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**SABINA GOLD & SILVER ANNOUNCES POSITIVE PRELIMINARY
ECONOMIC ASSESSMENT AT BACK RIVER GOLD PROJECT, NUNAVUT**
AVG. PRODUCTION OF ~300,000 OZ/YR
BASE CASE PRE-TAX IRR OF 32% AND NPV OF \$1.1 BILLION (5% discount)

Vancouver, BC – Sabina Gold & Silver Corp (SBB.T), (the “Company”) is pleased to announce that the Company has received the results of the Preliminary Economic Assessment (“PEA”) for its 100%-owned Back River gold project (“Back River” or the “Project”) in Nunavut, Canada. The PEA was prepared by SRK Consulting (Canada) Inc. (“SRK”).

The Back River gold project is one of two Sabina projects in the West Kitikmeot Region of Nunavut and is situated approximately 75 km from tide water at Bathurst Inlet. The Project is made up of a series of seven claim blocks of which only two have been the focus of exploration and resource development to date: Goose and George.

The Company purchased the Project in late 2009, and by 2011 had increased the mineral resource estimate to the critical mass, that in the Company’s view, is necessary to advance the Project towards development. In the fall of 2011, the Company engaged SRK to prepare a PEA on Back River based on the Company’s November 2011 NI 43-101 resource estimate. As part of the PEA, SRK undertook a re-estimation of the NI 43-101 resource for the deposits on the George claim block.

The PEA contemplates a scenario with concurrent open-pit and underground mining operations delivering mineralized material from the Llama, Umwelt, Goose and George deposits to a centralized 5,000 tonne per day (“tpd”) processing facility located near the Umwelt deposit. Gold production is projected to average ~300,000 oz/year over 12.3 years for total production of 3,677,000 oz Au, beginning in late 2016 or early 2017. Sabina is currently funded to advance the Project through feasibility and permitting. The conclusions and recommendations of the PEA are that the Project may be economically viable and the Company should proceed to a pre-feasibility study (“PFS”).

Project Highlights (at Base Case \$1,250/oz Au):

All dollar figures are in C\$ and the study assumes a 1:1 US\$:C\$ exchange rate.

- The Project generates a post-tax NPV-5% of \$650 million and an IRR of 25%
 - Pre-tax NPV-5% and IRR of \$1.1 billion and 32%;
- The Project generates life-of-mine (“LOM”) after-tax net cash flow of \$1.1 billion on gross revenues of \$4.6 billion with a payback period of 3.0 years;
- Processing rate of 5,000 tpd producing an average of ~300,000 oz Au per year from open pit and underground extraction;
- Pre-production capital of \$450 million. Sustaining capital of \$388 million for total LOM capital of \$839 million including closure and contingencies;
- Total cash costs of \$542/oz LOM including royalties, refining and transport;
- Capital and operating costs estimated using a combination of first principle calculations, experience and factored costs; experience includes actual results from comparable northern projects;
- A total of 20.7 million tonnes of mineralized material to be milled over 12.3 years with a LOM average grade of 6.13 g/t gold and metallurgical recoveries of 90%;
- Base case commodity assumptions of \$1,250/oz gold and \$1.20/litre diesel.

The study does not incorporate any results of the Company’s ongoing 2012 exploration program.

It should also be noted that this PEA is preliminary in nature as it includes inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA forecast will be realized.

“The results of the PEA demonstrate how valuable good grade is to a project, particularly in remote locations. We believe Back River is a world-class gold project. The high-grade and continuity of the deposits provide us with the flexibility to design and build a mid-tier gold mine with attractive operating costs for a modest up-front capital commitment. We have several financing options to contemplate as we advance the Project, including the possible monetization of part or all of the significant silver royalty we hold on Xstrata Zinc Canada’s Hackett River project,” said Rob Pease, President & CEO.

He added: “Results from this year’s ongoing exploration and infill drilling program should have a positive impact on the Project going forward. For example, based on our initial results at Llama, we anticipate there could be an upgrade and increase in the open-pit resources there. All of our deposits remain open to depth and we look forward to continued exploration success which will grow Back River as we embark upon a PFS and enter the permitting process.”

Economic Sensitivities

	Base Case							
Gold Price (\$/oz)	\$1,000	\$1,100	\$1,200	\$1,250	\$1,300	\$1,400	\$1,500	\$1,600
Post-Tax NPV-5% (\$M)	\$252	\$410	\$570	\$649	\$728	\$884	\$1,044	\$1,201
Post-Tax IRR	13.3%	18.0%	22.5%	24.5%	26.6%	30.6%	34.4%	38.0%
Payback (years)	5.0	3.8	3.2	3.0	2.8	2.5	2.2	2.0
Pre-Tax NPV-5% (\$M)	\$460	\$708	\$955	\$1,079	\$1,202	\$1,450	\$1,697	\$1,945
Pre-Tax IRR	17.7%	23.6%	29.0%	31.6%	34.1%	38.9%	43.6%	48.1%

Post-Tax Sensitivity to Capital and Operating Costs (at \$1,250/oz Au)

NPV-5% (\$M) IRR (%)		Operating Costs				
Capital Costs		-20%	-10%	Base Case	+10%	+20%
	-20%	\$956 38.3%	\$874 35.6%	\$791 33.0%	\$708 30.3%	\$626 27.5%
	-10%	\$885 33.2%	\$803 30.8%	\$720 28.4%	\$637 25.9%	\$555 23.4%
	Base Case	\$814 29.1%	\$731 26.8%	\$649 24.5%	\$566 22.2%	\$483 19.9%
	+10%	\$743 25.5%	\$660 23.4%	\$578 21.3%	\$495 19.1%	\$412 16.9%
	+20%	\$672 22.4%	\$589 20.4%	\$506 18.4%	\$424 16.4%	\$341 14.3%

Areas for Optimization

One of the objectives of the PEA was to deliver annual mine production of approximately 300,000 oz Au/year. The PEA has been successful in achieving this target. Moving forward, the PFS will focus on optimizing production sequencing. Other areas of focus will include:

- Resource optimization, including targeting drilling to improve confidence, identify additional mineral resources and increase grade;
- Review of mine schedule to optimize production profile and equipment utilization;
- Metallurgical analysis to investigate potential for improved process recoveries above current estimate of 90%;

- Ongoing infrastructure opportunities including studying options for the Bathurst Inlet Port & Road Project (“BIPR”) in conjunction with Xstrata Zinc Canada.

The 2012 drilling program is currently targeting both in-pit and underground areas with a view to upgrading and expanding upon the known mineral resources.

In 2012 results to date at the Llama deposit, which is contemplated as the initial pit in the PEA, hole 12GSE141 returned 15.16 g/t Au over 36.40m and a second mineralized zone grading 7.15 g/t Au over 41.05m, hole 12GSE153 intersected 21.58 g/t Au over 12.90m, and hole 12GSE152 intersected 8.58 g/t Au over 20.00m. These are amongst some of the best holes drilled at Llama and are situated within the current pit shell. With the new tighter drill spacing, a continuous high grade gold bearing antiform structure is being defined in the core of the current pit shell. The Company anticipates that this drilling could enhance the resource at Llama. These results were announced in a news release dated April 26, 2012 which can be found on the Company’s website at www.sabinagoldsilver.com or on www.sedar.com.

Next Steps

The Company plans to immediately embark upon a PFS that is expected to take approximately one year to complete and that will incorporate the results of the ongoing 2012 exploration program. Sabina will immediately file a Project Proposal with the Nunavut Water Board which will commence the environmental assessment and permitting process with the Nunavut Impact Review Board.

A NI 43-101 technical report for the Back River PEA will be filed on SEDAR (www.sedar.com) within 45 days.

Project Description

PEA Parameters

Resources			
Run of Mine Mat. (ROM) to Process - O/P	K tonnes	9,403	45%
ROM to Process - U/G	K tonnes	11,333	55%
<i>ROM to Process - Total</i>	<i>K tonnes</i>	<i>20,737</i>	<i>100%</i>
ROM Grade to Process - O/P	g/t Au	5.76	
ROM Grade to Process - U/G	g/t Au	6.44	
<i>ROM Grade to Process - Average</i>	<i>g/t Au</i>	<i>6.13</i>	
Operating Metrics			
LOM Production - O/P	K oz	1,566	43%
LOM Production - U/G	K oz	2,111	57%
<i>LOM Production - Total</i>	<i>K oz</i>	<i>3,677</i>	<i>100%</i>
Avg. Annual Production	K oz / year	299.0	
Mine Life	Years	12.3	
O/P Strip Ratio (excl. Llama pre-strip)		7.7:1	
O/P Strip Ratio (incl. Llama pre-strip)		9.6:1	
Mill Design Throughput	ktpa / tpd	1,800 / 5,000	
Gold Recovery	%	90%	
Capital Costs (\$M)			
	<u>Pre-Production</u>	<u>Sustaining</u>	<u>Total</u>
Mining	\$161.4	\$257.5	\$418.9
Processing	\$76.9	\$19.2	\$96.1
Infrastructure	\$129.8	\$60.9	\$190.7
Tailings	\$38.3	\$9.2	\$47.5
Owner's Costs	\$44.1	\$17.3	\$61.4
Closure	-	\$24.0	\$24.0
Total	<u>\$450.5</u>	<u>\$388.1</u>	<u>\$838.6</u>
<i>Includes Contingency of 14%</i>			<i>\$101.6</i>
Operating Costs			
Mining - O/P	\$/t moved	\$3.40	
Mining - U/G	\$/t mined	\$70.04	
Milling & Processing	\$/t milled	\$18.00	
G&A	\$/t milled	\$16.00	
Total Op. Cost	\$/t milled	\$87.82	
Minesite Cash Costs	\$/oz	\$495	
Incl. royalties, transport & refining	\$/oz	\$542	
Financial Metrics			
Realized Gold Price	\$/oz	\$1,250	
Pit Design Gold Price	\$/oz	\$1,050	
Exchange Rate	C\$:US\$	\$1.00	
Average NSR Royalty	%	3.2%	

Infrastructure

The evaluation of infrastructure needs at Back River assumes a standalone project and makes no allowances for benefits from the proposed BIPR project currently being proposed by Xstrata and Sabina.

It is assumed that port facilities and laydown areas at Bathurst Inlet will be established to allow for resupply via annual sealift. Buildings and a small camp will be established at Bathurst Inlet to provide fuel storage among other things. An annual ice road will be constructed to transport staged supplies to the mine site. All roads at the Goose and George facilities, including roads to the waste rock dumps and tailings facility (in the case of Goose), will be permanent all-weather roads. George material will be stockpiled and trucked to the mill by seasonal road. An all-weather airstrip and control tower capable of servicing Hercules C-130 freight aircraft, as well as Boeing 737 Combi commercial jet will be constructed about 5 km due south of the main facilities.

Power

The PEA assumes 100% on-site diesel generated power at Goose, George and Bathurst Inlet. A bulk diesel price of \$1.20/litre delivered was assumed for the economic analysis.

Mining

The mineralized zones will be mined with conventional open-pit and underground mining methods. Deposits mined: Llama (open-pit), Umwelt (open-pit and underground), Goose (open-pit and underground) and the satellite George deposits (underground).

Open-pit mining shells were designed using a \$1,050/oz gold price. Underground mining methods will vary by deposit and will include longhole open stoping, drift-and-fill and mechanized cut-and-fill.

Open-Pit Mining Schedule												
	Llama			Umwelt			Goose			Total Open-Pit		
	Mineralized Material (Mat.) (kt)	Waste (kt)	Grade (g/t)	Mat.	Waste	Grade	Mat.	Waste	Grade	Mat.	Waste	Grade
Year -2*	1	3,999	8.18							1	3,999	8.18
Year -1*	101	14,899	7.72							101	14,899	7.72
Year 1	388	16,612	7.13							388	16,612	7.13
Year 2	844	17,102	6.14							844	17,102	6.14
Year 3	650	7,205	7.97							650	7,205	7.97
Year 4	456	2,001	11.36	274	4,726	5.20				730	6,727	9.05
Year 5	187	169	13.96	453	3,831	5.66				641	3,999	8.09
Year 6				939	5,245	5.52				939	5,245	5.52
Year 7				929	2,215	4.59				929	2,215	4.59
Year 8				891	324	4.65				891	324	4.65

Year 9				463	911	6.48	43	2,097	5.58	506	3,009	6.40
Year 10							811	4,474	4.33	811	4,474	4.33
Year 11							973	2,459	4.07	973	2,459	4.07
Year 12							1,001	1,888	4.13	1,001	1,888	4.13
Year 13												
Total	2,628	61,986	8.26	3,949	17,253	5.21	2,827	10,918	4.19	9,403	90,157	5.76

* Year -2 and -1 pre-strip included in pre-production capital costs

Underground Mining Schedule

	Umwelt		Goose		George		Total Underground	
	Mat. (kt)	Grade (g/t)	Mat.	Grade	Mat.	Grade	Mat.	Grade
Year -2								
Year -1								
Year 1	630	5.37	280	6.54			910	5.73
Year 2	630	5.49	280	6.13			910	5.69
Year 3	630	5.28	280	6.53			910	5.67
Year 4	630	5.09	280	6.37			910	5.48
Year 5	630	4.63	280	6.49			910	5.20
Year 6	630	5.60	280	6.04	140	6.83	1,050	5.88
Year 7	630	5.88	144	6.03	350	8.47	1,124	6.71
Year 8	630	5.70			543	8.91	1,173	7.19
Year 9	630	5.61			543	8.83	1,173	7.10
Year 10	630	6.25			543	9.36	1,173	7.69
Year 11	66	6.35			537	8.01	602	7.83
Year 12					348	7.03	348	7.03
Year 13					141	7.37	141	7.37
Total	6,366	5.50	1,824	6.32	3,143	8.40	11,333	6.44

Processing & Recovery

Gold will be recovered to doré bars by conventional techniques which include tertiary crushing and ball milling of the mineralized material, followed by gravity and flotation concentration, and leaching of the concentrate. Metallurgical recoveries are estimated at 90% for the purpose of the study.

Tailings

Tailings from the mill will be stored sub-aerially in a single tailings storage area located 13km south-west of the proposed mill location.

Royalties and Income Taxes

Royalties and income taxes have been calculated based on estimated deductions related to expenditures contemplated in the study; no provision has been made to utilize existing tax assets or possible future tax assets related to expenditures that are not considered in the PEA. Cash taxes for the LOM average ~25% of pre-tax cash flow and includes both federal and territorial income tax and territorial royalties. Third party net smelter royalties average 3.2% of net revenue over the LOM.

All taxes and royalties were calculated by Sabina and provided to SRK.

NI 43-101 Resource

As part of the PEA, SRK undertook a recalculation of the resources at the George deposit in order to obtain a more rigorous review. The table below incorporates the results of this recalculation.

Back River Resource Estimate – May, 2012

Classification	Deposit	Tonnes	Au (g/t)	Au oz
Indicated	Goose OP	7,697,000	4.45	1,101,000
	Llama OP	1,860,000	9.41	562,000
	Umwelt OP	6,532,000	4.89	1,026,000
	Umwelt UG	4,407,000	5.31	751,900
	George UG	2,727,000	8.14	714,000
	TOTAL INDICATED	23,223,000	5.56	4,155,000
Inferred	Goose OP	436,000	3.53	50,000
	Llama OP	981,000	5.71	180,000
	Umwelt OP	1,160,000	4.00	149,000
	Goose UG	570,000	5.81	106,000
	Umwelt UG	4,328,000	4.75	665,000
	George UG	1,857,000	8.92	533,000
	TOTAL INFERRED	9,332,000	5.61	1,683,000

1. CIMM definition standards were followed for Mineral Resources
2. Mineral resources for Llama are reported at a 0.76 Au (g/t) cut-off within an optimized pit shell at a gold price of \$1,050 Oz Au.
3. Mineral resources for George are reported at a 2.00 g/t cut-off and were comprised of information from 890 drill hole and trench records, of which 831 were considered for this mineral resource estimate
4. The Umwelt Deposit OP mineral resources are reported at a cut-off grade of 1.00 g/t. UG resources are reported at a cut-off grade of 2.00 g/t.
5. OP mineral resources for Goose are reported at a 1.50 Au (g/t) cut-off within an optimised pit shell using a pit discard cut-off grade of 0.70 Au (g/t). UG resources are reported at a cut-off grade of 3.00 Au (g/t).
6. Numbers may not add due to rounding.
7. The Qualified Person responsible for the George and Umwelt Resource estimates is Wayne Barnett, Pr.Sci.Nat., and Marek Nowak, P.Eng., of SRK Consulting (Canada) Inc. respectively.
8. The Qualified Person responsible for the Goose and Llama Mineral Resource estimates is Patti Nakai-Lajoie, P.Geo, Roscoe Postle Associates, Inc.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

Authors and Qualified Persons Statement

The PEA was prepared under the direction of SRK Consulting (Canada) 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 PEA:

Wayne Barnett, Ph.D, Pr. Sci. Nat	Principal Consultant (Geology)
Marek Nowak, P. Eng.	Principal Consultant (Geostatistics)
Maritz Rykaart, P.Eng., Ph.D.	Principal Consultant (Geotechnical Engineering)
Jim Yakasovich, P.Eng.	Principal Consultant (Mining)
John Duncan, M.Eng., P.Eng.	Principal Consultant (Water Resources Engineering)
Iouri Iavovlev, P.Eng	Senior Consultant (Mining)
Daniel Mackie	Principal Consultant (Hydrogeology)
Arlene Laudrum, P.Geol.	Senior Consultant (Environmental Management)
Patti Nakai-Lajoie, P.Geo.	Roscoe Postle Associates, Inc (Goose and Llama Mineral Resource)
Elaine Bennett	VP Finance & Chief Financial Officer, Sabina Gold & Silver Corp.

The Qualified Person under NI 43-101 for Sabina Gold & Silver Corp. is Peter Manojlovic, Vice-President, Exploration, who has approved this release.

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's primary properties consist of the Back River Gold Project, the Wishbone Claims, a vastly prospective grass roots project and the Hackett River silver royalty all located in Nunavut. The silver royalty on Xstrata's Hackett River silver production is comprised of 22.5% of the first 190 million ounces produced and 12.5% of all silver produced thereafter.

At March 31, 2012, the Company had \$147.4 million in cash and equivalents.

For further information please contact:

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Forward Looking Statements

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 and timing of exploration

programs and various studies including the PFS, and exploration results, the results of the PEA, the potential tonnage, grades and content of deposits, timing, establishment and extent of resources estimates, potential production from and viability of the Company's properties, production and operating costs and permitting submission and timing. 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 effects of general economic conditions, commodity prices, changing foreign exchange rates and 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; 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, 2011 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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