

## **Redaurum Property, Red Lake Mining Camp**

Sabina Resources Limited (Sabina) has for many years owned an 80% interest in 14 patented mineral claims (697.3 acres) located in Baird Township, Red Lake Mining Division, Ontario, known as the Redaurum property. This property is located approximately five miles southwest of the town of Red Lake and is strategically located on one of the major gold bearing trends in the Red Lake greenstone belt.

Sabina's management has a wealth of information and experience "in house" pertaining to the Red Lake mining camp and has long recognized the geological potential of the Redaurum property and its relationship to the formerly producing Madsen Mine immediately to the South. When the Redaurum claim group became available in the early 1980's Sabina managed to acquire them and has retained control of them since that time. The claims are underlain by rocks of the Balmer Assemblage – the host sequence to the currently producing world class Red Lake (Goldcorp Inc.) and Campbell (Placer Dome Inc.) Mines.

Shallow diamond core drilling on the Redaurum property in the mid 1980's intersected 2.2 oz./t (68.4 gm/t) over 2.0 feet, 1.12 oz./t (34.8 gm/t) over 5 feet and 0.56 oz./t (17.4 gm/t) over 7.2 feet in a silicified quartz veined Mafic/Ultramafic sequence of rocks.

Two subsequent developments helped justify the decision to acquire the Redaurum property. A new Goldcorp management team under the guidance of Mr. Rob McEwen took over the faltering Dickenson Mine, renamed it Goldcorp's Red Lake Mine and developed it into one of the world's premiere gold mines with some of the highest ore grades and lowest production costs. Secondly, during the 1990's, Placer Dome Inc. invested more than \$100 million in a new shaft and hoisting facility at their world renowned Campbell Mine in order to access new deep gold discoveries on their property. These two operating mines have established orebodies at hitherto untested depths in Red Lake. In fact, Goldcorp has recently reported its deepest high-grade intersection ever at a depth of 7,750 feet (virtually 1 ½ miles) with the ore body continuing downwards.

The first serious prospecting on record in the Redaurum area was carried out by Dome Mines Ltd. in 1926. Dome is one of the predecessor companies to Placer Dome Inc and its Campbell mine. Their work reported the presence of gold mineralization on the Redaurum property. This was followed by other exploratory work in the area during the 1930's, concurrent with the development of mining operations in the nearby town of Red Lake.

The Redaurum property is located immediately to the North East (actually on the same geologic structure) of the past producing Madsen Gold Mine (2.6 million ounces produced). The property is surrounded by claims held by Placer Dome/Claude Resources and Goldcorp among others. The Redaurum property itself has been subject to very limited exploration and the majority of the property has not been tested by any drilling.

Sabina had an 80% interest and Claude Resources Inc. (Claude) had a minority 20% interest in the Redaurum property at this time.

Sabina was approached by Placer Dome (Canada) Inc. (Placer Dome) in 2003 with the view to forming a joint venture to explore the Redaurum property. Placer Dome already had an existing option agreement with Claude Resources, present owner of the formerly producing Madsen Mine property. Placer Dome was then, and continues to conduct major exploration in the area.

Sabina and Claude Resources in March of 2003 entered into a joint venture and option agreement with Placer Dome on the Redaurum property.

Pursuant to this option agreement Placer Dome acquired an option to earn an initial 50% interest in the Redaurum property by paying Sabina \$100,000 in cash (\$50,000 paid) and incurring \$2,000,000 in exploration expenditures over a four year period with a minimum of \$250,000 firm in the first year.

Upon Placer Dome earning its initial interest in the property, Sabina shall transfer a 5% interest to Claude in return for Claude having waived its first right of refusal in favour of Placer Dome. Within 60 days of Notice of Formation of the Joint Venture, Sabina may elect to have Placer Dome fund all further expenditures on the Redaurum property up to commercial production in return for an additional 5% interest leaving Sabina with a 20% carried interest. Bearing in mind the excellent potential for high grade orebodies in the Red Lake camp Sabina management believes this to be an excellent deal for all parties.

A geological mapping program followed by limited trenching was conducted by Placer Dome during the summer of 2003 in order to better understand the structural setting of the area and define targets for further work. Several grab samples during the mapping program revealed visible gold on the surface with selected samples ranging from 0.39 to 2.20 ounces per ton (12.1 gm/t to 68.4 gm/t) near the old "Shaft" and "Camp" zones.

Placer Dome subsequently initiated a diamond drilling program on the property. Nine NQ diameter holes were completed totaling 6,029 meters. The information collected is currently being compiled with both historical and current data derived from the surface mapping program. It is expected that drilling will recommence on the completion of this phase of the exploration program. Sabina considers Placer Dome's preliminary results to date to be very encouraging. Sabina will be reporting on the results once the final analyses of the work carried out in this initial program has been completed