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## SABINA GOLD & SILVER COMPLETES SALE OF HACKETT RIVER PROJECT AND CERTAIN WISHBONE CLAIMS TO XSTRATA ZINC

Vancouver, BC – Sabina Gold & Silver Corp (SBB.T) (“Sabina” or the “Company”) is pleased to announce the closing of the sale of its Hackett River Project and certain Wishbone claims (together the “Properties”) in Nunavut, Canada to Xstrata Canada Corporation, Xstrata Zinc Canada Division (“Xstrata Zinc”).

Hackett River, located 45 km west of the Company’s Back River gold project in Nunavut, is a *silver rich* volcanic massive sulphide (“VMS”) project and is one of the largest undeveloped projects of its type. The project contains a potentially mineable resource containing an indicated resource of 43 million tonnes with 200 million ounces of silver (144 g/t) and 2 million tonnes of zinc (4.65%) along with an additional inferred resource of 15 million tonnes with 64 million ounces of silver (136 g/t) and 652,000 tonnes of zinc (4.46%). The project also contains appreciable copper, lead and gold.

On October 3, 2011, as contemplated in the purchase agreement, Xstrata Zinc deposited \$50 million in escrow, pending registration of land transfers and transfers of associated licenses and permits, for which the Company has received all required consents. In addition, Sabina has reserved a silver production royalty equal to 22.5% of the first 190 million ounces of payable silver from the Properties and 12.5% of all payable silver from the Properties thereafter.

Xstrata Zinc has agreed to incur not less than \$50 million on exploration and other expenditures on the Properties over a four year period in order to advance the Properties.

Xstrata Zinc Canada Chief Operating Officer Manuel Alvarez commented: “The closing of this transaction marks an important milestone in our strategy to grow our business in Canada. We look forward to working with local stakeholders in Nunavut in the coming years as this project moves forward.”

Xstrata Zinc as the world’s largest zinc producer has the means, experience and financial resources to push Hackett River forward at an expedited pace. The transaction effectively crystallizes value in Hackett River for Sabina shareholders and poises Sabina for a market re-rating as a gold company.

“We believe that this transaction is innovative and provides significant value to our shareholders going forward,” said Tony Walsh, President & CEO “The deal marks the evolution of Sabina into a purely precious metals company with significant gold and silver assets. We believe the value of our silver royalty will increase as Xstrata brings Hackett closer to production.”

The value created for Sabina shareholders from this transaction includes:

- Potential significant cash flow **at no cost** from silver royalty. *22.5% x 190 million ounces of silver = ~42.75 million ounces of silver, plus*
  - *12.5% x actual Life Of Mine silver production from new silver discoveries*
- Significant leverage to future increases in silver price;
  - Ability to leverage the silver royalty to pay for construction of Back River either through sale or pledge against debt, mitigating against future dilution;
  - Xstrata Zinc, the world’s largest zinc producer, presents the potential for increased production at Hackett River and an accelerated development timeline;
  - Sabina expects to secure the right to use infrastructure built by Xstrata for Hackett on commercial terms which could enhance and reduce risk at our gold project at Back River.

Once the land transfers have been registered and licences and permits have been transferred, the \$50 million cash will be released from escrow, further bolstering the Company’s treasury. The Company expects to end the year with approximately \$150 million in cash.

## **SABINA GOLD & SILVER CORP**

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

In addition to the royalty described above, Sabina’s assets comprise the Back River Gold Project, an advanced exploration property, as well as the Wishbone Claims, a vastly prospective grass roots project.

### **Quality Assurance**

Mr. Peter Manojlovic, P. Geo, and Vice-President, Exploration of Sabina Gold & Silver Corp is a Qualified Person under the terms of NI43-101 and has reviewed the technical content of this press release and approved its dissemination.

Project management of the PEA was conducted by Eric Harkonen, P.Eng. and Principal Project Manager/Mine Engineer of PEG. He is a Qualified Person under the terms of 43-101 and can be found on [www.sedar.com](http://www.sedar.com).

Diamond drill core was sent to ALS Chemex preparation laboratory in Yellowknife, NWT. From there coarse rejects and pulps go to the ALS Chemex lab in North Vancouver BC. Quality control is monitored on a continual basis and utilizes a system of standards, blanks and duplicates to ensure analytical accuracy. The protocols and procedures used in 2011 are the same as those used in earlier campaigns by Sabina Gold & Silver Corp. and have been deemed appropriate in the above noted 43-101 compliant resource reports.

For further information please contact:

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### **Forward Looking Statements**

Statements relating to future operations at the Hackett River Project and future metals prices are forward-looking statements within the meaning of securities legislation of certain Provinces in Canada. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “projects,” “potential” and similar expressions, or that events or conditions “will,” “would,” “may,” “could” or “should” occur. Information inferred from the interpretation of drilling results may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: risks related to fluctuations in metal prices; uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from weather, logistical, technical or other factors; the possibility that results of work will not fulfill expectations and realize the perceived potential of the Company’s properties; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of cost overruns or unanticipated expenses in the work program; the risk of environmental contamination or damage resulting from Sabina’s operations and other risks and uncertainties, including those described in Sabina’s Annual Report for the year ended December 31, 2010.

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

This news release has been authorized by the undersigned on behalf of Sabina Gold & Silver Corp.

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