Hackett River Project

2009 Annual Report For
INAC Land Use License N2004C0005

March 2010

(a) On June 9, 2009, transfer of Dundee Precious Metals' Back River properties and assets to Sabina Gold & Silver Corp. (Sabina) was completed.

The camp at Hackett River (Figure 1) was in operation from March 20 to June 3, and from July 4 to September 25, for a total of 160 days. The camp was closed during the spring breakup period. During the active season, a number of activities were carried out on the Project.

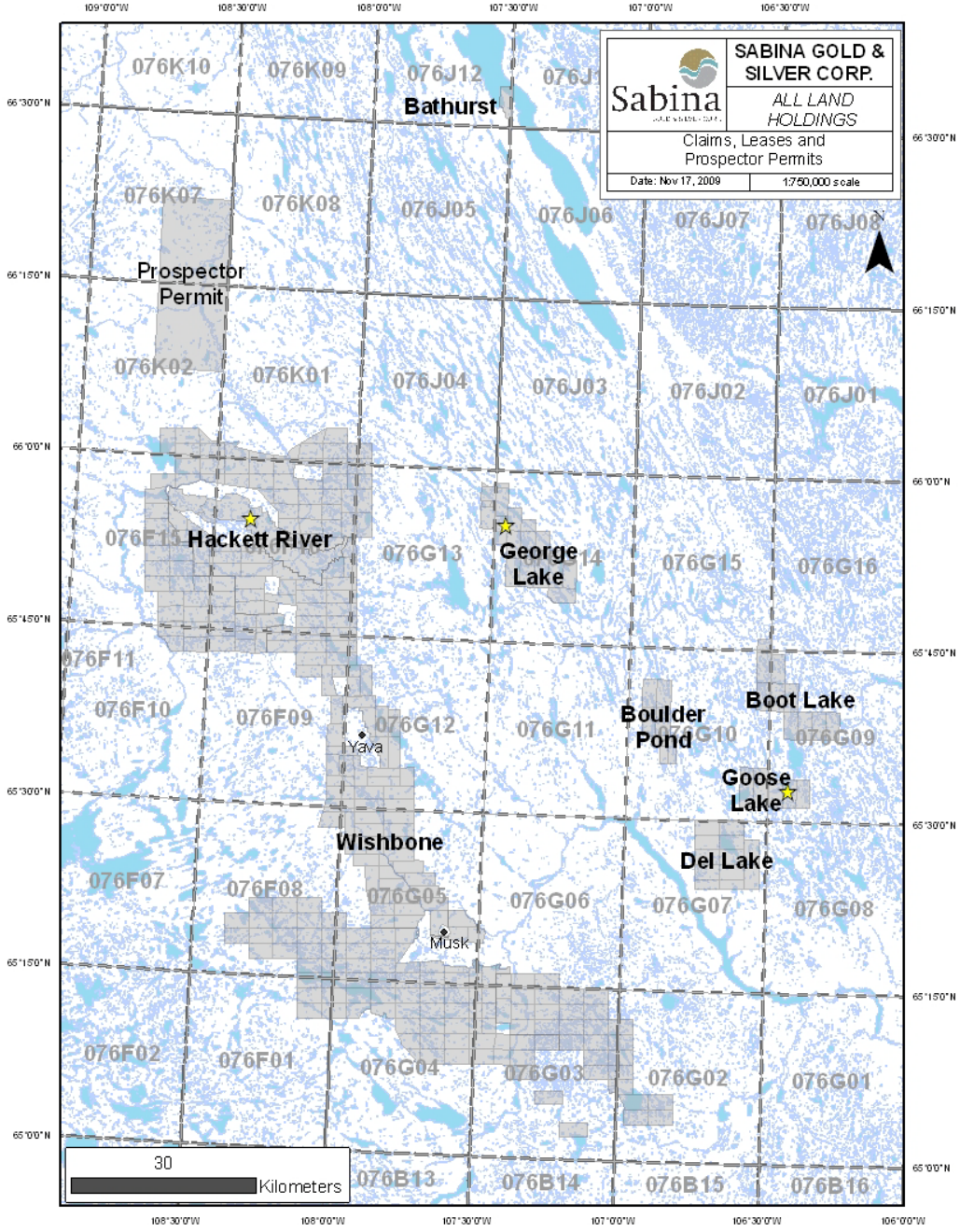

Figure 1. Regional map, Sabina Gold & Silver Corp. land holdings.

The focus of the 2009 diamond drilling program at the Hackett River Project was the reevaluation of the resource potential for the area by improving understanding of resource potential of the Main, Boot Lake and East Cleaver deposits and by examining other identified mineralized zones in the area. Additional work was also completed for ongoing scoping studies being conducted to evaluate various project parameters such as processing methods, energy inputs required, metal recovery rates, project layout and footprint, and estimate of overall project economics.

Drilling for the winter campaign continued at Hackett River throughout April and concluded in late May focusing on Crown lease 2789. A total of 28 holes were completed totalling 5,408 meters. The initial campaign focused on near surface extensions of the known zones which could only be tested during winter conditions.

The JO Zone is located 500 meters south of the Main Zone and was included in this first phase of drilling.

Drilling during the summer (July to Sept) focussed on exploration targets peripheral to the currently known deposits (Main Zone, East Cleaver and JO Zones), and some regional targets. A total of 34 (Hackett) holes were completed totalling 7,178 meters.

At the Hackett River Project a total of 62 drill holes, for a total of 12,586 metres was completed over the two phases of exploration.

Surface mapping, prospecting and geophysical surveys were completed across the Hackett River property and the Wishbone property. These ground surveys focused on areas identified by previous exploration programs starting with targets, and working outward from the Hackett River deposits.

Geophysical crews completed both surface and down hole surveys and detailed mapping was completed in areas of high interest.

The 2009 exploration program also focused on improving the understanding of the geologic model for the identified deposits and across the Hackett Greenstone Belt. This included re-logging of core and field mapping in some areas.

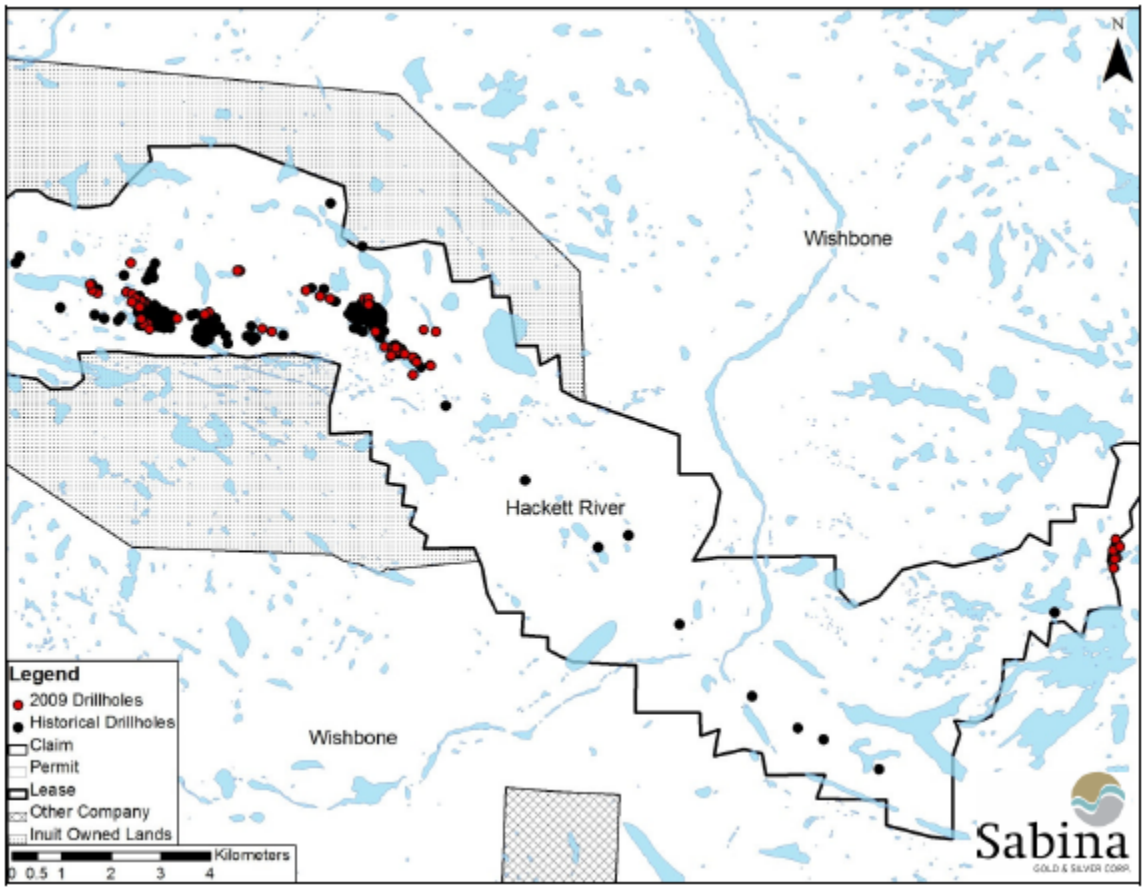

Figure 2. Drill hole distribution, Hackett River area.

(b) Plans for 2010 include continuing to evaluate the resource potential at the known deposit sites (Main Zone, East Cleaver, Boot Lake, JO Zone) as well as follow up drilling at the D'Arcy Lake area. Geophysical surveys will be conducted to re-evaluate and refine the knowledge of the local geology, and an archeological survey is planned during the snow-free months.

(c) Environmental baseline studies on the Hackett River project were reduced in 2009 pending the outcome of the metallurgical testing program and on-going preliminary economic assessment. The optimal way to conduct these studies is to have a preliminary idea of the project design around which the baseline studies can be focused. As the project design will, in part, be determined by the results from the metallurgical and economic studies, a full-scale environmental baseline program was deemed to be premature at this point. However, some ongoing studies were continued.

The weather station installed in 2007 operated over the year to collect continuous rainfall, temperature, wind and evaporation data. One limited water quality sampling event took place in late August focusing on lakes in the area of Boot Lake and Camp Lake and off-site (background conditions). These lakes were sampled and analyzed for major and trace metals, major ions, various nutrients, and general water chemistry parameters. This information is useful for on-going environmental baseline program and to track recovery of the environment from previous exploration programs. Water sampling also included drainage samples from field testing of the ARD/ML potential of the potential ore and waste material from the three identified deposits.

Thermistor data from both the active and continuous zones of the permafrost was collected from monitoring systems installed in 2006 and 2007. This information on subsurface temperatures will be used in future permafrost, hydrogeology and talik studies.

During the 2009 exploration program no archaeological sites or carving stone deposits were noted. A formal archeological survey of the region is planned for the 2010 season.

(d) Several species of wildlife were observed throughout the project area, including wolves, grizzly bears, muskox, caribou, wolverine, numerous small mammals (foxes, siksiks, hares, mice), and various birds (ptarmigan, songbirds, raptors and waterfowl).

Incidents of note include:

During the one month shutdown (June 3 to July 4), a bear visited camp and damaged the kitchen, propane/water storage room, pactos, and the boat storage tent. In addition, 2 sleepers were damaged beyond repair and 4 more had varying degrees of damage. The bear only entered the kitchen and pacto buildings and 1 sleeper tent with minimal damage to contents. Three chest freezers and several smaller kitchen appliances were destroyed and were replaced. The bear also opened one of the pails used for the ARD/ML kinetic testing, and in doing so, may have contaminated the drainage being collected as part of this program.

During the week of July 15th, at least 2 instances occurred with a bear in camp, though no significant damage or sightings were reported. A pelican case containing survival rations from the helicopter, and stored away from the helicopter, was been knocked around, and tracks were seen around the helicopter and along the beach at the south end of camp, below the esker. A wolf was also noted in camp, with tracks seen around the kitchen and in the sandy areas at each end of camp. The wolf was seen at the incinerator, where it dragged some empty mega bags around, and there was evidence it had been digging up sik sik burrows.

A number of bear and wolf (pair) sightings occurred over the week of August 10. A young bear presumably the one that caused damage to the camp in June, was chased off twice from across Camp Lake; it also approached field staff, however, no response measures were needed. Two wolves were seen near the incinerator.

On Tuesday, Aug 18, a bear entered the camp perimeter and attempted to gain entry into a sleeper. It was a wooden structure, so entry was not gained. The bear was scared off by people coming out of tents and the shotgun was discharged 3 times (rubber bullets, fired over the bear). The chopper was dispatched to make sure the bear left the area. KIA and GN wildlife officers were called and the incident reported. No property damage was noted.

During the week of Aug 31st, a bear (or bears) have been spotted approximately 1.5 Km to the southeast of camp in the area between the Hackett River and Joe Lake. The helicopter chased them to the north on a number of occasions while servicing the drill locations.

(e) The following table identifies the Nunavut Land Claim Agreement (NLCA) beneficiaries employed by Sabina and total days worked on the Hackett River Project (based out of Hackett River Camp). The table does not include those workers employed by contractors/suppliers (e.g. Kitnuna).

Name	Position	Community	Days
Albert Anavilok	*Camp Man, Mechanical*	*Kugluktuk*	*96*
Andy T.K. Topilak	*Camp Man, Core Cutter*	*Kugluktuk*	*8*
Bob Kohoktak	*Supervisor*	*Kugluktuk*	*94*
Chris E Ipakohak	*Camp Man, Core Cutter*	*Kugluktuk*	*125*
Frank Ipakohak	*Senior Rescan Assistant, Community Relations Manager*	*Kugluktuk*	*40*

Name	Position	Community	Days
Fred F.N. Novigolak	*Camp Man*	*Kugluktuk*	*23*
John Jr. Kuneluk	*Camp Man, Mechanical*	*Kugluktuk*	*31*
Yvonne Miyok	*Cleaner*	*Kugluktuk*	*15*
Ramona Kikpak	*Cleaner, Sample Prep*	*Gjoa Haven*	*114*
Doris Keyok	*Supervisor, Sample Prep*	*Cambridge Bay*	*33*
Martin McCallum	*Camp Man, Carpenter*	*Cambridge Bay*	*63*

Table 1. NLCA beneficiary employees of Sabina – Hackett River/Wishbone, 2009.

Community	Number of Workers	Total Person-Days	Gross Payroll
Kugluktuk	*8*	*432*	*$169,785*
Cambridge Bay	*2*	*96*	
Gjoa Haven	*1*	*114*	
Totals	*11*	*642*	

Table 2. Hackett River/Wishbone NLCA beneficiary payroll by community, 2009.

(f) Sabina did not conduct any formal community consultations in 2009. Representatives from the company regularly attend various trade shows and conferences where members of the various regulatory agencies are present, and make an effort to discuss project details and plans.

(g) Two formal inspections occurred during the 2009 exploration program.

On July 15, KIA representatives Stanley Anablak (Senior Lands Administrator) and Geoff Clark (Director, Lands, Environment and Resources) were in camp. At that time, they were very satisfied with the level of returning northern workers.

On July 19 INAC Water Resources Officer Melissa Joy completed an inspection of camp, permits and all paperwork. Overall the visit went well, with only minor concerns about replacing wooden barrel stands with newer barrel caddy stands, and some secondary containment around the backup generator. These issues were addressed prior to camp closure. Other concerns were expressed regarding water quality monitoring and an interim report will be submitted in the fall/winter. Overall, the camp operations were satisfactory and no site write-up or orders were issued.

Other activities requested by regulators included the completion of an IOL land use questionnaire submitted to the KIA in July. This was a simple form dealing with access to site (land, air), generic questions on significant or unique environmental concerns and questions on the square footage of camp, and waste generation from the pactos.

Sabina also completed two internal reviews of its operations in the Kitikmeot Region. The first completed in May 2009 was a safety audit of the Hackett River Camp. Minor deficiencies were noted related to florescent tubes in the food prep area, additional fire extinguishers in the kitchen, and additional first aid equipment. These were addressed in May.

The purpose of the second internal review was to assess current policies and practices to identify actual or potential environmental impact and to take action to improve practices to minimize risk to Sabina. With the exception of a few permitting terms and conditions both Goose Lake and Hackett River camps were found not only to be in compliance with all applicable permits but striving to employ best management practices where feasible. Recommendations to improve our operations were made and implemented during the 2009 season.

(h) No community members visited the Project.

(i) Site photos.

Figure 3. Hackett River camp, August 2009. View looking southeast.

Figure 4. Hackett River camp, August 2009. View looking northeast.

(j) Personnel, equipment and supplies were mobilized to the property by fixed wing aircraft including De Havilland DHC-5, Buffalo, Dornier 228, Dash-7, Skyvan and Twin Otter on the ice strip in spring and float equipped Twin Otter aircraft on the lake in the summer.

The ice strip on Camp Lake was operational from March 20 to June 3, with a total of 54 flights arriving. From July 4 to September 25, the esker air strip located approximately 1 km south of camp was utilized on occasion.

Regularly scheduled supply flights started landing on Camp Lake Lake on July 10; a total of 52 flights came into the lake. The final float plane of the season took off from Camp Lake on September 25, at which point the camp was closed for the season.

(k) A Bell 407 was used throughout the course of the 2009 exploration program. Records were not kept of every individual touchdown, however it would be reasonable to estimate an overall average of 3-4 landings per day including drill crew shift changes, drill support, as well as geological, survey and soil sampling crews. This estimate would result in a total of 480-640 landings.

The main flight routes would be between the camp at Hackett River and the drilling areas indicated in Figure 2, as well as the mapping and sampling locations at Wishbone. Most landings would only be brief touchdowns to allow passengers to enter or exit the helicopter, without the machine actually shutting down.

(l) See Item (d) above.

(m) Progressive reclamations activities in 2009 focussed on reclamation of the drill sites.

(n) Sabina has, to the best of our knowledge, conducted this operation in full compliance with the terms and conditions annexed to the permits, and we are actively working with inspectors and regulators to address any issues or concerns which arise and to improve the way in which we operate. We strive to maintain a high standard of performance in the course of all of our operations.