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SABINA GOLD & SILVER ANNOUNCES POSITIVE INITIAL PROJECT FEASIBILITY STUDY ON BACK RIVER
GOLD PROJECT, NUNAVUT

**Compelling high-grade gold production at significantly reduced CAPEX provides Sabina with a viable
development path**

Post Tax IRR/NPV_(5%) of 24.2% and C\$480.3 million

Assumes a gold price of US\$1,150/oz and C\$ exchange rate of 0.80

Conference Call & Webcast Tuesday September 15, 2015 at 6:00am Pacific Time

Vancouver, BC – Sabina Gold & Silver Corp (SBB.T), (“Sabina” or the “Company”) is pleased to announce it has received the results of the Initial Project Feasibility Study (“FS” or the “Study”) for its 100%-owned Back River gold project (“Back River” or the “Project”) in Nunavut, Canada.

“We believe this FS demonstrates that Back River is one of the best gold development projects in our sector. At ~6 grams Au per tonne, I believe it contains the highest grade undeveloped open pits in North America,” said Bruce McLeod, President & CEO, “We have completed two feasibility studies on the Project focused on two scenarios: a 6,000 tonne per day (“tpd”) operation (“6K FS”) and, in this most recent study, a 3,000 tpd operation. Both of these studies delivered very positive economic results which demonstrate the optionality of these high grade continuous deposits. The 3,000 tpd FS is the most compelling opportunity for Sabina in this current market environment. Utilizing higher cut-off grades it would enable us to mine our initial open pit reserves while preserving opportunities for future underground expansion in the same deposits along with other existing project resources not in the current mine plan.” he said.

“The fit-for-purpose FS delivers significant gold production of ~250,000 ounces Au per year through years 1 – 8 and ~200,000 ounces per year LOM with the majority of production coming from three-open pits within ~3km of the process plant. This scenario provides a lower execution risk for the Company by simplifying the mine plan and significantly reducing the CAPEX as we evolve from developer to producer. Back River is a large and emerging mining district controlled 100% by Sabina with significant recent discoveries as well as many years of exploration potential. We are very excited about our path forward.”

A unique feature of the Back River Project is the combination of high grade open pit and underground

resources. These resources offer the optionality to selectively mine and process higher grade zones through the utilization of a higher cut-off grade, providing an opportunity to start smaller at Back River without significantly sterilizing remaining resources in the existing deposits.

The FS was commenced following the completion of the 6K FS entitled “Technical Report and Feasibility Study for the Back River Gold Property, Nunavut” dated June 22, 2015 and filed on SEDAR at <http://www.sedar.com>. This Study indicates the Project could generate a post-tax Internal Rate of Return (“IRR”) of 24.2% and net present value_(5%), (“NPV”) of \$480.3 million with a rapid pay back of 2.9 years. The FS is based on a processing rate of 3,000 tpd with an average head grade of 6.3 g/t Au producing an average of 198,100 oz Au per year over an 11.8 year mine life at a Life of Mine (“LOM”) cash cost of US\$534/oz Au. Initial capital for the project is estimated at C\$415M with sustaining capital of C\$185M.

Permitting

The Back River Project commenced its formal environmental assessment in 2012 and is currently ~ 75% through the process. The Company plans on filing its Final Environmental Impact Statement to the Nunavut Impact Review Board (“NIRB”) in November of this year, following which, after review by all intervenors, final public hearings are anticipated to be held in Cambridge Bay in Q1, 2016. The Company anticipates receiving a project certificate from the Minister of Aboriginal and Northern Affairs Canada during Q2, 2016. Receipt of a project certificate is the most significant milestone in the Project authorizations process in Nunavut.

Back River – Future Potential

The Back River Gold Project is located in the West Kitikmeot Region of Nunavut, Canada, one of the world’s safest mining jurisdictions. It is situated approximately 75 km from tide water at Bathurst Inlet. The Project is made up of a series of five claim blocks underlain by favourable “banded iron formation” host rock, of which only two (Goose and George) have been the primary focus of exploration and resource development to date. Of the ~80km of favourable stratigraphy in the district, the existing resources are located on only ~10km.

The significant resource growth that the Project has seen in the last five years and the evolving exploration potential, in both the banded iron formation and enveloping sediments at the Project demonstrates that Back River has potential to become a world class gold mining district controlled 100% by Sabina.

In contrast to the 6KFS, the FS contemplates mining only at the Goose property within the open pits at the Goose Main, Umwelt and Llama deposits and the underground at Umwelt. Approximately 72% of the reserves would be mined by open pit methods. All of these deposits also have considerable inferred ounces currently defined at depth and all of the deposits are open at depth and along strike. The Echo underground deposit at the Goose property (not in the current mine plan) also offers immediate potential for future mill feed from the Goose property.

The George property, which contains Indicated Resources of 6.4 million tonnes grading 5.55 g/t Au for 1.1 million ounces and additional Inferred Resources of 4.8 million tonnes grading 6.32 g/t Au for 980 thousand ounces, is located approximately 50km to the north of Goose (see Table 8 for certain key assumptions and parameters in respect of these resource estimates). These well drilled resources also demonstrate sources for future mining in the district with minimal additional work.

Additionally, exploration work has been ongoing to identify new targets for future drilling and Sabina now has over 50 targets that have been developed and prioritized on the George and Goose properties alone. The other claim blocks at Back River, all hosting numerous gold showings, have seen less work and are relatively unexplored.

Initial Project Feasibility Study Highlights

The FS was initiated in June 2015 by the same consultants that completed the 6K FS led by JDS Energy & Mining Inc. (“JDS”) (mining, on-site infrastructure, off-site infrastructure, logistics, capital costs, operating costs, financial analysis and report preparation) and contributed to by Hatch Ltd. (“Hatch”) (processing and layout), Canenco Canada Inc. (metallurgy and gold recoveries), SRK Consulting (Canada) Inc. (“SRK”) (geotechnical, hydrology, tailings, waste and water management), AMC Mining Consultants (Canada) Ltd., (“AMC”) (geology), and Knight Piésold Ltd. (“KP”) (geomechanical). All consultants have extensive Arctic experience.

All currencies are in Canadian dollars unless otherwise specified. Base case economics are based on a gold price of US\$1,150/oz Au and an exchange rate of 0.80(US\$:C\$).

The Study’s highlights include:

- The Project could generate a post-tax IRR of 24.2% and NPV (at 5% discount rate) of \$480.3 million;
- The Project could generate LOM post-tax net cash flow of \$782 million on gross revenues of \$3.2 billion with a payback period of 2.9 years (from start of operations);
- Processing rate of 3,000 tpd could produce an average of ~198 koz Au per year over an 11.8 year mine life (upon commencement of commercial production), with an average of ~244 koz Au per year for the first 8 years;
- Majority of production from open pit (72% LOM), with no underground production scheduled until Year 3 (after payback);
- Initial capital estimate of \$415 million and sustaining capital estimate of \$185 million;
- Total LOM cash cost estimate of US\$534/oz Au (including third party royalties, refining and transport). LOM all-in sustaining cash cost estimate of US\$620/oz Au LOM (including sustaining capital & closure costs);
- A total of 12.4 million tonnes of ore could be milled over 11.8 years with a LOM average grade of 6.3 grams per tonne (“g/t”) Au and metallurgical recoveries of 93%;
- Base case assumptions of delivered diesel price of \$0.91/L for power generation; and
- Open pit strip ratio of 10.5 over LOM.

Comparison to the 6K FS Project

The differences between the 6K FS and the FS are shown in Table 1. The main differences are:

- An updated gold price of \$1,150/ounce and exchange rate of \$US:\$C 0.80;

- The FS has a 49% improvement on capital efficiency over the 6KFS (NPV/Initial CAPEX);
- Increased cut-off grades resulting in an overall increase in the head grade to 6.30 g/t;
- Removal of the George property from the mine plan resulting in a lower cost, simplified mining schedule;
- A more simplified plan with mining focused on four mining areas (open pit at Llama, Umwelt and Goose Main and underground at Umwelt) versus fifteen mining areas (open pit and underground) that included George and Echo in the 6KFS;
- A significantly higher proportion of pre-fabricated modules targeting less on-site labour requirements; and
- Reduced fuel and freight requirements.

Table 1: Comparison of 6KFS and FS Economic Results

	Unit	6KFS	FS
Gold Price	US\$/oz	1,200	1,150
Exchange Rate	US\$/C\$	0.87	0.80
Gold Production	Moz	3.39	2.32
Mine Life	Years	9.6	11.8
Initial CAPEX	C\$M	695	415
Sust. Capital Cost	C\$M	440	185
Closure Cost	C\$M	86	64
OP Mining Cost	C\$/t mined	3.95	3.35
UG Mining Cost	C\$/t mined	49.11	63.61
Processing Cost	C\$/t milled	26.04	37.16
Site Services Cost	C\$/t milled	13.08	11.08
Freight Cost	C\$/t milled	4.48	4.42
Ore Haulage¹	C\$/t hauled	19.35	0
G&A Cost	C\$/t milled	13.61	18.28
Operating Cost	C\$/t milled	96.25	114.58
Cash Costs²	US\$/oz	535	534
All in cash costs³	US\$/oz	671	620
AISC⁴	US\$/oz	850	763
After tax IRR	%	21.7	24.2
After tax NPV_{5%}	\$M	539	480
Payback	Years	2.2	2.9

(¹): Ore Haulage is 0 in the FS due to the removal of George from the mine plan

(²): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs) / Payable Au oz

(³): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs + Sustaining and Closure Capital Costs) / Payable Au oz

(⁴): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs + Initial, Sustaining and Closure Capital Costs) / Payable Au oz

BACK RIVER GOLD PROJECT – FS

Economic Analysis and Sensitivities

Economic factors and assumptions include the following:

- Discount rate of 5%;
- Costs based on nominal 2015 Canadian dollar values;
- No application of inflation;
- Values are presented on a 100% ownership basis and do not include management fees or financing costs;
- Exclusion of all pre-development and sunk costs (i.e., exploration and resource definition costs, engineering field work and studies costs, environmental baseline study costs, etc.). Note: pre-development and sunk costs are used in tax calculations;
- Includes estimated third-party net smelter royalties which average 3.64% over LOM;
- NWT/Nunavut Mineral Royalties (NTNMR) have been evaluated as part of the after-tax analysis. The Crown royalty is levied on a mine-by-mine basis and is equal to the lesser of 8% of the net value of mine output during a fiscal year, and an escalating rate from 0% to 14% on incremental levels of net value of the mine output during a fiscal year;
- Nunavut Fuel Tax rebate of \$0.091 for motive and \$0.031 for non-motive were applied;
- The Back River resources considered in the Study are on grandfathered properties subject to royalties under the NTNMR;
- Federal tax rate of 15% and a NWT/NT 12% rate were used to calculate income taxes;
- Canadian Exploration Expense (CEE) and Canadian Development Expense (CDE) tax pools were used with appropriate opening balances to calculate income taxes; and
- Specific capital cost class Capital Cost Allowance (CCA) rates were applied and used to calculate the appropriate CCA the Company can claim during the entire life of the Project.

Pre-tax and after-tax financial performance is summarized in Table 2. Pre-tax results provide a point of comparison with similar projects and are not intended to represent a measure of absolute economic value.

Table 2: Summary of Economic Results

Category	Unit	Value
Net Revenues	\$M	3,202
Operating Costs	\$M	1,369
Cash Flow from Operations	\$M	1,833
Capital Costs*	\$M	664
Cash Cost [‡]	US\$/oz	534
All-in sustaining Cash Cost ^o	US\$/oz	620
Net Pre-Tax Cash Flow	\$M	1,122
Pre-Tax NPV_{5%}	\$M	699
Pre-Tax IRR	%	28.2
Pre-Tax Payback	Years	2.9

Break-Even Pre-Tax Gold Price (NPV_{5%}=0)	US\$/oz	794
Total Taxes	\$M	340
Net After-Tax NPV_{5%}	\$M	480
After-Tax IRR	%	24.2
After-Tax Payback	Years	2.9
Break-Even After-Tax Gold Price (NPV_{5%}=0)	US\$/oz	795

(*): Includes pre-production, sustaining and closure capital costs

(‡): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs) / Payable Au oz

(°): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs + Sustaining and Closure Capital Costs) / Payable Au oz

Source: JDS 2015

A sensitivity analysis was conducted on after-tax net present values (NPV^{5%}) for individual parameters, including the gold price, foreign exchange rate, operating costs, and capital costs. The results are shown in Tables 3 and 4. The Project proved to be most sensitive to changes in the foreign exchange rate and gold price. The Project showed least sensitivity to operating costs.

Table 3 - Sensitivity to CAPEX & OPEX (at US\$1,150 gold) After-Tax.

Operating Costs

Capital Costs	NPV-5%(\$M)					
	IRR (%)	-20%	-10%	Base Case	+10%	+20%
-20%	715	653	592	529	468	
	36.2	34.1	32.0	29.7	27.3	
-10%	659	591	536	474	412	
	31.8	29.9	27.8	25.6	23.4	
Base Case	603	542	480	418	356	
	28.1	26.2	24.2	22.1	20	
+10%	547	486	425	362	300	
	24.8	23.3	21.1	19.1	17.0	
+20%	492	430	369	306	245	
	21.9	20.2	18.3	16.4	14.4	

Table 4 - Sensitivity to Gold Price Post-Tax

Gold Price (US\$/oz)	NPV-5% (C\$M)	IRR (%)	Payback (years)
1,000	289	17.4	3.6
1,100	416	22.0	3.1
1,150	480	24.2	2.9
1,200	543	26.3	2.6

1,300	669	30.3	2.2
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FS Parameters

The Back River resource consists of two sites: George and Goose. Each site has four mineable deposits with the majority of the resources located at the Goose Site. The FS is focused on mining at the Goose site only. The Project is based on conventional open pit and underground mining operations that feed a 3,000 tpd whole-ore leach process plant located at Goose. The parameters developed for the FS are shown in Table 5. The plant could produce an average of approximately 198,100 ounces of gold per year as doré bullion over an 11.8 year mine life with a majority of reserves being mined by open pit.

A total of 12.4 million tonnes (“Mt”) of ore could be mined at a mill head grade of 6.3 g/t Au and a projected overall recovery of 93%. A total of 2.3 Moz Au is estimated to be recovered over the life of mine with cash costs of approximately US\$534 per oz Au including royalties. All-in life of mine cash costs (including initial, sustaining capital and closure costs) are approximately US\$763 per oz Au.

Initially, tailings could be stored in a purpose-built storage facility followed by deposition into the exhausted Llama open pit. Mine construction and operations could be facilitated by sealift during the summer months, and an ice road from the Marine Laydown Area (“MLA”) in the winter. Supplies could be brought by sealift to the MLA at Bathurst Inlet and hauled to the Goose mill by winter road.

Table 5 - Feasibility Study Parameters

Projected LOM Production			
Open pit ore to process	kt	8,868	72%
Underground ore to Process	kt	3,492	28%
<i>ROM to Process – Total</i>	<i>kt</i>	<i>12,359</i>	<i>100%</i>
Ore Grade			
ROM Grade to Process - O/P	g/t Au	5.9	
ROM Grade to Process - U/G	g/t Au	7.4	
<i>ROM Grade to Process - Average</i>	<i>g/t Au</i>	<i>6.3</i>	
Operating Metrics			
LOM Production - O/P	koz Au	1,675	67%
LOM Production - U/G	koz Au	829	33%
<i>LOM Production - Total</i>	<i>koz Au</i>	<i>2,503</i>	<i>100%</i>
Avg. Annual Production	koz Au / year	198.1	
Mine Life	Years	11.8	
O/P Strip Ratio		10.5:1	
Mill Design Throughput	tpd	3,000	

Gold Recovery	%	93.0	
Capital Costs (C\$M)			
Direct Costs	Pre-Production	Sustaining	Total
Mining	45.9	112.5	158.3
Processing	71.1	0	71.1
On-Site Infrastructure	83.5	16.2	99.7
Tailings Management	6.2	1.8	7.9
Off-Site Infrastructure	51.3	41.7	93.0
<i>Subtotal Direct Costs</i>	257.9	172.1	429.9
Indirect Costs			
Owner's Costs	24.6	0	24.6
EPCM	29.7	0	29.7
Project Indirects	65.5	0	65.5
Contingency	37.2	13.2	50.5
Total	414.9	185.3	600.3
Closure Costs	0	63.8	63.8
Operating Costs	C\$M/a	C\$/t milled	US\$/Oz Au
Mining	44.1	43.64	
Process	37.0	37.16	
Surface Services	11.2	11.08	
G&A	19.1	18.28	
Freight Costs (Ocean/Port/Ice Roads)	4.6	4.42	
Total	116.0	114.58	
Total Cash Costs (including royalties, refining and transport)			534
All in Cash Costs (including all capital)*			763
Financial Metrics			
Based Case Gold Price	US\$/oz Au	\$1,150	
Exchange Rate	C\$:US\$	\$0.80	
Average NSR Royalty	%	3.6	

(*): Includes pre-production, sustaining and closure capital costs

Geology and Mineralization

The Goose Site consists of four main deposits that contain predominantly structurally-controlled gold mineralization: Goose Main, Echo, Umwelt, and Llama. The Goose Main, Umwelt and Llama deposits are the focus for mining on the Goose property in the FS. Gold mineralization is predominantly hosted within the Lower Iron Formation (“LIF”) and to a much lesser extent, the underlying sediments. The Goose Main, Umwelt, and Llama deposits are associated with anticlinal structures that have been structurally thickened, disrupted, and cut by axial planar felsic dykes which apparently trace the fluid pathways and are related to mineralization.

Infrastructure

The MLA and Goose sites would have bulk fuel storage tanks, laydown yards, diesel power plants, maintenance shops, accommodation camps, water and domestic waste management facilities, and

satellite communications. An all-weather airstrip (existing) would be located at the Goose site. In winter, the two sites would be connected by ice roads.

The major infrastructure related to the mining and processing operations at the Goose Site includes the process plant buildings, power plant, truck shop, administration complex, accommodation camp, tailings storage facilities, waste rock storage areas (“WRSA”), water management drainage and storage ponds, and haul roads.

The MLA would support the seasonal staging and trans-shipment of construction and operational freight. Because access to the Property is seasonal, the types and capacities of the Project infrastructure have been designed to store and transport the required yearly quantities of equipment, materials, and supplies.

Buildings and facilities at the Goose site would be heated primarily by heat recovered from the power plant.

The accommodation camps would be portable, modular units constructed off-site. The construction and mine-site operations phases at the Goose Site would require accommodation for up to 280 and 291 workers, respectively. The construction and port operation phases at the MLA site would require accommodations for up to 94 workers.

Power

The FS includes 100% on-site diesel generated power at Goose and the MLA. A diesel price of \$0.91/L for power generation was assumed. The estimated power unit cost averages \$0.26/kWh not including capital cost or operating labour at the Goose site. The average annual process related fuel consumption for power generation at Goose is estimated to be 19.2 million litres.

Mining

Conventional shovel-and-truck open pits combined with underground mines are projected to provide the process plant feed at a nominal rate of 3,000 t/d or 1.1 Mt/a for 11.8 years. Annual mine production of ore and waste peaks at 13.7 Mt/a from the open pits, with a LOM waste to ore strip ratio of 10.5. Ore production from underground mining will peak at 569 kt/a and will supplement the feed from the open pits. In order to optimize the Project cash flow, the run of mine ore is planned to be segregated into high, medium, and low-grade stockpiles located adjacent to the processing plant.

The FS contemplates mining starting at the Goose Property in Year -1. Open pit mining at Goose would begin with the Umwelt pit in Year -1 to provide waste rock for construction and enable the stockpiling of high-grade ore prior to the start of plant processing. Open pit mining would then transition sequentially to the Llama and Goose Main open pits. Open pit mining would be completed by Year 8 at Goose. Underground ore production would begin in Year 3 at the Umwelt mine and continue through Year 9.

Open pit mining operations would use a fleet comprising 7 m³ shovels, a 7 m³ front-end loader, 4 m³ excavators, and 64 tonne haul trucks. This fleet would be supplemented by drills, graders, and track and rubber-tire dozers. A 5 m bench height was selected for mining in ore and waste with overall 20 m effective bench heights based on a quadruple-bench configuration.

Underground mining operations would be carried out using a post pillar cut-and-fill mining method. Underground mining would use a combination of two-boom jumbos, 10 t load-haul-dump (LHD) vehicles, and 30 t trucks.

Metallurgy

In early 2013, a comprehensive metallurgical test program was conducted to further assess the metallurgical performance of the mineralization. A subsequent and more detailed test program commenced in late 2013 and concluded mid-2014.

Based on the 2014 and historical test results, a combination of gravity separation and cyanide leach processes is proposed for the Project.

The 2014 test results are summarized as follows:

- Whole-ore leach showed better metallurgical recoveries when compared to a flotation/regrind/concentrate leach circuit;
- Gold recoveries by gravity concentration ranged from 16 to 76%;
- A weighted 75th percentile Bond ball mill work index (“BWi”) of 15.8 kWh/t was determined, indicating moderate hardness in terms of grinding requirements; and
- The optimum grind for the ore was determined to be 50 µm (P80).

Test work results were used to determine the relationship between mill feed grade and metallurgical recoveries for each of the deposits as shown in Table 6.

Table 6: Gold Recovery Projections

Mineral Zone	Head Grade (g/t Au)	Estimated Gold Recovery (%)
Umwelt OP	6.49	92.0
Umwelt UG	7.38	92.0
Llama OP	7.15	91.1
Goose Main OP	5.00	95.0
LOM	6.30	93.0

Processing and Recovery

The 3,000 t/d process plant will be designed to use conventional crushing, grinding, gravity concentration, gold leaching by cyanidation, gold adsorption by carbon-in-pulp (“CIP”), and gold recovery from loaded carbon and gravity concentrate to produce gold doré. Cyanide destruction of the tailings would be by a sodium metabisulphite process. The overall design philosophy uses proven equipment with a simple and conventional single-line process flow that can be operated and maintained effectively in an arctic environment.

Tailings

The Project could produce a total of 12.4 Mt / 10.3 million cubic metres (“Mm³”) of tailings over the LOM. The dedicated Tailings Storage Facility (“TSF”), located adjacent to and south of the Goose Main open pit, was designed to contain the first four years of tailings (4.4 Mt / 3.6 Mm³) behind a frozen foundation dam with an integral liner. The balance (8.0 Mt / 6.7 Mm³) could be deposited into the mined-out Llama open pit (Llama Tailings Facility). Ultimately, potentially acid generating (“PAG”) and non-potentially acid generating (“NPAG”) waste rock will be deposited on the TSF once tailings deposition has relocated to the Llama Tailings Facility.

Freight Transportation

Mine construction and operations will have equipment and materials (including fuel) transported mainly from east and west coast ports to the MLA at Bathurst Inlet by sealift during the summer months. Equipment and materials will then be hauled to the Goose Site by a winter ice road. Limited amounts of materials will be transported to the sites by aircraft.

Capital Costs

The initial capital cost estimate is \$415M, as summarized in Table 7.

Table 7: Capital Cost Estimate Summary

Capital Cost	Pre-Production \$M	Production \$M	LOM \$M
Mining	45.9	112.5	158.3
On-Site Development	15.3	1.3	16.6
Ore Crushing and Handling	15.6	0	15.6
Process Plant	55.5	0	55.5
On-Site Infrastructure	68.1	14.9	83.0
Off-Site Infrastructure	25.0	39.6	64.7
Marine Laydown Area	26.3	2.0	28.3
Tailings	6.2	1.8	7.9
Owner's Costs	24.6	0	24.6
EPCM	29.7	0	29.7
Indirect Costs	65.5	0	65.5
Contingency	37.2	13.2	50.5
Subtotal	414.9	185.3	600.2
Reclamation	0	63.8	63.8
Total Capital Costs	414.9	249.1	664.0

The capital cost estimates were prepared using first principles, and applying direct project experience. The estimate is based on feasibility-level engineering, quantity estimates, supplier/contractor quotations for equipment and materials, as well as estimated labour rates and productivity factors specific to northern Canadian locations.

The initial capital estimates include all pre-production mining activities (Year -1) and are based on Owner-performed mining. Equipment leases have not been considered in this FS.

The initial capital cost estimate is based on the execution plans described in this Study. Sunk costs and owner's reserve were not considered in the initial capital estimate.

The sustaining capital estimate is based on waste development, mining equipment acquisition and rebuilding, and mining infrastructure installations as defined by the mine plan during operations.

Operating Cost Estimation

The average life-of-mine (LOM) unit operating cost is estimated at \$114.58/t processed and is summarized in Table 8. The mine will use a peak total workforce of approximately 844 people including all contract labour.

Table 8: Operating Cost Estimate Summary

Operating Cost [†]	Average Annual Cost (\$M/yr)	LOM Cost (\$M)	Unit Cost (\$/t processed)
Mining*	44.0	520.0	43.64
Processing	37.0	436.2	37.16
Site Surface	11.2	132.0	11.08
Freight	4.6	54.6	4.42
G&A	19.1	226.0	18.28
Total Operating Costs	116.0	1,368.7	114.58

(†): Operating Costs include the working capital during the pre-production period.

(*): Average LOM Open Pit Mining Cost amounts to \$3.35/t mined at a 10.5:1 strip ratio, average LOM Underground Mining Cost amounts to \$63.61/t mined.

Mineral Resource Estimate

The Mineral Resource Estimate is based on geologic block models that incorporated:

- 896 drill holes (for a total of 244,853 m and 124,274 assays) at the Goose Site on the Llama, Umwelt, Echo, and Goose Main deposits; and
- 770 drill holes (for a total of 139,695 m and 54,273 assays) at the George Site on the LCPN, LCPS, LOC1, LOC2, GH, and Slave deposits.

Mineralized domains were constructed to constrain the estimates using a 0.3 g/t Au threshold for both the Goose and George sites. Capping was employed where required, and varied by deposit. Data density allowed for Indicated and Inferred Resources to be classified at all deposits, with Measured Resources also classified at the Goose Main, Llama, and Umwelt deposits.

Table 9: Summary of Estimated Resources as of October 21, 2014 Including Reserves

Classification	Tonnes (kt)	Au (g/t)	Metal (koz Au)
Measured	10,273	5.27	1,740
Indicated	17,969	6.22	3,593
Measured and Indicated	28,242	5.87	5,333
Inferred	7,750	7.43	1,851

CIM definitions were used for the resources.

Ms. D. Nussipakynova, P.Geol. and Dr. A. Fowler, Ph.D., MAusIMM, CP (Geo), both from AMC and Qualified Persons under NI 43-101, take responsibility for the Mineral Resource Estimates.

Open pit resources are constrained by an optimized pit shell at a gold price of US\$1,500/oz. 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 for all George resources (LCPN, LCPS, LOC1, LOC2, GH, and Slave), 3.5 g/t Au for Goose Main, Echo, and Llama, and 4.5 g/t for the Umwelt deposit.

The George resources were estimated within mineral domains expanded to a minimum width of 2 m for the underground resources.

Drilling results up to December 31, 2013 are included, except for Echo (July 4, 2014) and LOC1 and LOC2 (July 21, 2014).

The numbers might not add due to rounding.

Measured and Indicated Resources are inclusive of Reserves.

Resources that are not reserves do not have demonstrated economic viability.

Mineral Reserve Estimate

The Mineral Reserve Estimate for the Project is based on the Mineral Resource Estimate for the Llama, Umwelt and Goose deposits completed by AMC with an effective date of October 21, 2014.

The reserves were developed by examining each deposit to determine the optimum practical mining method. Cut-off grades (COGs) were then determined based on appropriate mine design criteria and the adopted mining method. Two mining methods were chosen: shovel-and-truck open pit mining and underground mining using post pillar cut-and-fill (PPCF).

Table 10: Summary of Estimated Mineral Reserves as of August 15, 2015

Area	Classification	Tonnes (kt)	Au (g/t)	Contained Au (koz)
Total Open Pit	Proven	6,983	5.97	1,340
	Probable	1,885	5.52	335
Total Underground	Proven	20	9.52	6
	Probable	3,471	7.37	822
Total Back River Property	Proven	7,003	5.98	1,346
	Probable	5,356	6.72	1,157

1. A gold price of US\$1,250/oz is assumed.
2. An exchange rate of CDN\$1.15 to US\$1.00 is assumed.
3. The numbers might not add due to rounding.
4. Notes for open pit:

Dilution and recovery factors are applied as per open pit mining method.

A COG of 2.08 g/t was used for the Umwelt Open Pit Mineral Reserve Estimate.

A COG of 2.14 g/t was used for the Llama Open Pit Mineral Reserve estimate.

A COG of 2.07 g/t was used for the Goose Main Open Pit Mineral Reserve estimate.

Notes for underground:

Dilution and recovery factors are applied as per underground mining method.

A COG of 3.86 g/t was used for the Umwelt underground Mineral Reserve Estimate.

Both the Mineral Resource and Mineral Reserve Estimates take into consideration on-site operating costs (e.g., mining, processing, site services, freight, general and administration), geotechnical analysis for both open pit wall angles and underground stope size, metallurgical recoveries, and selling costs. In addition, the reserves incorporate allowances for mining recovery and dilution, and overall economic viability.

Project Execution and Development

The Project execution plan and general Project development schedule considers the seasonality of transporting freight. The procurement and staging of equipment, materials, and fuel at the respective east and west coast ports needs to take place at least 8-12 months before anticipated arrival at the Goose and George sites. The MLA is planned to receive sea-lift materials in the summer open-water period of July and October. Materials would then be stored until the winter ice road is operational from between January and April. Fixed-wing aircraft landing at Goose Site will support construction and operations activities by delivering passengers and select equipment and materials.

Benchmarking

The following table benchmarks against relevant studies of other operations in northern Canada and elsewhere to demonstrate the context of Back River relative to other's costs and findings. All information has been sourced from company technical disclosures.

Table 11: Summary of Benchmarked Studies

Parameter	Units	Back River	Meliadine ¹	Hope Bay ²	Meadow-bank ³	Torex ⁴
		Sept 2015 FS	2015 FS	2015 PFS	Producing	2012 FS
Au Price	US\$/oz	1,150	1,300	1,250	400 ^(2005 FS)	Average 1,386
Post Tax IRR	%	24.2	10.3	40.0	12.8% ^(2005 FS)	24.2%
Post Tax NPV ^{5%}	\$M	480	307	626	155.2 ^(2005 FS)	900
Payback	years	2.9	5.0	1.7	N/A	3.6
OPEX	\$/t	114.58 (OP/UG)	135.27 (UG)	168.00 (UG)	73.00 ⁽²⁰¹⁴⁾ (OP)	30.00 (OP)
LOM Cash Costs	US\$/oz	534	531	638	599 ⁽²⁰¹⁴⁾	504
Pre-Production CAPEX	\$M	415	1,047	206	710 ⁽²⁰⁰⁷⁾ 1.5 B ⁽²⁰¹²⁾	663
Sustaining CAPEX	\$M	185	411	393	N/A	15
Total Reserves	koz	2,503	3,335	3,507	1,165	4,090
	kt	12,359	13,944	14,194	11,795	48,800
	g/t	6.30	7.44	7.60	3.08	2.61
LOM Payable Au	koz	2,319	3,214	3,200	4,273*	4,090
Annual Production	koz	198	350	160	453	337

1. Information retrieved from Agnico Eagle's "Updated Technical Report on the Meliadine Gold Project, Nunavut, Canada" dated February 11, 2015 from www.sedar.com
2. Information retrieved from TMAC Resource's "Technical Report on the Hope Bay Project, Nunavut, Canada" dated May 28, 2015 retrieved from www.sedar.com
3. Information retrieved from financial results of website www.agnicoeagle.com. Various dates. *Cumulative production plus 2013 reserves and resources
4. Information retrieved from "Morelos Gold Project – 43-101 Technical Report Feasibility Study, Guerrero, Mexico October 1, 2012" from www.sedar.com

Permitting

New and modified mining projects in Nunavut are subject to environmental assessment ("EA") and review prior to certification and issuance of permits to authorize construction and operations. The primary environmental review and approval process applicable to the Project is the territorial EA administered by the NIRB. A Project Certificate, if recommended by NIRB, may be issued by the Minister of Aboriginal Affairs and Northern Development Canada ("AANDC") at the conclusion of the EA process,

which represents government approval and allows the proponent to pursue the necessary regulatory authorizations needed to construct and operate the Project.

In June 2012, Sabina submitted a project description and various applications to the NIRB, Nunavut Water Board, and AANDC. In January 2014, a draft environmental impact statement was submitted to the NIRB. In July 2014, Sabina responded to project information requests, and, in October 2014, Sabina responded to agency technical comments. In November 2014, a week-long technical meeting and a pre-hearing conference were held in Cambridge Bay. A Pre-hearing Conference Decision report was produced based on these meetings with the Government of Canada, the Government of Nunavut, the Government of NWT, the Kitikmeot Inuit Association and the general public. This document summarizes Sabina's commitments, and provides further direction, for the content of the 2015 Final Environmental Impact Statement ("FEIS").

The design of the Project includes a comprehensive water management plan for construction, operations, and closure. All Project components will be decommissioned and reclaimed according to best industry practices, and territorial and federal regulations. The closure plan uses proven practices that include appropriate long-term management of Potentially Acid Generating/metal-leaching materials and any affected waters. The objective of final reclamation for the Project is to return the site to a productive condition after mining activities are completed.

The FS infrastructure remains in line with the already presented DEIS as well as the planned FEIS submission.

Based on the information available and the proposed design, no significant adverse environmental or socio-economic effects are anticipated that would limit the development of the Project.

A Technical Report for the Back River FS will be filed on SEDAR (www.sedar.com) within 45 days of this news release in accordance with National Instrument 43-101. Readers are encouraged to read the technical report once filed, including the qualifications and assumptions on which it is based.

Conference Call

The Company will be holding a conference call and webcast on Tuesday, September 15, 2015 at 6:00am Pacific time.

Conference Call Numbers:

Canada & USA Toll Free Dial In: **1-800-319-4610**

Vancouver Toll Dial In: **604-638-5340**

Toronto Toll Dial In: **416-915-3239**

Callers should dial in 5 – 10 min prior to the scheduled start time and simply ask to join the Sabina Gold & Silver Corp call.

Webcast Link:

<http://services.choruscall.ca/links/sabina20150521.html>

Authors and Qualified Persons Statement

The FS was prepared under the direction of JDS Energy & Mining Inc. by leading independent industry consultants, all Qualified Persons (QP) under National Instrument 43-101. The QPs have reviewed and approved the content of this news release. The following consultants and QPs participated in the FS:

Qualified Person, Designation	Company	QP Responsibility/Role
Gord Doerksen, P.Eng.	JDS Energy & Mining Inc.	Executive Summary, Introduction, Reliance on Other Experts, Reserves, Infrastructure, Market Studies, Capex, Opex, Economic Analysis, Adjacent Properties, Environmental, Other Relevant Data, Interpretations, Recommendations, References, Abbreviations, Project Execution Plan, Logistics, Infrastructure, G&A
Dino Pilotto, P.Eng.	JDS Energy & Mining Inc.	Mining Methods
Andrew Fowler, MAusIMM, CP (Geo)	AMC Mining Consultants (Canada) Ltd.	Mineral Resource Estimates for George
Dinara Nussipakynova, P.Geo	AMC Mining Consultants (Canada) Ltd.	Mineral Resource Estimates for Goose
John Morton Shannon, P.Geo	AMC Mining Consultants (Canada) Ltd.	Property Description, Accessibility, History, Geology, Deposits, Exploration, Drilling, sample Preparation, Data Verification
Maritz Rykaart, P.Eng.	SRK Consulting (Canada) Inc.	Geochemistry, Tailings Management, Water Management
Stacy Freudigmann, P.Eng	Canenco Canada Inc.	Metallurgy, Recoveries, Process
Rob Mercer, Ph.D., P.Eng	Knight Piésold Ltd.	Geomechanical

The Qualified Person under NI 43-101 for Sabina Gold & Silver Corp. is Wes Carson, P.Eng Vice-President, Project Development, who has reviewed the content of this news release and approved its dissemination.

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, politically stable mining jurisdictions: Nunavut, Canada.

Sabina has recently released a Feasibility Study on its 100% owned Back River Gold Project which presents a project that has been designed on a fit-for purpose basis, with the potential to produce ~200,000 ounces a year for ~11 years with a rapid payback of 2.9 years. At a US\$1,150 gold price and a 0.80 exchange rate, the Study delivers a potential after tax internal rate of return of approximately 24.2% with an initial CAPEX of \$415 million.

In addition to Back River, Sabina also owns a significant silver royalty on Glencore's Hackett River Project. The silver royalty on Hackett River's silver production is comprised of 22.5% of the first 190 million ounces produced and 12.5% of all silver produced thereafter.

The Company expects to end the year with ~\$17 million in cash and equivalents.

For further information please contact:

Nicole Hoeller, Vice-President, Communications: **1 888 648-4218**
nhoeller@sabinagoldsilver.com

Forward Looking Information

This news release contains “forward-looking information” within the meaning of applicable securities laws (the “forward-looking statements”), including our belief as to the extent, results and timing of the FEIS, the results of the FS, including, but not limited to, gold price, diesel price and exchange rate assumptions, cash flow forecasts, projected capital and operating costs, metal or mineral recoveries, mine life and production rates; the Company’s potential plans and operating performance; the estimation of the tonnage, grades and content of deposits, and the extent of the resource and reserves estimates; potential production from and viability of the Company’s properties; estimates of future production and operating costs; estimates of permitting submissions and timing, including the anticipated timing for the holding of final public hearings; the timing and receipt of necessary permits and project approvals for future operations, including the timing of the anticipated receipt of a project certificate; access to project funding; and the estimation of cash and equivalents at the end of the year. These forward-looking statements are made as of the date of this news release. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated in or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. While we have based these forward-looking statements on our expectations about future events as at the date that such statements were prepared, the statements are not a guarantee that such future events will occur and are subject to risks, uncertainties, assumptions and other factors which could cause events or outcomes to differ materially from those expressed or implied by such forward-looking statements. Such factors and assumptions include, among others, the ability of the Company to raise sufficient funds to implement the FS; the effects of general economic conditions; changes in commodity prices including the gold price assumed in the FS; increases in input costs; uncertainty of production and cost estimates for the project; changing foreign exchange rates; actions by government and regulatory authorities; and misjudgments in the course of preparing forward-looking statements. In addition, there are known and unknown risk factors which could cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors include risks associated with exploration and project development; the need for additional financing; the calculation of mineral resources and reserves; operational risks associated with mining and mineral processing; fluctuations in metal prices; title matters; government regulation; obtaining and renewing necessary licences and permits; environmental liability and insurance; reliance on key personnel; the potential for conflicts of interest among certain of our officers or directors; the absence of dividends; currency fluctuations; labour disputes; competition; dilution; the volatility of the our common share price and volume; future sales of shares by existing shareholders; and other risks and uncertainties, including those relating to the Back

River Project and general risks associated with the mineral exploration and development industry described in our Annual Information Form, financial statements and MD&A for the fiscal period ended December 31, 2014 filed with the Canadian Securities Administrators and available at www.sedar.com. Although we have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We are under no obligation to update or alter any forward-looking statements except as required under applicable securities laws. This news release has been authorized by the undersigned on behalf of Sabina Gold & Silver Corp.

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