate equally on liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the Company's assets among the shareholders for the purpose of winding up its affairs after it has paid out its liabilities. Common Shares are not subject to call or assessment. There are no pre emptive or conversion rights attached to the Common Shares, and no provisions for redemption, purchase or cancellation, surrender, sinking fund or purchase fund.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares trade on the TSX under the symbol "SBB". The following table sets forth the price range and volume of shares traded on the TSX for the periods indicated.

		High	Low	Volume
2012		$	$	
	January	4.68	3.81	5,830,894
	February	3.95	3.03	10,680,769
	March	3.15	2.69	7,327,765
	April	2.77	2.40	6,047,773
	May	2.80	1.80	9,490,872
	June	2.75	1.94	8,410,248
	July	2.25	1.69	7,219,841
	August	3.29	2.33	4,572,301
	September	3.48	3.08	5,714,301
	October	3.24	2.85	3,170,931
	November	3.00	2.69	3,307,076
	December	2.68	2.09	6,545,429

		High	Low	Volume
2013				
	January	2.78	2.27	4,258,534
	February	2.23	1.82	5,555,827
	March	2.06	1.69	4,422,548
	April (to 4/01/13)	1.78	1.72	62,699

Prior Sales

The following table provides certain information as of December 31, 2012 with respect to the outstanding securities of the Company that were issued during the most recently completed financial year and that are not listed on the TSX:

Date of Sale	Type of Security	Number of Securities	Exercise / Conversion Price	Expiry Date
Jan 4, 2012 – Nov 8, 2012	Options	3,105,000	$2.11 - $4.05	Jan 4, 2017 – Nov 8, 2017

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the current directors and executive officers of the Company:

Name and Residence	Current Position with the Company	Principal Occupation	Since
LeRoy E. Wilkes Castle Rock, Colorado, USA	Director, Chairman	Retired Mining Executive	October 2006
Rob Pease South Surrey, BC, Canada	Director, President and Chief Executive Officer	President and Chief Executive Officer of Sabina	November 2011
Terrence E. Eyton[(3)(4)] North Vancouver, BC, Canada	Director	Chartered Accountant; Chief Financial Officer, Peninsula Merchant Syndications Corp.	October 2006
David Fennell[(1)(2)] Nassau, Bahamas	Director	Corporate director	June 2009

Name and Residence	Current Position with the Company	Principal Occupation	Since
Jonathan Goodman[(1)(4)] Toronto, Ontario, Canada	Director	Executive Chairman, Dundee Precious Metals Inc., mining company	June 2009
Scott B. Hean[(1)(3)] West Vancouver, BC, Canada	Director	Chief Financial Officer of Quaterra Resources Inc.	March 2006
James N. Morton[(3)(4)] Vancouver, BC, Canada	Director	Counsel, Morton Law, law firm	June 2008
John Wakeford[(1)(2)] North Vancouver, BC, Canada	Director	Retired officer of Sabina	April 2011
Anthony P. Walsh[(1)(2)] West Vancouver, BC, Canada	Director	Retired officer of Sabina	May 2008
John F. Whitton[(2)(4)] Red Lake, Ontario, Canada	Director	Professional Geologist	February 1987
Elaine Bennett North Vancouver, BC, Canada	Chief Financial Officer, Vice-President, Finance	Chief Financial Officer of Sabina	September 2008
Nicole Hoeller North Vancouver, BC, Canada	Vice-President, Investor Relations, Corporate Secretary	Corporate Secretary of Sabina and Executive Officer of Sabina	January 2008
Jason Hynes Vancouver, BC, Canada	Vice-President, Corporate Development	Executive Officer of Sabina	March 2012
Wes Carson Vancouver, BC, Canada	Vice-President, Project Development	Executive Officer of Sabina	July 2012
Angus Campbell South Surrey, BC, Canada	Vice-President, Exploration	Executive Officer of Sabina	September 2012

(1) Member of the Compensation Committee
(2) Member of the Health & Safety Committee
(3) Member of the Audit Committee
(4) Member of the Corporate Governance Committee and Nominating Committee

The term of office of the directors expires at the beginning of the next annual general meeting or when their successors are elected or appointed.

The directors and officers of the Company beneficially own, directly or indirectly, or have control of or direction over an aggregate of 1,815,449 Common Shares of the Company, representing approximately 1% of the issued and outstanding Common Shares. Jonathan Goodman is President and Chief Executive Officer of DPM which holds 18,539,916 Common Shares that are not included in the foregoing number. Biographical information regarding the directors and executive officers of the Company for the past five years is as follows:

LeRoy E. Wilkes, P.Eng (Mining), Director and Chairman of the Company. Mr. Wilkes was President of Washington Group International's mining business unit where he was responsible for the operating and financial performance of the unit's international operations in the coal, metals and industrial minerals markets. He has 37 years of mining experience in the precious metals, coal industrial metals, and base metals mining and processing. Prior to joining the Washington Group, Mr. Wilkes served as executive vice-president and chief operating officer of Santa Fe Pacific Gold Corporation of Albuquerque, New Mexico from 1988 to 1995. Mr. Wilkes also previously served as executive vice-president of Washington Corporation of Missoula, Montana, responsible for merger and acquisition activities. He earlier served as vice-president and general manager of Kennecott Ridgeway Mining Company of Ridgeway, South Carolina, and director of business development of Anaconda Minerals Co. of Denver, Colorado. He has held management and supervisory positions at surface and underground mines producing molybdenum, copper, limestone, lead silver and zinc. Mr. Wilkes has a degree in mining engineering from the Montana School of Mines.

Rob Pease, P.Geo, Director, President and Chief Executive Officer of the Company. Mr. Pease has been involved with mineral exploration and mine development projects worldwide for the past 30 years. In 2006, he formed Terrane Metals Corp. ("**Terrane**") to develop the Mt Milligan Gold-Copper project northwest of Prince George, B.C. Terrane advanced the project through exploration, development, and permitting. Construction commenced in the spring of 2010 and late that year Terrane was acquired by Thompson Creek Mining for $700 million. He is also a former Director and Strategic Advisor to Richfield Ventures Corp. ("**Richfield**"), a junior gold mining company exploring the newly discovered Blackwater gold project in British Columbia. Richfield was acquired in 2011 by New Gold Inc. for $500 million. For the majority of his professional career prior to becoming President and Chief Executive Officer of Terrane, Mr. Pease was employed by Placer Dome Inc. ("**Placer**"). In 2002, he became Placer's General Manager, Canada Exploration and Global Major Projects. In this role, he was responsible for managing all aspects of Canadian exploration, and overseeing the geological aspects of advanced stage, major exploration and development projects world-wide. Mr. Pease holds a B.Sc. degree in Earth Science from the University of Waterloo, a Professional Geologist (British Columbia) certification and is a Fellow of the Geologic Association of Canada. He is a Past-Chairman of the Association for Mineral Exploration British Columbia, and in 2010 was named "BC Mining Person of the Year" by the Mining Association of BC.

Terrence E. Eyton, FCA, ICD.D, Director of the Company. Mr. Eyton is a Chartered Accountant and currently Chief Financial Officer of Penninsula Merchant Syndications Corp. Prior to his appointment at Penninsula he was a partner with Topping Eyton Partners, a public accounting firm in Vancouver, a private practice from which he has recently retired. His professional career encompasses depth in financial, regulatory and compliance matters across many sectors including mining. Mr. Eyton graduated in business administration from Lakehead University in 1967, obtaining the designation of chartered accountant in 1971 and was elected to the fellowship of the Institute of Chartered Accountants of B.C. in 1983. Mr. Eyton graduated from the Institute of Corporate Directors, Directors Education Program in 2008. Mr. Eyton is also

a director of Bravo Gold Corp., Bravada Gold Corp., and Southern Silver Exploration Corp., other junior mining exploration companies.

David Fennell, Director of the Company. Mr. Fennell received his law degree in 1979 from the University of Alberta and practiced in the areas of corporate and resource law until 1983, when he founded Golden Star Resources Ltd. ("**Golden Star**"). During his term as President and Chief Executive Officer, Golden Star became a TSX 300 company. In 1998, Mr. Fennell left Golden Star to become Chairman and Chief Executive Officer of Cambiex Exploration Inc., which became Hope Bay Gold Corporation ("**Hope Bay**"). He held this position until Hope Bay was acquired by Miramar Mining Corporation ("**Miramar**") where he continued as Executive Vice-Chairman and director until its takeover in January 2008 by Newmont Mining Corporation, a leading gold producer. He was Chairman of Ariane Gold Corp. from August 2002 until its acquisition by Cambior Inc. in November 2003, and was a director of Palmarejo Silver and Gold Corporation until it was acquired by Coeur d'Alene Mines Corporation in December 2007. He was Chairman of Maximus Ventures Ltd. until its business combination with NFX Gold Inc. to form Bear Lake Gold Ltd. He is currently a director of Major Drilling Group International Inc., a drilling services company, and Sutter Gold Mining Inc. as well as the Chairman and director of Reunion Gold Corporation and Queensland Minerals Ltd. and Executive Chairman and director of Odyssey Resources Ltd.

Jonathan Goodman, Director of the Company. Mr. Goodman has over 20 years experience in the resource and investment industry, working as a geologist, senior analyst, portfolio manager and senior executive. Mr. Goodman is President and Chief Executive Officer of Dundee Precious Metals Inc., a mining company. He joined Goodman & Company Investment Counsel Ltd. in 1990, where he was responsible for the selection of Canadian equities and played a major role in developing asset allocation strategies, before becoming the company's President. He was also a founder of Goepel Shields and Partners Inc., an investment dealer. Mr. Goodman graduated from the Colorado School of Mines as a Professional Engineer and holds a Master of Business Administration from the University of Toronto. He is also a Chartered Financial Analyst, and is a director of several publicly-traded resource companies.

Scott B. Hean, BA, MBA, ICD.D, Director of the Company. Mr. Hean is currently the Chief Financial Officer of Quaterra Resources Inc, a TSX-V and NYSE-Amex listed junior mining exploration company. He is a member of the Audit and the Governance and Nomination Committees and the Chair of the Compensation Committee of the Company. He is a director for a number of publicly traded junior mining exploration companies including Bravo Gold Corp. Mr. Hean has held senior management and executive positions with J.P. Morgan of New York, primarily financing junior oil and gas companies and with the Bank of Montreal as Senior Vice-President and Managing Director responsible for financing in the natural resources sector in North America. He has served on numerous not-for-profit Boards, including Outward Bound Canada and BC Children's Hospital and is currently Chair of the Bill Reid Trust and member of the Bill Reid Foundation. Mr. Hean Graduated from Simon Fraser University in 1973 and from the Ivey School of Business, London, Ontario in 1975. Mr. Hean also graduated from the Institute of Corporate Directors, Directors Education Program in 2006.

James N. Morton, BA, LLB, Director of the Company. Mr. Morton is the founding partner of Morton Law, LLP, Corporate and Securities Lawyers of Vancouver, BC. He has over 30 years experience representing resource and other venture companies in effecting initial public offerings, equity financings, acquisitions, mergers and take-over transactions. He is the President and a director of Blackcomb Capital Corporation, a private investment holding

company. Mr. Morton received a B.A. from the University of Western Ontario and an LLB from the University of British Columbia.

John Wakeford, P.Geo, Director of the Company. Mr. Wakeford has spent more than 30 years in worldwide exploration, with extensive experience in Achean greenstone deposits, including the Hemlo and Timmins gold camps. From August 2008 to April 2011, he was Senior Executive Vice-President, Corporate Development of the Company. His experience includes 14 years with Noranda Inc., where, among other things, he played a key role in the discovery and evaluation of the Holloway gold deposit. On the creation of Hemlo Gold Mines Inc. ("**Hemlo**"), Mr. Wakeford was appointed Director of International Exploration and led its international gold exploration activities. Following the merger of Hemlo with Battle Mountain Gold Company, he was appointed Director of Exploration. Prior to August 2008, Mr. Wakeford was the Vice-President of Exploration at Miramar.

Anthony P. Walsh, CA, Mr. Walsh graduated from Queen's University (Canada) in 1973 and became a member of The Canadian Institute of Chartered Accountants in 1976. Mr. Walsh has over 20 years experience in the field of exploration, mining and development. From 2008 to 2011, Mr. Walsh was President & CEO and a Director of Sabina Gold & Silver Corp. (He retired in 2011). From 1999 to 2007, Mr. Walsh was President and Chief Executive Officer of Miramar, from 1995 – 1999 Mr. Walsh was Vice President Finance and Chief Financial Officer of Miramar, from 1993 to 1995 was the Senior Vice-President and Chief Financial Officer of a computer leasing company and from 1989 to 1992 was Chief Financial Officer and Senior Vice-President, Finance of International Corona Resources Ltd., a gold producer.

John F. Whitton, B.Sc., P.Geo, Director of the Company. Mr. Whitton obtained the Honours Bachelor of Science in Geology from Trinity College in Dublin, Ireland in 1972. From 1972 to 1981, Mr. Whitton was involved with base metal exploration in Canada, U.S. and the British Isles. From 1981 to the present, Mr. Whitton focused chiefly on gold and other precious metals. He is experienced in all levels of exploration and development including mine and mill design, mine construction and operations. Mr. Whitton has been a director of Sabina since 1987 and is a registered Professional Geoscientist in the Province of Ontario.

Elaine Bennett, C.G.A., Chief Financial Officer and Vice-President, Finance of the Company. Ms. Bennett brings to the Company 28 years of experience in the mining industry to the Company. Prior to September 2008 she was Chief Financial Officer of Miramar. Ms. Bennett serves as a director on the board of Bear Lake Gold Ltd, a Canadian gold exploration company.

Nicole Hoeller, Vice-President of IR and Corporate Secretary of the Company. Prior to January 2008, Ms. Hoeller was Director, IR for Miramar. Along with her 14 years of experience in investor relations and communications in the industry, Ms. Hoeller has also spent extensive time traveling in the Arctic, liaising and consulting with communities, Inuit organizations and all levels of government about the benefits and impacts of mining in Canada's North.

Jason Hynes, MBA, Vice-President, Corporate Development of the Company. Prior to joining Sabina in March 2012, Mr. Hynes spent seven years as an investment banker with National Bank Financial in Toronto and Vancouver, assisting mining companies in investment banking on identifying and executing mergers and acquisitions, and on implementing financing strategies. Jason holds an Honours B.Sc. (Elec. Engineering) from Queen's University at Kingston and an MBA from the University of Toronto's Rotman School of Management.

Wes Carson, P.Eng, Vice-President, Project Development. Mr. Carson has over twelve years of experience in mine operations, project development, construction and engineering. Wes joined Sabina as Vice-President, Project Development in July 2012. Prior to this he was Vice-President and General Manager with Thompson Creek Metals Company for their Mount Milligan project in central British Columbia. Wes began work on the Mount Milligan project with Terrane Metals in 2007 and was part of the team that advanced the project from exploration, through permitting, development and initial construction, leading to the eventual acquisition of Terrane by Thompson Creek in 2010. Wes has also held various leadership roles with Cominco, Teck, Placer Dome and Barrick at mining operations in British Columbia, Ontario and Tanzania. Wes holds a B.A.Sc in Mining and Mineral Process Engineering from the University of British Columbia, is a registered Professional Engineer with the Association of Professional Engineers and Geoscientists of British Columbia and is a member of the Canadian Institute of Mining and the Association for Mineral Exploration British Columbia.

Angus Campbell, Vice-President, Exploration. Angus has a strong and varied background in global mineral exploration, and for the past several years has been Exploration Manager for Chile with BHP Billiton based in Santiago. He has a broad range of experience in green field and brown field exploration initiatives and projects. As well he holds a deep understanding of diverse cultural and team environments, large project management, project generation, opportunity evaluation, partner alliances and JV's and equity deals. He also has broad exposure to managing health and safety, commercial risk and due diligence issues. Angus was a member of the Spence deposit discovery team, honoured by winning the PDAC Bill Denis Award in 1998.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed herein, to the best of Sabina's knowledge, no director or executive officer of the Company is, or during the ten years preceding the date of this AIF has been, a director or chief executive officer or chief financial officer of any company that:

(a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

(b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, which resulted from an event that occurred while that person was acting in the capacity as director or chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, or during the ten years preceding the date of this AIF has been, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No director, executive officer or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has:

(c) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(d) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

LeRoy E. Wilkes, Director and Chairman of Sabina, was a Director of Copper Mesa Mining Corporation which had a cease trade order issued against it on April 8, 2009 for failure to file its annual financial statements, accompanying management's discussion and analysis and annual information form (collectively, the "**Annual Filings**") for its financial year ended December 31, 2008. On June 3, 2009 the British Columbia Securities Commission revoked the cease trade order as the Annual Filings had been filed.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises, a director who has such a conflict will be required to disclose the conflict in accordance with applicable corporate law and to abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with applicable corporate law, the directors of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings to which the Company is or was a party, or to which any of its property is or was the subject of, during the financial year, and, to the best of the Company's knowledge, no such proceedings are contemplated.

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year and there have been no other penalties or sanctions imposed by a court or regulatory body against the

Company that would likely be considered important to a reasonable investor in making an investment decision. The Company has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority during the financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein, none of the following:

(a) director or executive officer of the Company;

(b) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares; or

(c) associate or affiliate of any of the persons or companies referred to in the above paragraphs (a) or (b),

has, to the best of the Company's knowledge, any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

The following are the material contracts entered into by Sabina since January 1, 2002 that are still in effect, other than material contracts entered into in the ordinary course of business (unless otherwise required to be disclosed):

1. The Silver Wheaton Participation Rights Agreement dated December 21, 2006 referred to under "General Development of the Business - 2006".

2. The Silver Streams Agreement dated December 21, 2006 referred to under "General Development of the Business - 2006".

3. The Back River Agreement dated March 27, 2009 referred to under "Acquisition of the Back River Assets".

4. The Equity Participation Agreement dated June 9, 2009 referred to under "Acquisition of the Back River Assets".

5. The Standstill Agreement dated June 9, 2009 referred to under "Acquisition of the Back River Assets".

6. The Xstrata Agreement made as of June 1, 2011 referred to under "Sale of the Hackett River Project".

7. The Royalty Agreement made as of October 3, 2011 referred to under "Sale of the Hackett River Project".

8. The 2012 Underwriting Agreement referred to under "General Development of the Business – 2012".

INTERESTS OF EXPERTS

The following persons and firms are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made by the Company under National Instrument 51-102 Continuous Disclosure Obligations during or relating to the Company's most recently completed financial year and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or Company.

1. KPMG LLP is the external auditor of the Company and provided an auditor's report on the audited financial statements of the Company for the year ended December 31, 2011, filed on SEDAR on March 30, 2012. KPMG LLP have confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

2. The following experts are named as having been involved in the preparation of the AMC Report referred to under "Description of the Back River Property":

   (a) J M Shannon, P.Geo., AMC Mining Consultants (Canada) Ltd

   (b) D Nussipakynova, P.Geo., AMC Mining Consultants (Canada) Ltd

   (c) A Fowler, Phd, Mausimm CP(Geo), AMC Mining Consultants (Canada) Ltd.

   (d) B Murphy, Fsaimm, SRK Consulting (Canada) Inc.

   (e) A. Dance, P.Eng., SRK Consulting (Canada) Inc.

   (f) J Yakasovich, P.Eng., SRK Consulting (Canada) Inc.

   (g) I Iakovlev, P.Eng., SRK Consulting (Canada) Inc.

   (h) M Royle, P.Geo., SRK Consulting (Canada) Inc.

   (i) A Laudrum, P.Geo., SRK Consulting (Canada) Inc.

   (j) M Rykaart, Phd, P.Eng., SRK Consulting (Canada) Inc.

   (k) J Duncan, P.Eng., SRK Consulting (Canada) Inc.

3. The following experts are named as having been involved in the preparation of the PEG Study referred to under "Description of the Hackett River Project":

   (a) G. N. Challiner, C. Eng. MIMMM.

   (b) Mario Colantonio, P. Eng.

(c) Pierre Desautels, P. Geo.

(d) Andy Holloway, P. Eng., Principal Process Engineer, PEG Mining Consultants Inc.

(e) Todd McCracken, P. Geo.

(f) Keith Mountjoy, P. Geol. (NWT/NU).

(g) H. Warren Newcomen, MS, P. Eng, P.E.

(h) Gordon Zurowski, P. Eng.

4. The following experts are named as having been involved in the preparation of the PEA referred to under "Description of the Back River Property":

(a) W Barnett, Phd, Pr. Sci. Nat., SRK Consulting (Canada) Inc.

(b) J Yakasovich, P.Eng., SRK Consulting (Canada) Inc.

(c) I Iakovlev, P.Eng., SRK Consulting (Canada) Inc.

(d) M Royle, P.Geo., SRK Consulting (Canada) Inc.

(e) A Laudrum, P.Geo., SRK Consulting (Canada) Inc.

(f) M Rykaart, Phd, P.Eng., SRK Consulting (Canada) Inc.

(g) J Duncan, P.Eng., SRK Consulting (Canada) Inc.

(h) Marek Nowak, P. Eng., SRK Consulting (Canada) Inc.

(i) P. Nakai-Lajoie, P. Geol., Roscoe Postle Associates Inc.

SRK Consulting (Canada) Inc. is named as having prepared the PEA on the Back River Project which is referred to in the management's discussion and analysis for the quarters ended June 30, 2012 and September 30, 2012, the Company's interim financial statements for the quarters ended June 30, 2012 and September 30, 2012 and as having prepared the SRK Resource Report which is referred to in the interim financial statements for the quarter ended March 31, 2012 and in the financial statements for the year ended December 31, 2011.

Roscoe Postle Associates is named as having prepared the PEA on the Back River Project which is referred to in the Company's management discussion and analysis for the quarter ended June 30, 2012 and the interim financial statements for the quarters ended June 30, 2012 and September 30, 2012.

Marek Nowak, P.Eng., SRK Consulting (Canada) Inc. is the qualified person for certain disclosure referred to in the Company's management's discussion and analysis for the year ended December 31, 2011.

Doug Cater, P. Geo, was the qualified person named in the Company's material change report dated May 3, 2012 and for certain disclosure in the Company's management's discussion and

analysis for the year ended December 31, 2011 and the annual financial statements for the year ended December 31, 2011.

The experts named above did not have any registered or, to the best of the Company's knowledge, beneficial interest, direct or indirect, in any securities or other property of the Company or its associates or affiliates when the experts prepared their respective reports.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Information Circular pertaining to its most recent Annual General Meeting of security holders that involves the election of directors. Additional financial information is provided in the Company's financial statements and management discussion and analysis for its most recently completed financial period ended December 31, 2012.

AUDIT COMMITTEE

1. The Audit Committee's Charter

   The Company's Audit Committee Charter is attached to this AIF as Schedule "A".

2. Composition of the Audit Committee The Company's audit committee is comprised of three directors: Terrence E. Eyton, Scott B. Hean and James N. Morton. All three directors are "independent" (as defined in National Instrument 52-110 Audit Committees ("**NI 52-110**"). All of the members of the audit committee are financially literate, meaning that the**y are abl**e to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Company's financial statements.

3. Relevant Education and Experience

   Terrence E. Eyton – Mr. Eyton, FCA, ICD.D, is a Chartered Accountant and Chief Financial Officer with Peninsula Merchant Syndications Corp. Prior to that he was a partner with Topping Eyton Partners, a public accounting firm in Vancouver, British Columbia, from which he has since retired. Mr. Eyton is on the board of Bravo Ventures Group and Fortune River Resource Corp. Both firms are traded on the TSX-V and Mr. Eyton is Chair of the Audit Committee for both companies.

   Scott B. Hean – Mr. Hean, B.A., MBA, ICD.D is the Chief Financial Officer of Quaterra Resources Inc., a publicly traded mineral exploration company listed on the TSX.V and NYSE.AMEX. He also serves as a director on the boards of three other junior mining exploration companies.

   James N. Morton - BA, LLB, is the founding partner of Morton Law, LLP., Corporate and Securities Lawyers of Vancouver, BC. He has over 30 years experience representing resource and other venture companies in effecting initial public offerings, equity financings, acquisitions, mergers and take-over transactions.

4. Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any exemption from NI 52-110.

5. Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year, has a recommendation of the Committee to nominate or compensate an external auditor not been adopted by the Board or Directors.

6. Pre Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non audit services. Subject to the requirements of NI 52-110, the engagement of non audit services is considered by the Company's Board of Directors and, where applicable, by the audit committee, on a case by case basis.

7. External Auditor Service Fees (By Category)

Set forth below are details of certain services billed to the Company by its external auditor in each of the last two fiscal years for audit services:

Financial Year End	Audit Fees	Tax Fees[(1)]	Other Fees[(2)]	Total
2012	$90,000	$49,043	$28,050	$**
2011	$137,661	$46,441	$33,645	$217,747

(1) Fees related to the preparation of the Company's T-2 corporate income tax return and the General Index of Financial Information required by CRA.

(2) Other fees include advisory services on the Company's 2012 PEA and the Hackett River transaction.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

Mandate

The primary function of the audit committee ("**Committee**") is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the following: (a) the financial reports and other financial information provided by the Company to regulatory authorities and shareholders; (b) the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting; and (c) financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements; (ii) review and appraise the performance of the Company's external auditors; (iii) provide an open avenue of communication among the Company's auditors, financial and senior management and the board of directors; and (iv) to ensure the highest standards of business conduct and ethics.

Composition

The Committee shall be comprised of three directors as determined by the board of directors, the majority of whom shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full board of directors, the members of the Committee may designate a chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

(a) Review and update this Charter annually.

(b) Review the Company's financial statements, MD&A, any annual and interim earning statements and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.

External Auditors

(a) Review annually the performance of the external auditors who shall be ultimately accountable to the board of directors and the Committee as representatives of the shareholders of the Company.

(b) Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.

(c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

(d) Take or recommend that the full board of directors take appropriate action to oversee the independence of the external auditors.

(e) Recommend to the board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

(f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

(g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

(i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

(i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues

paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;

(ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and

(iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

(a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.

(b) Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

(c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.

(d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

(e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

(f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

(g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

(h) Review certification process for certificates required under Multilateral Instrument 52-109.

(i) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

(a) Review any related party transactions.

(b) Review reports from persons regarding any questionable accounting, internal accounting controls or auditing matters ("**Concerns**") relating to the Company such that:

(i) an individual may confidentially and anonymously submit their Concerns to the Chair of the Committee in writing, by telephone, or by e-mail;

(ii) the Committee reviews as soon as possible all Concerns and addresses same as they deem necessary; and

(iii) the Committee retains all records relating to any Concerns reported by an individual for a period the Committee judges to be appropriate.

(iv) All of the foregoing is to be done in a manner that the individual submitting such Concerns shall have no fear of adverse consequences.