



SABINA ANNOUNCES POSITIVE INITIAL FEASIBILITY STUDY ON BACK RIVER GOLD PROJECT

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Today we released an Initial Project Feasibility Study (FS) for our 100%-owned Back River gold project in Nunavut, Canada. We are pleased with the results of this study as it provides Sabina with a viable development path.

This Initial FS, the second one completed for the project, focused on a 3,000 tonne per day (tpd) operation. The first, released May 2015, focused on a 6,000 tpd operation.

“Both of these studies delivered very positive economic results which demonstrate the optionality of these high grade continuous deposits,” said Bruce McLeod, President & CEO. “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.”

Highlights of Initial Project Feasibility Study

- 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); and
- 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%.

Comparison to the 6,000 tpd Feasibility Study

- 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.

As the Initial Project Feasibility Study infrastructure remains in line with the 6,000 tpd option, Sabina will continue to advance the environmental assessment as previously communicated. We plan on submitting the Final Environmental Impact Statement to the NIRB in November 2015.

For more information, read the full [press release](#).

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