Sabina

GOLD & SILVER CORP.

Condensed Consolidated Financial Statements

(unaudited)

Second Quarter ended June 30, 2011

SABINA GOLD & SILVER CORP.

Condensed Consolidated Statements of Financial Position
(unaudited)
(Expressed in thousands of Canadian dollars)

	June 30, 2011	December 31, 2010 (note 13)	January 1, 2010 (note 13)
Assets			
Current assets:			
Cash and cash equivalents	$ 89,113	$ 53,563	$ 45,017
Short-term investments	52,800	29,268	-
Accounts receivable	1,933	476	163
Inventory	5,124	1,038	439
Prepaid expenses	576	113	60
Total current assets	149,546	84,458	45,679
Non-current assets:			
Available-for-sale investments (note 4)	131	151	91
Property and equipment (note 5)	4,189	2,842	2,672
Mineral properties (note 6)	165,813	126,895	94,536
Reclamation deposits	354	354	354
Total non-current assets	170,487	130,242	97,653
Total assets	$ 320,033	$ 214,700	$ 143,332
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	$ 7,929	$ 1,520	$ 978
Flow-through share premium liability (note 9)	5,123	2,353	1,211
Capital and other taxes and payable	20	28	27
Total current liabilities	13,072	3,901	2,216
Non-current liabilities:			
Provision for site reclamation	1,809	1,809	1,809
Deferred income tax liability (note 12)	19,435	14,315	9,448
Total non-current liabilities	21,244	16,124	11,257
Total liabilities	34,316	20,025	13,473
Equity:			
Share capital (note 7)	295,669	201,282	128,248
Contributed surplus	15,302	9,842	9,300
Accumulated other comprehensive income (loss)	(60)	(15)	(50)
Retained deficit	(25,194)	(16,434)	(7,639)
Total equity	285,717	194,675	129,859
Total liabilities and equity	$ 320,033	$ 214,700	$ 143,332

Nature of operations (note 1)
Commitments (note 10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Approved on behalf of the Board:

"Anthony P. Walsh" Director ***"Terry Eyton"*** Director

SABINA GOLD & SILVER CORP.

Condensed Consolidated Statements of Comprehensive Loss
(unaudited)
(Expressed in thousands of Canadian dollars, except per share amounts)

For the three and six months ended June 30

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Expenses:				
Administration and general	$ 508	$ 178	$ 602	$ 272
Depreciation	11	13	21	24
Insurance	35	25	61	51
Interest and other	(33)	4	20	32
Listing, transfer and shareholder	171	250	557	359
Professional services	152	74	268	274
Salaries and severance	412	377	879	722
Share-based payments (note 8)	233	166	4,428	1,051
Travel	215	206	418	313
	1,704	1,293	7,254	3,098
Loss from operating activities	(1,704)	(1,293)	(7,254)	(3,098)
Net finance income:				
Net finance income	581	49	920	74
Amortization of flow-through premium liability (note 9)	3,080	712	4,105	1,311
	3,661	761	5,025	1,385
Income (loss) before income taxes	1,957	(532)	(2,229)	(1,713)
Income tax recovery (expense):				
Current	-	29	-	25
Deferred (note 12)	(4,959)	(1,226)	(6,531)	(2,253)
	(4,959)	(1,197)	(6,531)	(2,228)
Loss for the period	(3,002)	(1,729)	(8,760)	(3,941)
Other comprehensive income:				
Unrealized gain (loss) on available-for-sale investments, net of tax	(18)	16	(45)	(7)
Comprehensive loss	$ (3,020)	$ (1,713)	$ (8,805)	$ (3,948)
Basic and diluted loss per share	$ (0.02)	$ (0.01)	$ (0.06)	$ (0.03)
Weighted average number of common shares outstanding	159,662,891	116,747,033	153,918,094	115,425,002

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SABINA GOLD & SILVER CORP.

Condensed Consolidated Statement of Changes in Equity
(unaudited)
(Expressed in thousands of Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Share capital:				
Balance, beginning of period	$ 290,242	$ 128,266	$ 201,282	$ 128,248
Shares issued during the period, net of issue costs	157	15,398	94,333	15,402
Flow-through premium transferred to deferred liability (note 9)	-	-	(6,875)	-
Shares issued for royalty acquisition (note 6)	5,190	-	5,190	-
Fair value of options exercised	80	182	335	196
Deferred income tax on share transactions	-	(415)	1,404	(415)
Balance, end of period	295,669	143,431	295,669	143,431
Contributed surplus:				
Balance, beginning of period	15,090	10,413	9,842	9,300
Fair value of share-based payments of options vesting	234	166	4,428	1,317
Fair value of share-based payments capitalized to mineral properties	58	24	1,367	-
Fair value of options transferred to share capital	(80)	(182)	(335)	(196)
Balance, end of period	15,302	10,421	15,302	10,421
Accumulated other comprehensive income:				
Balance, beginning period	(42)	(72)	(15)	(50)
Unrealized gains (losses) on available for sale investments, net of tax	(18)	15	(45)	(7)
Balance, end of period	(60)	(57)	(60)	(57)
Retained earnings:				
Balance, beginning of period	(22,192)	(9,851)	(16,434)	(7,639)
Loss for the period	(3,002)	(1,729)	(8,760)	(3,941)
Retained deficit, end of period	(25,194)	(11,580)	(25,194)	(11,580)
Total shareholders' equity	$ 285,717	$ 142,215	$ 285,717	$ 142,215

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SABINA GOLD & SILVER CORP.

Condensed Consolidated Statements of Cash Flows
(unaudited
(Expressed in thousands of Canadian dollars)

Three and six months ended June 30

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Cash provided by (used in) operating activities:				
Loss for the period	$ (3,002)	$ (1,729)	$ (8,760)	$ (3,941)
Adjustments for:				
Depreciation	11	13	21	24
Deferred income tax expense (recovery)	4,959	1,226	6,531	2,253
Net finance income	581	49	920	74
Amortization of flow-through premium liability	(3,080)	(712)	(4,105)	(1,311)
Share-based payments	233	166	4,428	1,051
	2,704	742	7,795	2,091
Accounts receivable	(900)	(279)	(1,895)	(519)
Inventories	430	482	(4,086)	(2,391)
Prepaid expenses	(213)	637	(463)	(259)
Accounts payable and accrued liabilities	278	(1,793)	6,409	2,229
Capital and other taxes payable	(35)	(33)	(8)	(28)
Cash used in operating activities	(738)	(1,973)	(1,008)	(2,818)
Interest received	(391)	(42)	(481)	(68)
Net cash used in operating activities	(1,130)	(2,015)	(1,489)	(2,886)
Cash flows provided by (used in) investing activities				
Expenditures on deferred exploration, net of recoveries	(25,063)	(11,122)	(31,941)	(14,980)
Expenditures on property and equipment	(842)	(367)	(1,821)	(580)
Purchase of short-term investments	(1,532)	-	(23,532)	-
Net cash used in investing activities	(27,437)	(11,489)	(57,294)	(15,488)
Cash flows provided by (used in) investing activities				
Issuance of common shares for cash, net of issue costs	157	15,402	94,333	15,402
Net Increase (decrease) in cash and cash equivalents	(28,409)	1,896	35,550	(2,972)
Cash and cash equivalents, beginning of period	117,522	40,149	53,563	45,017
Cash and cash equivalents, end of period	$ 89,113	$ 42,045	$ 89,113	$ 42,045

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Nature of operations

Sabina Gold & Silver Corp. (the "Company" or "Sabina") was incorporated in June 1966 under the laws of the Province of British Columbia. On October 28, 2009 the Company changed its name from Sabina Silver Corporation to Sabina Gold & Silver Corp. The Company's principal business activity is the exploration and development of mineral property interests. The Company's principal mineral properties are the Back River Project; the Hackett River Project and the Wishbone Project, all of which are located in Nunavut, Canada.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying value and the recoverability of the amounts recorded as mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral properties, and future profitable production or proceeds from the disposition of the mineral property interest. The Company has prepared a cash flow forecast for 2011 and believes that it has sufficient funds to continue operations for at least the next twelve months.

The financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

2. Basis of preparation

(a) Standard of compliance:

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

These are the Company's first condensed consolidated interim financial statements for the second quarter of the period covered by the first annual financial statements to be presented in accordance with International Financial Reporting Standards ("IFRS") for the year ending December 31, 2011 and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

They do not include all of the information required for full annual financial statements.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as at August 11, 2011, the date the Board of Directors approved these interim financial statements for issue. Any subsequent changes to IFRS that are issued and effective as at December 31, 2011 could result in a restatement of these interim financial statements, including the transition adjustments recognized on conversion to IFRS.

An explanation of how the transition from Canadian generally accepted accounting principles (GAAP) to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 11.

The accounting policies set out below have been applied consistently to all periods presented in preparing the opening balance sheet at January 1, 2010 for purpose of transition to IFRS.

2. Basis of preparation, continued

(b) Basis of measurement:

The condensed consolidated interim financial statements have been prepared on the historical costs basis except for financial instruments classified as available-for-sale financial assets, which are measured at fair value, and provision for site reclamation, which is recorded at management's best estimate. In addition these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and presentation currency:

These statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgments:

The preparation of the condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant areas requiring the use of management estimates relate to the determination of the impairment of mineral properties, the provision for site reclamation, assumptions used in determining share-based payments, deferred income tax valuation allowances and rates for amortization of plant and equipment. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these condensed consolidated interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRSs.

(a) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3. Significant accounting policies, continued:

(a) Financial instruments, continued

(i) Non-derivative financial assets, continued

The Company has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less and guaranteed investment certificates with no penalty for early redemption.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

3. Significant accounting policies, continued:

(a) Financial instruments, continued

(i) Non-derivative financial liabilities, continued

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and capital and other taxes payable.

Such financial liabilities are recognized at fair value plus any directly attributable transaction costs.

(ii) Share Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Flow-Through Common Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences.

Upon issuance of flow-through shares, the quoted value of existing shares, net of related issuance costs is used to record the increase to share capital. The difference between the amount recognized in common shares and the amount paid by the investor is recognized as a deferred gain which is reversed into earnings when eligible expenditures have been made. A deferred tax liability is recorded when shares are issued and the associated income tax expense is recorded when eligible expenditures are made.

(b) Short-term investments

Short-term investments consists of investments with terms to maturity of greater than 90 days but not more than one year and are designated as loans and receivables with the exception of Government of Canada Treasury Bills that are designated as available-for-sale.

(c) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on a weighted average cost formula, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

3. Significant accounting policies, continued:

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated amortization and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) or property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognized net within other income in the statement of comprehensive loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is calculated on the amortizable amount, which is the cost of an asset, less its residual value.

Depreciation is recognized in the statement of comprehensive loss on a declining balance basis or on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, based on how this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The depreciation rates used are as follows:

Leasehold improvements	Straight-line over the term of the lease
Office furniture	20% declining balance
Computer and other equipment	30% declining balance
Exploration equipment	Straight-line over estimated useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3. Significant accounting policies, continued:

(e) Mineral properties

The cost of acquiring mineral properties and related exploration and development costs are deferred on an individual area of interest basis until the properties are placed into production, sold or abandoned. Once a license to explore an area has been secured, directly attributable expenditures on exploration and evaluation activities are capitalized to mineral properties. Costs incurred to acquire an interest in a mineral property are capitalized as a mineral property acquisition cost. Costs incurred prior to obtaining the right to explore are expensed as incurred.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects there may be only inferred or indicated resources to form a basis for the impairment review. The impairment review is based on the exploration and evaluation results to-date and a status report regarding the Company's intentions for development of the mineral property.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on the successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project are written off.

(f) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issue will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant accounting policies, continued:

(f) Impairment, continued

(i) Financial assets (including receivables), continued

Impairment losses on available-for-sale financial assets are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In calculating the recoverable amount the Company used discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. Discounted cash flow techniques require management to make estimates and assumptions concerning future production revenues and expenses. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures and site reclamation costs. Additionally, these reviews take into account factors such as political, social, legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding its mineral properties. Discounted cash flow techniques require management to make estimates and assumptions.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there had been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3. Significant accounting policies, continued:

(g) Provision for site reclamation

The Company recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal or constructive obligation associated with the acquisition, construction, development and/or normal use of its assets. The Company concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset which is amortized over the life of the asset.

(h) Share-based payments

The Company has a share option plan which is described in note 8. Share-based payments to employees are measured at the fair value of the equity instruments issued and are amortized over their applicable vesting periods. The offset to the recorded cost is to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(i) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, increases in the fair value of financial assets, and increases in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest charges relating to flow through share issuances, unwinding of the discount on provisions, declines in the fair value of financial assets at fair value through profit or loss, and impairment losses recognized on financial assets.

(j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of comprehensive loss except to the extent that the tax relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

3. Significant accounting policies, continued:

(j) Income tax, continued

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise share options granted to employees and share purchase warrants.

(l) Future changes in accounting standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 *Financial Instruments*, which becomes mandatory for the Company's 2013 financial statements and is expected to impact classification and measurement of financial assets. The extent of the impact has not been determined.

4. Investments:

The fair values of investments for the Company's shares of Mega Precious Metals Inc. ("Mega Precious") and Atacama Minerals Corp. ("Atacama") are as follows:

	As at June 30, 2011			As at December 31, 2010		
	Cost	Accumulated Unrealized Holding gains (losses)	Carrying value	Cost	Accumulated unrealized holding loss	Carrying value
Available-for-sale						
Atacama	31	9	40	31	6	37
Mega Precious	140	(49)	91	109	5	114
	$ 171	$ (40)	$ 131	$ 140	$ 11	$ 151

On April 26, 2011 the Company received an additional 50,000 shares of Mega Silver in relation to the Newman-Madsen option agreement. The market value of these shares was $0.62 per share on April 26, 2011 for a total value of $31,000.

The fair value of these investments has been determined by reference to their quoted closing bid price at the reporting date.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

5. Property and equipment:

	As at June 30, 2011			As at December 31,2010		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
Exploration camp and equipment	$ 5,362	$ (1,438)	$ 3,924	$ 3,538	$ (983)	$ 2,555
Office & equipment	422	(157)	265	422	(135)	287
	$ 5,784	$ (1,595)	$ 4,189	$ 3,960	$ (1,118)	$ 2,842

6. Mineral properties:

The following is a summary of exploration and development costs incurred related to the Company's mineral properties:

Summary – All Properties	Three months ended June 30, 2011	2010	Six months ended June 30, 2011	2010
Balance, beginning of period	$ 135,286	$ 98,786	$ 126,895	$ 94,536
Exploration and other expenditures	20,345	11,337	28,736	15,587
Acquisition and selling costs	10,238	-	10,238	-
Proceeds on option agreement	(56)	(45)	(56)	(45)
Balance, end of period	$ 165,813	$ 110,078	$ 165,813	$ 110,078

Back River (Nunavut)				
Balance, beginning of period	$ 50,599	$ 32,447	$ 46,027	$ 30,228
Additions:				
Drilling	$ 8,626	$ 3,561	$ 9,889	4,505
Economic assessment	18	-	74	-
Environmental assessment	315	19	376	19
Geology and geophysics	478	44	641	158
Property maintenance	-	-	2	-
Management & administration	175	118	459	262
Stock-based compensation	58	12	674	115
Support	2,116	846	3,237	1,306
Transportation	1,607	700	2,458	1,022
Depreciation	182	135	337	267
	13,575	5,435	18,147	7,654
Acquisition of royalty	9,802	-	9,802	-
Balance, end of period	$ 73,976	$ 37,882	$ 73,976	$ 37,882

(Tabular dollar amounts expressed in thousands of Canadian dollars)

6. Mineral properties, continued:

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Hackett River (Nunavut)				
Balance, beginning of period	$ 69,041	$ 57,015	$ 66,608	$ 55,105
Additions:				
Drilling	2,294	1,926	2,846	2,562
Economic assessment	22	-	22	-
Environmental assessment	34	79	97	111
Geology and geophysics	266	334	434	529
Property maintenance	17	66	61	105
Management & administration	102	28	226	186
Stock-based compensation	-	12	693	142
Support	691	895	1,156	1,325
Transportation	463	470	736	744
Depreciation	65	29	116	45
	$ 3,954	$ 3,839	$ 6,387	$ 5,749
Capitalized selling costs	436		436	-
Balance, end of period	$ 73,431	$ 60,854	$ 73,431	$ 60,854
Wishbone (Nunavut)				
Balance, beginning of period	$ 7,210	$ 2,417	$ 7,045	$ 2,322
Additions:				
Drilling	649	916	649	937
Geology & geophysics	756	810	809	861
Management & administration	50	60	113	70
Property maintenance	1	-	50	-
Support	440	153	440	166
Transportation	261	93	261	93
	2,157	2,032	2,322	2,127
Balance, end of period	$ 9,367	$ 4,449	$ 9,367	$ 4,449
Red Lake (Ontario)				
Balance, beginning of period	$ 7,307	$ 6,907	$ 7,102	$ 6,881
Additions:				
Drilling	-	-	197	1
Geology and geophysics	-	19	3	29
Property maintenance	-	1	4	4
Management & administration	1	9	2	12
Stock-based compensation	-	-	-	9
Transportation	-	2	-	2
	1	31	206	57
Proceeds on option agreement	(56)	(45)	(56)	(45)
Balance, end of period	$ 7,252	$ 6,893	$ 7,252	$ 6,893
Cook Lake (Manitoba)				
Balance, beginning of period	$ 1,129	$ -	$ 113	$ -
Additions:				-
Drilling	278	-	739	-
Geology & geophysics	379	-	907	-
Property maintenance	-	-	6	-
Management & administration	1	-	22	-
	658		1,674	-
Balance, end of period	$ 1,787	$ -	$ 1,787	$ -

6. Mineral properties, continued:

Back River and Wishbone (Nunavut)

On June 9, 2009, the Company acquired 100% of the Back River and Wishbone properties in Nunavut, Canada (collectively known as the Back River Assets) from DPM.

The Back River project is comprised of the George and Goose; (including the Llama and Umwelt) gold deposits and contain measured and indicated gold resources of 9.9 million tonnes grading 8.33 g/t Au for 2.66 million ounces and inferred resources of 5.6 million tonnes grading 8.65 g/t Au for 1.56 million ounces of gold and are proximal to Hackett River, with George Lake being approximately 40 km to the southeast.

The Wishbone property covers a large portion of the Hackett River Greenstone Belt and hosts the Company's Hackett River project. The combined properties total approximately 3,000 square km and cover a largely unexplored highly prospective greenstone belt.

On May 31, 2011, the Company completed the purchase of certain royalties on the Back River and Wishbone projects. The royalty required payment of 1.5% of the value of minerals mined until the royalty payments aggregated $5,000,000 after which the royalty decreased to 0.75%. The buyback was completed through the purchase of all issued and outstanding shares of R.A. Olson Consulting Ltd. for $4.5 million in cash and issuing 750,000 common shares of the Company. A value of $5.19 million has been attributed to the shares based on the market value at the time of issue.

The Back River project is subject to NSR royalties payable to various parties. Prior to the acquisition, the George Lake property, was subject to four royalties. Royalty 1 pays 0% on the first 800,000 ounces and pays 5% (gross before deductions) after the first 800,000 ounces of gold produced and Royalties 2 and 3 are deducted from it. Royalty 2 pays 1.5% and Royalty 3 pays 0.7% until a total of $5 million has been paid on each royalty; after $5 million each Royalty 2 and 3 drop by 50%. The Company has purchased RAOCL, the company holding Royalty 2. Royalty 4 pays 0.45% until a total of $7.5 million has been paid after which this royalty also drops by 50%. After eliminating Royalty 2, and depending on gold price and gold production, royalties payable could range from 0.35% to 0.7% on the first 800,000 ounces and 3.5% to 4.25% thereafter.

On the Goose properties, including Goose, Llama, Umwelt, Boot, Needle and Boulder, there are 3 royalties payable to various parties. Royalty 1 pays 0% on the first 400,000 ounces and pays 5% (gross before deductions) after the first 400,000 ounces of gold produced and Royalties 2 and 3 are deducted from it. Royalty 2 pays 1.5% and Royalty 3 pays 0.7% until a total of $5 million has been paid on each royalty; after $5 million each Royalty 2 and 3 drop by 50%. The Company has purchased RAOCL, the company holding Royalty 2. After eliminating Royalty 2, and depending on gold price and gold production, royalties payable could range from 0.35% to 0.7% on the first 400,000 ounces and 3.5% to 4.25% thereafter.

6. Mineral properties, continued:

Hackett River (Nunavut)

The Company's 100% owned Hackett River project consists of approximately 10,637 hectares and is located approximately 480 km northeast of Yellowknife, and approximately 75 km from Bathurst Inlet. The project is located 23 km from the proposed all weather Bathurst Inlet Port and Road to Bathurst Inlet, and 105 km by road from the proposed tidewater port facility. The settlement of Bathurst Inlet, the closest community, is 100 km to the North. The Hackett River volcanic massive sulphide deposit currently consists of five main silver/zinc-rich zones: Main Zone West, Main Zone East, Boot, East Cleaver and the JO Zone. All the zones are located within a 1 km by 4 km window, along the contact between underlying felsic volcanics and overlying pelitic sediments.

On June 2, 2011 the Company announced an agreement with Xstrata Canada Corporation, Xstrata Zinc Canada Division ("Xstrata") to sell the Hackett River property and certain claims on the Wishbone Greenstone belt. Xstrata has agreed to pay cash consideration of $50 million with Sabina reserving a silver production royalty equal to 22.5% of the first 190 million ounces of payable silver from the current resource at Hackett River and other properties and 12.5% of all payable silver from the Properties thereafter at no future cost to Sabina. Additionally, Xstrata has agreed to incur not less than $50 million on exploration expenditures on the Properties over a four year period with a view of completing a NI 43-101 compliant feasibility study. If the feasibility study has not been completed by the fourth anniversary, Xstrata can elect to incur additional expenditures of not less than $10 million by each of the next three anniversaries. If at any of the fourth to seventh anniversaries Xstrata has not met the spending requirements and has not completed the feasibility study, Xstrata may elect to pay Sabina the shortfall, failing which, upon notice to Xstrata, Sabina may exercise a right to buy back the Properties for a cash purchase price equal to 100% of the expenditures incurred by Xstrata. Xstrata can pre-empt Sabina's buy back right by electing to pay an advance royalty of $75 million.

The transaction will be completed upon transfer by Sabina to Xstrata of title documents, licences and permits and is subject to a number of other usual terms and conditions. Given the process for dealing with such matters in Nunavut, the transaction is expected to take approximately four months for final completion. As at the date of this report, the transaction had not closed.

Red Lake and Thunder Bay Properties (Ontario)

(i) Newman-Madsen, Red Lake:

Sabina has a 50% joint venture interest in the Newman-Madsen property with Premier Gold Mines Ltd. ("Premier"). In 2010, Sabina became operator and has commenced drilling operations. In 2009, the Company and Premier completed an option agreement with Mega Precious which granted to Mega Precious an option to acquire 100% of the East My-Ritt portion of the property for $250,000 in cash and .5 million Mega Precious shares. Mega Precious must incur exploration expenditures totalling $1.2 million over a 5-year period.

(ii) Golden Sidewalk, Red Lake:

The Company owns 100% of its 18 leasehold patent claims on the Golden Sidewalk property. There are no royalties or carried interests attached to the property. The property is located in Skinner township, 67 km east of Red Lake.

6. Mineral properties:

Red Lake and Thunder Bay Properties (Ontario), continued

(iii) Skinner, Red Lake:

Sabina owns a 100% interest in the 14 claim, 2,900 hectare Skinner property. The property is in Skinner township, 69 km east-northeast of Red Lake and adjacent to and immediately south of Sabina's Golden Sidewalk property. Premier has a 7.5% net profit interest capped at $450,000. Franco-Nevada Corporation holds a 1% net smelter return royalty and a local prospector holds another 2% net smelter return interest which can be purchased by Sabina subject to certain conditions.

(iv) Redaurum, Red Lake:

Pursuant to an option agreement with Goldcorp Inc., the Company has a 20% interest carried to production on the Redarum property located in Red Lake and in close proximity to the past producing Madsen Gold Mine.

Cook Lake (Manitoba):

Sabina has signed a term sheet to earn a 100% interest in the Cook Lake properties with Xstrata Canada Corporation, Xstrata Copper Canada Division ("Xstrata"). To earn the 100% option, Sabina will make a $100,000 cash payment to Xstrata (paid) and make $10 million total expenditures over a five year period, ending in November 2015. Xstrata will retain a back-in option; an NSR in the event that the back-in is not exercised; and a right of first refusal for off-take and marketing agreements.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

7. Capital and other components of equity:

Authorized number of common shares

At June 30, 2011 the authorized share capital of the Company was comprised of an unlimited number of common shares without par value.

The number of issued and outstanding common shares is as follows:

	2011		2010	
	# of shares	$	# of shares	$
Issued and outstanding as at January 1	142,422,692	201,282	114,079,038	128,248
Issued for cash, net	16,723,990	93,674	-	(18)
Issued on exercise of share options	215,000	502	25,000	22
Fair value of options exercised	-	255	-	14
Tax effects on share issuance	-	(5,471)	-	-
Issued and outstanding as at March 31	159,361,682	290,242	114,104,038	128,266
Issued for cash	-	(33)	7,950,500	15,083
Issued on extinguishment of royalty	750,000	5,190	-	-
Issued on exercise of share options	82,000	190	322,000	316
Fair value of options exercised	-	80	-	183
Tax effects on share issuance	-	-	-	(417)
Issued and outstanding as at June 30	160,193,682	295,669	122,376,538	143,431

Issuance of common shares

On March 1, 2011, the Company completed a bought-deal financing qualified by short-form prospectus of 9,091,000 commons shares at a price of $5.50 per common share and 6,061,000 flow-through common shares at a price of $6.60 per flow-through common share for gross proceeds of $90,003,100. The Company had granted the underwriters an option to purchase an additional 15% of the common shares (non-flow-through) to cover over-allotments. The over-allotment provision was exercised in full and the Company received total gross proceeds of $97,503,175. A cash commission equal to 5.0% of the gross proceeds was paid to the syndicate of underwriters. Additionally, the Company completed a non-brokered equity placement on the same terms as the brokered placement; 19,825 common shares at $5.50 per common share for gross proceeds of $109,038 and 188,815 flow-through shares at $6.60 per flow-through common share for gross proceeds of $1,246,179. The gross proceeds of the flow-through financings must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2011.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

8. Share based payments:

The Company has established an equity-settled share option program that entitles employees and management personnel to purchase shares in the Company based on the number of options granted. The exercise price for the options is set at the closing market price of the common shares on the last trading day before the date of the grant. Options generally are granted for a maximum term of five years and usually expire 90 days following the termination of the optionee's employment. The vesting periods of share options granted vary with the terms determined by the Board of Directors.

Under a change to the stock option plan effective January 1, 2011, the Company introduced a stock appreciation right ("SAR"). Under the SAR the optionee has the right in lieu of the right to exercise an option, to surrender such option in whole or in part and to receive, in lieu of the common shares to which the surrendered option relates, that number of common shares, disregarding fractions, which is equal to the quotient obtained by:

8. Share based payments, continued:

- Subtracting the option exercise price per option share from the market price per share as at the date of the exercise and multiplying the remainder by the number of option shares; and
- Dividing the product thereby obtained by the market price per share at such date.

The number and weighted average exercise prices of share options is as follows:

	2011			2010		
	Share options		Average exercise price	Share options		Average exercise price
Outstanding at January 1	7,097,000	$	1.48	7,272,000	$	1.51
Exercised during the period	(215,000)		2.34	(25,00)		0.90
Granted during the period	2,417,000		5.32	1,948,000		1.22
Forfeited or expired during the period	-		-	(200,000)		2.08
Outstanding at March 31	9,299,000	$	2.46	8,995,000	$	1.39
Exercised during the period	(82,000)		2.33	(322,000)		0.98
Granted during the period	24,410		6.89	120,000		1.71
Outstanding at June 30	9,241,410	$	2.47	8,793,000	$	1.45
Exercisable at June 30	8,916,410	$	2.38	8,331,333	$	1.45

The table below summarizes the outstanding options as at June 30, 2011 by year of expiry. Of the outstanding options, 325,000 options which would expire in 2016 were not fully vested at June 30, 2011.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

8. Share based payments, continued:

Year	Number		Average exercise price
2011	125,000	$	1.24
2012	1,250,000		2.34
2013	2,016,000		1.22
2014	1,350,000		1.00
2015	2,059,000		1.42
2016	2,441,410		5.33
Total	9,241,410	$	2.47

Employee compensation cost

During the three months ended June 30, 2011, the Company recorded $292 thousand (2010 - $190 thousand) in share based payment costs, of which $233 thousand (2010 - $166 thousand) is presented as an operating expense in the statement of comprehensive loss and $58 thousand (2010 - $24 thousand) is capitalized to mineral property costs. For the six months ended June 30, 2011, the Company recorded $5,795 thousand (2010 - $1,317 thousand) in share based payment costs, of which $4,428 thousand (2010 - $1,051 thousand) is presented as an operating expense in the statement of comprehensive loss and $1,366 thousand (2010 - $266 thousand) is capitalized to mineral property costs

Inputs for measurement of grant date fair values

The grant date fair value of all share-based payment plans was measured using the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. Measurement inputs include share price on measurement date, exercise prices of the instrument, expected volatility (based on average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The weighted average inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following: the Black-Scholes option pricing model with the following weighted average assumptions: a risk-free interest rate of 2.06% (2010 – 2.4%); a divided yield of 0% (2010 – 0%); an expected volatility of 71.56% (2010 – 72.6%) and expected lives of stock options of 3 years (2010 – 4 years). The weighted average fair value of options granted in the period was $3.31 (2010 - $0.87).

(Tabular dollar amounts expressed in thousands of Canadian dollars)

8. Share based payments, continued:

Warrants and brokers compensation options

At June 30, the following warrants and brokers' compensation options were outstanding:

	2011			2010		
	Warrants and options		Average exercise price	Warrants and options		Average exercise price
Outstanding, January 1	100,000	$	-	8,900,000	$	3.23
Outstanding, March 31	100,000		-	8,900,000		3.23
Forfeited or expired	-		-	(5,000,000)		3.60
Outstanding, June 30	100,000	$	-	3,900,000	$	2.75

All warrants outstanding as at June 30, 2011 expire on December 31, 2015.

The warrants are exercisable for no further consideration upon the occurrence of the first of several milestones relating to the advancement of the Hackett River Project.

9. Flow-through premium liability

		Flow-through premium liability
As at December 31, 2010	$	2,353
Amortization		(1,025)
Financing (i)		6,875
As at March 31, 2011		8,203
Amortization (ii)		(3,080)
As at June 30, 2011	$	5,123

(i) On March1, 2011, the Company completed a bought-deal financing that included the sale of 6,249,815 flow-through shares at a price of $6.60. This price was at a premium of $1.10 to marker for a common share for total premium of $6,875 thousand.

(ii) In the period, the Company incurred $19,332 thousand of flow-through eligible expenditures. These expenditures satisfied the requirements related to the flow-through financing resulting in an amortization of the flow-through premium liability into income. Of the $3,080 thousand amortized in the period, $1,329 thousand relates to the November 2010 financing and $1,751 thousand relates to the March 2011 financing.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

10. Related parties

Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers. Directors and executive officers also participate in the Company's share option program (see note 8).

Certain executive officers are subject to a mutual term of notice of 24 months. Upon resignation at the Company's request, they are entitled to termination benefits up to 24 months' gross salary.

Key management personnel compensation is comprised of:

	For the Three months ended,		For the Six months ended,	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Salaries and benefits	$ 389	$ 418	$ 779	$ 738
Stock-based compensation, non-cash	211	91	4,016	1,009
	$ 600	$ 509	$ 4,795	$ 1,747

During the three months ended June 30, 2011, the Company paid or accrued $4,437 (2010 - $21,299); and for the six months ended June 30, 2011 $38,747 (2010 - $42,197) to Morton & Company for legal services of which $278 (2010 - $1,708) remains outstanding and is included in accounts payable and accrued liabilities as at June 30, 2011. Morton & Company is related by virtue of a common director. These transactions were in the normal course of operations and the terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, for similar transactions with arm's length parties.

11. Commitments:

The Company is obligated under operating lease agreements for the rental of its corporate head office in North Vancouver and the rental of its offices in Thunder Bay, Ontario. Minimum rental payments in each of the next five years are as follows:

2011	$	54
2012		107
2013		109
2014		92
2015		41
	$	403

(Tabular dollar amounts expressed in thousands of Canadian dollars)

12. Income taxes:

At June 30, 2011, the Company has operating loss carry forwards for income tax purposes of $12.5 million (December 31, 2010 - $8.2 million) expiring in 2029-31 which are available to reduce taxable income. The Company also has investment tax credits totalling approximately $8.0 million (December 31, 2010 - $3.4 million). The tax effect of the significant components within the Company's future tax asset (liability) at June 30, 2011 and December 31, 2010 was as follows:

	June 30, 2011	December 31, 2010
Future income tax assets:		
Non-capital losses	$ 3,386	$ 2,218
Corporate minimum taxes paid	293	293
Share issuance costs	2,171	1,084
Provision for site reclamation	488	488
Other	10	4
	6,349	4,088
Valuation allowance	(293)	(293)
	6,056	3,795
Future income tax liabilities:		
Property and equipment	(205)	(19)
Mineral properties costs in excess of tax basis	(4,972)	(4,812)
Future income tax liability on flow-through shares	(20,314)	(13,279)
Net future income tax liability	$ (19,435)	$ (14,315)

(Tabular dollar amounts expressed in thousands of Canadian dollars)

12. Income taxes, continued:

The income tax expense differs from the amount computed by applying the combined federal and British Columbia provincial income tax rate of 28.5% (December 31, 2010 – 30%) to pre-tax losses as a result of the following:

		June 30, 2010		December 31, 2010
Income (loss) before income taxes	$	(5,311)	$	(1,713)
Computed "expected" tax expense (recovery)	$	(1,514)	$	(514)
Permanent differences		979		(77)
Flow-through shares		7,035		2,751
Other		31		68
Income tax expense	$	6,530	$	2,228

13. Explanation of transition to IFRSs

As stated in note 2(a), these are the Company's second interim financial statements prepared in accordance with IAS 34.

The accounting policies set out in note 3 have been applied in preparing the interim financial statements for the three months ended June 30, 2011, the comparative information presented in these financial statements for the three and six months ended June 30, 2010 and year ended December 31, 2010 and in preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company's date of transition).

IFRS 1 "First-time Adoption of International Financial Reporting Standards ("IFRS 1")

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. The Company has elected under IFRS 1 to not apply IFRS 2, Share-based Payments, to share purchase options that were granted on or before November 7, 2002 or to options that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010.

The Company has elected under IFRS-1 to apply the requirements of IFRS 3, Business Combinations, prospectively from the date of transition.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

13. Explanation of transition to IFRSs, continued

Adjustments on transition to IFRS

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRSs has affected the Company's financial position and financial performance is in the following tables and the notes that accompany the tables.

Reconciliation of Assets Liabilities and Equity
as at January 1, 2010

	Ref	Mineral Properties	Flow-through premium liability	Deferred income tax liability	Share capital	Deficit
As reported under CGAAP		$ 95,534	$ -	$ 8,628	$ 124,361	$ (723)
Effect of transition to IFRSs						
Deferred tax on mineral properties	(a)	(998)	-	(998)	-	-
Flow-through share issuance and amortization of premium	(b)	-	1,211	1,818	3,887	(6,916)
As reported under IFRS		$ 94,536	$ 1,211	$ 9,448	$ 128,248	$ 7,639

As at June 30, 2010	Ref	Mineral Properties	Flow-through premium liability	Deferred income tax liability	Share capital	Deficit
As reported under CGAAP		$ 111,175	$ -	$ 11,907	$ 136,286	$ (3,223)
Effect of transition to IFRSs						
Deferred tax on mineral properties	(a)	(1,097)	-	3,472	-	-
Flow-through share issuance and amortization of premium	(b)	-	536	(3,893)	7,145	(8,357)
As reported under IFRS		$ 110,078	$ 536	$ 11,486	$ 143,431	$ (11,580)

As at December 31, 2010	Ref	Mineral Properties	Flow-through premium liability	Deferred income tax liability	Share capital	Deficit
As reported under CGAAP		$ 128,116	$ -	$ 10,947	$ 196,656	$ (4,866)
Effect of transition to IFRSs						
Deferred tax on mineral properties	(a)	(1,221)	-	(1,221)	-	-
Flow-through share issuance and amortization of premium	(b)	-	2,353	4,589	4,626	(11,568)
As reported under IFRS		$ 126,895	$ 2,353	$ 14,315	$ 201,282	$ 16,434

(Tabular dollar amounts expressed in thousands of Canadian dollars)

13. Explanation of transition to IFRSs, continued

Reconciliation of loss and comprehensive loss

	Ref		Three months ended June 30, 2010		Six months ended June 30, 2010		Year ended December 31, 2010
Net loss – as reported under CGAAP		$	(977)	$	(2,500)	$	(4,143)
Effect of transition to IFRSs							
Tax effects of IFRS changes	(b)		(757)		(1,441)		(4,652)
Net loss – as reported under IFRS		$	(1,729)	$	(3,941)	$	(8,795)

(a) Under IFRS, no deferred tax liability is recognized on acquisition of a mineral property asset in a transaction that is not a business combination, and at the time of the transaction, there is no impact on profit and loss for accounting or tax purposes. Under Canadian GAAP, a deferred tax liability is recognized on such a transaction.

On transition to IFRS, the deferred tax liability associated with the Back River acquisition was reversed with an associated reduction in mineral property. In addition, the deferred tax liability related to stock-based compensation capitalized to mineral properties was also reversed.

(b) Under IFRS the premium paid for flow-through shares in excess of the market value of common shares with no flow-through feature is credited to a deferred liability account. As eligible expenditures are incurred, the deferred gain is amortized into earnings for the period.

Under CGAAP, the full proceeds received from issuance of the flow-through shares is recorded to share capital.

Additionally, as it is the Company's policy to capitalize mineral property expenditures, a deferred tax liability is recognized with a corresponding charge to income tax expense. Under CGAAP, this amount was charged to share capital. As a result of this policy change the Company has set up a deferred liability account which relates to the amount of qualifying expenditures yet to be made relating to flow-through financings.

The following Management's Discussion and Analysis (the "MD&A") of the financial condition and results of operations of Sabina Gold & Silver Corp. ("Sabina" or "the Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended June 30, 2011. The MD&A was prepared as of August 11, 2011 and should be read in conjunction with the Company's annual audited financial statements and related notes for the years ended December 31, 2010 and 2009. All figures are in Canadian dollars unless otherwise stated.

Overview

Sabina is an emerging precious metals company with the objective of becoming a mid-tier gold producer. The Company is focused on the acquisition, exploration and development of mineral resource properties. The Company's flagship projects are its Back River gold project, its Hackett River silver rich VMS project and its prospective Wishbone grassroots exploration project, all in Nunavut in the Canadian North. The Company also has interests in exploration properties in the Red Lake gold camp in Ontario and has negotiated an option on Xstrata's Cook Lake property in northern Manitoba.

Q2 2011 Highlights:

- In June, the Company signed a definitive agreement to sell Hackett River and part of the Wishbone project to Xstrata Canada Corporation, Xstrata Zinc Canada Division ("Xstrata") for $50 million cash and a retained silver production royalty equal to 22.5% of the first 190 million ounces of silver product and 12.5% thereafter.

- In June, the Company announced assay results on the Umwelt and Llama deposits and results from drilling on the George deposit on the 100% owned Back River Project. At Umwelt, hole 11GSE042 returned 10.54 g/t Au over 10.3m including 16.70 g/t Au over 3.4m. On Llama, hole 11GSE035 returned 8.79 g/t Au over 5.0m on the East Limb. At George, hole 11GRL001 returned 9.12 g/t Au over 6.00m; 1.87 g/t Au over 8.00m; 4.37 g/t Au over 1.00m; and 7.99 g/t over 0.50m within brecciated, silicified and suphidized sediments associated with oxide iron formation.

- In May, the Company announced the buyback of certain royalties on the Back River and Wishbone projects. The royalty required payment of 1.5% of the value of minerals mined until payments aggregated $5 million after which the royalty decreased to 0.75%. The buyback was facilitated by Sabina purchasing all of the issued and outstanding shares of R.A. Olson Consulting Ltd. (the Royalty holder) for $4.5 million in cash and issuing 750,000 common shares of the Company.

- In April, the Company appointed Mr. John Wakeford to the Board of Directors. Mr. Wakeford joined the Company in August 2008 and is the Company's Senior Vice-President, Corporate Development.

- For the three months ended June 30, 2011, the Company had a loss of $3.0 million or $0.02 per share. For the six months ended June 30, 2011, the Company had a loss of $8.8 million or $0.06 per share. The Company had cash and cash equivalents and short-term investments of $141.9 million at June 30, 2011.

Results of Operations

Back River, Nunavut

On June 9, 2009, the Company completed the acquisition of the Back River and Wishbone properties in Nunavut, Canada (collectively known as the Back River Assets) from Dundee Precious Metals Inc. ("DPM"). The Back River Assets were acquired for $7.0 million in cash and 17 million common shares on closing of the transaction. Additional shares and warrants would be issued upon successful completion of certain development milestones.

Back River

The Back River Project is located approximately 520 km NE of Yellowknife and approximately 70 km south of Bathurst Inlet. It is comprised of 45 Federal Mineral Leases and 13 Federal Mining Claims covering approximately 52,324 hectares. The project is divided into 7 properties: Goose , George , Boot , Boulder Pond, Needle , Del and the Bath 1 Claim. George is approximately 40 km to the east of the Hackett River property and Goose is approximately 60 km southeast of George. The properties host the George, Goose, Llama and Umwelt gold deposits (together called the Back River resources) which contain indicated resources of 9.9 million tonnes grading 8.33 g/t Au for 2.7 million ounces of gold and inferred resources of 5.6 million tonnes grading 8.65 g/t Au for 1.6 million ounces of gold.

Back River Exploration Results

During the quarter exploration activities continued at Back River with six drills in operation. The Company plans to drill approximately 68,000 metres at a cost of approximately $37 million in 2011.

The objectives for 2011 are:

- complete a NI 43-101 resource calculation on Llama, Umwelt & Goose and to continue to expand resources at Llama, Umwelt, Goose and possibly Echo
- commence and complete a Preliminary Economic Assessment on Back River incorporating resources from Llama, Umwelt, Goose, George and possibly Echo during the second half of 2011
- continue to explore Llama and Umwelt for extensions of the deposits
- utilize the newly developed "toolbox" to test new exploration targets on the Goose property as well as test similar targets on other Back River claim groups with emphasis on the George claim group

On March 9, 2011, the Company released an updated National Instrument 43-101 ("NI 43-101") compliant Resource Estimate for the Back River project that includes the new potential open pit resource at Llama and Umwelt in addition to the existing known resources at Goose and George. The Back River gold project now contains a mineral resource of 2.66 million indicated ounces of gold and 1.56 million inferred ounces of gold. Work is continuing to re-assess the Goose deposit as a potential open pit resource. Results of this work should be forthcoming in the third quarter.

Highlights from the 2011 exploration program include the continued success at Umwelt where the mineralization has been followed an additional 650 m south of the drilling completed in 2010 for a total strike length of deposit to over 1.4 km. Hole 11GSE042, the southernmost hole drilled to-date at Umwelt, intersected 10.54 g/t Au over 10.3 m including 16.70 g/t Au over 3.4 m. The deposit is very consistent and plunges to the south at 25 degrees to at least a vertical depth of 550 m. Additional new holes at the newly defined southern end of the Umwelt deposit include hole 11GSE009 (10.14 g/t Au over 25.0 m including 16.62 g/t Au over 10.0 m) and hole11GDSE037 (8.71 g/t Au over 25.2 m including 18.98 g/t Au over 5.5 m). These new results are not included in the resource calculation completed in March.

Initial drilling at Llama focussed on minor gaps in the resource model as well as attempting to extend and expand the mineralized zone both along strike and down plunge. The deposit has been challenging to expand, as it has a complicated structure marked by faulting and displacement of the host iron formation to the south. In June, drills were re-deployed from Llama to continue extending the deposit at Umwelt. However, hole 11GSE035, which returned 8.79 g/t Au over 5.0 m on the East Limb has found the structure again and has extended the Llama deposit by 50 meters to the south.

2011 drilling also targeted the Goose deposit to aid in the geological/resource modelling interpretation in support of a calculation of an open pit resource. Most significantly, hole 11GSE002 returned 18.99 g/t Au over 27.2 m including 63.51 g/t Au over 4.1 m at a vertical depth of 170 metres in a central area of the deposit that was originally thought to be barren. The historical Goose resource is being recalculated to include recent drilling and new resource modelling to determine its potential as an open pit.

Application of the new "tool box" was focussed on the George property during the first half of 2011 with success being demonstrated by some encouraging results at the Company's Trigger discovery. Numerous gold intercepts were returned within hole 11GRL001 (Trigger) including; 9.12g/t Au over 6.00 m, 1.87g/t Au over 8.00 m, 4.37g/t Au over 1.00 m, 2.45g/t Au over 1.00 m, 2.11 g/t Au over 1.00 m and 7.99 g/t over 0.50 m within brecciated, silicified and sulphidized sediments associated with oxide iron formation.

Back River Mineral Resources

Classification	Location	Tonnes ('000s)	Grade (g/t Au)	Ounces ('000s)
Indicated	Llama*	1,860	9.4	562
	Umwelt*	4,601	6.0	900
	Goose**	1,577	11.9	603
	George**	1,838	10.0	590
Total Indicated		**9,876**	**8.33**	**2,655**
Inferred	Llama*	980	5.7	180
	Umwelt*	1,067	6.4	221
	Goose**	992	9.2	295
	George**	2,563	10.5	866
Total Inferred		**5,602**	**8.65**	**1,562**

Notes: *

1. CIMM definition standards were followed for mineral resources.
2. The Qualified Person for the Llama and Umwelt Mineral Resource estimate is Patti Nakai-Lajoie, P. Geo.
3. Mineral Resources are estimated at a pit discard cut-off grade of 0.76 g/t Au and 90% recovery.
4. Mineral resources are estimated using an average long-term gold price of US$1200 per ounce.
5. Bulk densities used were 3.02 t/m3 in iron formation; 2.80 t/m3 in greywacke; 3.0 t/m3 in gabbro; 2.73 t/m3 in felsic dyke; and 1.80 t/m3 in overburden.
6. High assays were capped at 70 g/t Au at Llama and 60 g/t Au at Umwelt.
7. The Llama drill hole database contains 74 surface diamond drill holes and the Umwelt drill hole database contains 60 surface diamond drill holes, at approximate spacings of 25m, 50m and 100m.

Notes: **

1. The Qualified Person for the George and Goose Mineral Resource estimate is Doug Cater, P. Geo.
2. Numbers may not add due to rounding.

In May, the Company announced that it had completed the buyback of certain royalties on the Back River gold and Wishbone projects. The Back River mineral claims, consisting of George, Goose, Bath 1, Boulder, Boot Lake, Dell and Needle, as well as mineral claims on the Wishbone Greenstone belt were subject to a production royalty to R.A. Olson Consulting Ltd. ("RAOCL"). The royalty required payment of 1.5% of the value of the minerals mined until the royalty payments aggregated $5 million after which the royalty decreased to 0.75%. The buyback was facilitated by Sabina purchasing all of the issued and outstanding shares of R.A. Olson Consulting Ltd. for $4.5 million in cash and issuing 750,000 common shares of the Company.

The Back River project is subject to NSR royalties payable to various parties. Prior to the acquisition, the George property, was subject to four royalties. Royalty 1 pays 0% on the first 800,000 ounces and pays 5% (gross before deductions) after the first 800,000 ounces of gold produced and Royalties 2 and 3 are deducted from it. Royalty 2 pays 1.5% and Royalty 3 pays 0.7% until a total of $5 million has been paid on each royalty; after $5 million each Royalty 2 and 3 drop by 50%. The Company has purchased RAOCL, the company holding Royalty 2. Royalty 4 pays 0.45% until a total of $7.5 million has been paid after which this royalty also drops by 50%. After eliminating Royalty 2, and depending on gold prices and gold production, royalties payable could range from 0.35% to 0.7% on the first 800,000 ounces and 3.5% to 4.25% thereafter.

On the Goose properties, including Goose, Llama, Umwelt, Boot, Needle and Boulder, there are 3 royalties payable to various parties. Royalty 1 pays 0% on the first 400,000 ounces and pays 5% (gross before deductions) after the first 400,000 ounces of gold produced and Royalties 2 and 3 are deducted from it. Royalty 2 pays 1.5% and Royalty 3 pays 0.7% until a total of $5 million has been paid on each royalty; after $5 million each Royalty 2 and 3 drop by 50%. The Company has purchased RAOCL, the company holding Royalty 2. After eliminating Royalty 2, and depending on gold price and gold production, royalties payable could range from 0.35% to 0.7% on the first 400,000 ounces and 3.5% to 4.25% thereafter.

Hackett River, Nunavut

Sabina's 100% owned Hackett River Project consists of approximately 10,637 hectares and is located approximately 480 km NE of Yellowknife, and approximately 75 km from tide water at Bathurst Inlet. The Hackett River Project is a volcanic massive sulphide deposit consisting of five main silver-rich/zinc zones: Main Zone West, Main Zone East, Boot, East Cleaver, and JO. All the zones are located within a 1 km by 4 km corridor, along the contact between underlying felsic volcanics and overlying pelitic sediments.

In December 2009, the Company completed an updated Preliminary Economic Assessment ("PEA") based on resource and metallurgical improvements which significantly increased the portion of the resource potentially amenable to open pit mining. The 2009 PEA estimated that the Project would have favourable economics with an IRR of 25.9% and an NPV at a 5% discount rate of $975 million, (both pre-income tax) and payback of capital in 4.6 years from construction start.

The 2009 PEA is based on extraction by both open pit and underground mining of 59.6 million tonnes of mineral resource with life of mine average diluted grades of 123.9 g/t Ag, 3.98% Zn, 0.32% Cu, 0.55% Pb, and 0.26 g/t Au. Mine construction is estimated to take approximately 2.7 years. The mine would run at a full capacity milling rate of 12,000 tonnes per day ("tpd") for the first 10.3 years (years 1-10) after which production would be approximately 8,500 tpd for the next 5.5 years (years 11-16). Concentrates would be shipped to smelter facilities either in eastern Canada, Europe or to Pacific facilities via the Northwest Passage.

Initial construction capital totalling $668 million is required to achieve full production and includes an all-weather road and a dedicated deep water port facility at Bathurst Inlet. Sustaining capital over the life of mine is $343 million including underground development and equipment. The project was estimated to generate $1,803 million of free cash flow (pre-tax) on total revenues of $6,727 million. The summary project economics and operating assumptions are outlined in the tables below.

2009 PEA Hackett River Project Summary:

Economics – Base Case		
(Pre-tax, 5% discount, Ag US$13.20, Zn$0.88)		
Net free cash-flow	$1.8	CAD billion
NPV	$975	CAD million
IRR	25.9	%
Payback	4.3	years
Annual metal production		
(years 1-10)		
Silver	13.6	million oz
Zinc	367.3	million lbs
Copper	25.7	million lbs
Lead	46.5	million lbs
Gold	20.8	thousand oz

Estimated recovered metals:		
Silver	182.8	million oz
Zinc	4,817.9	million lbs
Copper	311.1	million lbs
Lead	614.4	million lbs
Gold	0.3	million oz
Production rate (Years 1-10)		
Daily	12,000	tonnes
Annual	4.23	million tonnes
Life of mine	16	years
Strip ratio (waste:ore)	7:1	tonnes

Capital expenditure (CAD)		
Initial	$668.0	million
Sustaining	$343.0	million

Hackett River Exploration Results:

Beginning in 2010 and continuing this year, work has focussed on looking for opportunities to increase through put and extend the open pit life of the operation by:

- expanding existing deposits;
- finding higher value copper/gold/silver mineralization; and
- finding new deposits.

Initial work has been focused on infill drilling large gaps in the resource model at Main Zone East and at East Cleaver. This initial drilling has been very successful in increasing both the grade and thickness in these areas of the resource model, which will ultimately improve the resource.

At Main Zone East, holes SHR-11-01 and SHR-11-03 targeted gaps in the resource model at the southern end of the Main Zone East deposit. Hole SHR-11-01 was designed to test a 115 m gap between historical drilling. Hole SHR-11-01 intersected significantly higher grades in this portion of the deposit returning 268 g/t Ag, 0.52 g/t Au and 6.26% Zn over 21.70 m at a down hole depth of 122.1 m. Included were a 0.90 m interval that graded 929 g/t Ag and 4.71 g/t Au and a 0.70 m interval that graded 1,095 g/t Ag and 1.02 g/t Au. Hole SHR-11-03 tested an 80 m gap in historical drilling and returned 141 g/t Ag, 3.65% Zn and 1.09% Cu over 43.90 m at a down hole depth of 70.4 m. Included was a 16.80 m interval that graded 266 g/t Ag and 9.03% Zn. At the north end of Main Zone East, hole SHR-11-07 targeted a 100 m wide area where historical information was in doubt due to imprecise survey methods uses at the time. Hole SHR-11-07 intersected a number of mineralized zones over a 110.65 m section including 285 g/t Ag, 4.03 g/t Au and 2.65% Zn over 11.30 m (which also included a 1.30 m interval that graded 1,500 g/t Ag and 33.00 g/t Au) and 325 g/t Ag and 0.82 g/t Au over 8.35 m.

At East Cleaver, hole SHR-11-06 was designed to fill a 60 x 100 m gap in the near surface drilling of the East Cleaver deposit and returned 134 g/t Ag and 5.47% Zn over 99.75 m starting at a down hole depth of only 5.0 m. This interval included is a silver-rich copper stringer zone which graded 298 g/t Ag, 0.52 g/t Au and 1.10% Cu over 10.45 m and a zinc-rich massive sulphide interval that graded 264 g/t Ag and 11.73% Zn over 10.90 m.

With the sale of Hackett River to Xstrata Canada Corporation, exploration activities on the property were suspended (see below).

Sale of Hackett River to Xstrata:

In 2010, the Company's focus shifted to its gold assets due to the significant success at Back River. In efforts to push both projects forward as quickly as possible, in the fall of 2010, the Company engaged BMO Capital Markets to advise the Company on strategic alternatives to accelerate development of the Hackett River Project.

In June, the Company announced that it has entered into a definitive agreement to sell its 100% owned Hackett River property and certain claims on the Wishbone Greenstone belt (the "Properties") to Xstrata. The Company's decision to sell the Project is based on its belief that Xstrata, as the world's largest zinc producer will be in a better position to advance the development on an accelerated pace and that Sabina will continue to participate in the project through the retained royalty.

Under the terms of the Agreement, Xstrata has agreed to pay cash consideration of $50 million. Sabina will reserve a silver production royalty equal to 22.5% of the first 190 million ounces of payable silver from the current resource at Hackett River and other properties and 12.5% of all payable silver form the Properties thereafter at no future cost to Sabina.

Additionally, following closing, Xstrata is required to spend not less than $50 million on the Properties ("FS Expenditures") with a view to completing a NI 43-101 compliant feasibility study by the fourth anniversary of the completion date of the transaction. If the feasibility study has not been completed by this date, Xstrata can elect to incur additional FS Expenditures of not less than $10 million by each of the next three anniversaries.

If at any of the fourth, fifth, sixth or seventh anniversaries, Xstrata has not met the spending requirement and has not completed the feasibility study, Xstrata may elect to pay Sabina the shortfall, failing which, upon notice to Xstrata, Sabina may exercise a right to buy back the Properties for a cash purchase price equal to the 100% of the FS Expenditures incurred by Xstrata. The buyback right also applies if Xstrata has not, by the seventh anniversary of the completion date, publicly announced a definitive decision to begin construction of a mine within 12 months following the seventh anniversary. Xstrata can pre-empt Sabina's buyback right by electing to pay an advance royalty of $75 million in three instalments of $25 million over three years.

The transaction will be completed upon transfer by Sabina to Xstrata of title documents, licences and permits and is subject to a number of other usual terms and conditions. Given the process for dealing with such matters in Nunavut, the transaction is expected to take approximately four months for final completion. As at the date of this report, the transaction had not closed.

Wishbone, Nunavut

The Wishbone Greenstone Belt surrounds Sabina's Hackett River Project as well as other smaller base and precious metal deposits. The combined Wishbone properties, containing 181 mining claims, total approximately 3,000 km^2 and cover a largely unexplored highly prospective greenstone belt with the potential for both gold and VMS style deposits. Wishbone claims (133 claims) that had a high potential for VMS deposit discovery were included as part of the sale of Hackett River to Xstrata,. Sabina retained Wishbone claims (48 claims) along the south eastern edge of the property that cover geological units which are similar to the gold-bearing hosts at Back River and are potential gold targets.

Wishbone Exploration Results

The Company plans to drill approximately 10,000 metres on the Wishbone properties that it has retained with a budget of approximately $7 million. Drilling commenced in early June with two drills in operation by the end of the month. Results are pending.

Red Lake, Ontario Properties

The Company owns or has a partial interest in four Red Lake properties: Newman-Madsen (50%), Golden Sidewalk (100%), Skinner (100%) and Redaurum (20% carried interest). Recent activities have been focused on the Newman-Madsen property.

Newman-Madsen

Sabina has a 50% joint venture interest on the Newman-Madsen property with Premier Gold Mines Ltd. ("Premier").

During January and February 2011, Phase II of the winter drilling program was completed. Phase II drilling was designed to test property wide folded ultramafic volcanic contacts that are known to be gold-bearing on the western limits of the Madsen underground workings immediately to the south of the Newman-Madsen property. A total of 2,295 m of drilling was completed. No significant new mineralized zones were intersected. Evaluation is currently underway to assess recent encouraging results by competitors working adjacent to the property and a late fall 2011 drill program is anticipated.

Golden Sidewalk

The Golden Sidewalk property is comprised of 18 leasehold patent claims. There are no royalties or carried interests attached to the Golden Sidewalk property. The Golden Sidewalk Property, hosting the past-producing Bathurst Mine, is located within the Birch-Uchi greenstone belt. No work is planned for this property in 2011.

Skinner

The Skinner property is comprised of 14 mineral claims. The property is adjacent to and immediately south of Sabina's Golden Sidewalk property. Premier has a 7.5% net profit interest capped at $450,000. Franco-Nevada

Corporation holds a 1% net smelter return royalty and a local prospector holds another 2% net smelter return interest which can be purchased by Sabina subject to certain conditions. No work is planned for this property in 2011.

Redaurum

The Redaurum property is located within in close proximity to the past producing Madsen Gold Mine. As a result of an option agreement with Goldcorp, the Company has a 20% carried interest to production on the Redaurum property.

Cook Lake, Manitoba

The Cook Lake properties are located in the Snow Lake region of Northern Manitoba and consist of 78 claims totalling 4,938 hectares adjacent to the north and west of HudBay Minerals' newly discovered Lalor deposit. Sabina has an option to earn up to a 100% interest in the property by completing exploration work totalling $10 million over a five year period, ending November 2015.

In 2011, Sabina completed ground TEM and Titan 24 geophysical surveys and drilled a total of 2,713 m in 4 holes. The drilling and geophysics has helped define the location of the stratigraphy that hosts the Lalor deposit as it crosses onto the Cook Lake North property. A drill program to test priority Titan 24 anomalies is planned in Q4 2011.

Summary of Results

(Expressed in thousands of dollars, except per share amounts)

	2011 Q2	**2011 Q1** (1)	**2010 Q4**	**2010 Q3**
Revenue/other income	$ 581	$ 339	$ 188	$ 115
Earnings/(loss)	(3,002)	(5,758)	(1,001)	(642)
Per share	$ (0.02)	$ (0.04)	$ (0.01)	$ (0.01)
	2010 Q2 (2)	**2010 Q1** (3)	**2009 Q4** (4)	**2009 Q3**
Revenue/other income	$ 49	$ 25	$ (52)	$ 64
Earnings/(loss)	(1,729)	(1,031)	1,216	(485)
Per share	$ (0.01)	$ (0.01)	$ 0.02	$ (0.01)

Notes:

Q1 and 2 for 2011 and 2010 are presented using IFRS, all other quarters are presented under GAAP.

(1) During the three months ended March 31, 2011, the Company reported a loss of $5,758 thousand which included $4,195 thousand for stock based compensation. In the quarter the Company granted 2,417,000 stock options to employees and directors.

(2) During the three months ended June 30, 2010 the Company reported a deferred income tax expense of $1,226 thousand related to expenditures made on the Dec 2009 flow-through financing.

(3) During the three months ended March 31, 2010, the Company reported a loss of $1,523 thousand which included $885 thousand for stock-based compensation. In the quarter the Company granted 1,948,000 stock options to employees and directors.

(4) During the three months ended December 31, 2009, the Company recorded earnings of $1,216 thousand compared with a loss of $485 thousand during prior three month period. These earnings were recognized during the fourth quarter of 2009 as a result of the Company's sale of its 2.8 million shares of Premier Gold Mines Ltd. for net proceeds of $9.2 million resulting in a gain of $6.3 million of which $5.4 million was recognized during the quarter. Partially offsetting the gain was a write down of $3.3 million which was recorded in the quarter on the Company's Del Norte exploration property in British Columbia.

Overall Performance

For the three month period ended June 30, 2011, the Company reported a net loss of $3.0 million compared to a loss of $1.7 million in 2010. The loss in Q2 2011 was higher than the same period last year and was a result of a higher deferred income tax expense partially offset by higher interest income and increased amortization of the flow-through premium liability.

Operating expenses in Q2 2011 were $1.7 million as compared to $1.3 million in 2010, higher by $0.4 million due primarily to higher administration and general ($0.3 million). Administration and general were higher in Q2 2011 as a result of recruiting costs associated with the search for multiple positions within the executive offices including a replacement for the current CEO and new development and environmental positions.

Interest income for Q2 2011 was $0.6 million as compared to $49 thousand in 2010. This increase in interest income is related to an increased cash balance as well as higher interest rates. The cash balance averaged $154.5 million in Q2 2011 compared to $41.0 million in Q2 2010 and the realized interest rate was 1.40% compared to 0.47% in 2010.

Deferred income tax expense has increased by $3.8 million in Q2 2011 as compared to Q2 2010. The increase of $3.2 million relates to increased flow-through financings done in late 2010 and early 2011 as compared to Q1 2010. The combined 2010 and 2011 financings were greater than the comparable period in Q1 2010 resulting in higher deferred tax effects. Additionally, since IFRS requires that deferred tax liabilities are amortized based on actual exploration expenditures incurred, the increased exploration expenditures made in 2011 resulted in a higher amortization of the deferred tax.

The primary costs incurred by the Company are associated with deferred exploration expenditures on its mineral properties. In Q2 2011, deferred expenditures were $20.0 million compared to $11.3 million in Q2 2010. The increase of $8.7 million resulted from increased activity, primarily on the Back River and Cook Lake projects which corresponds to the significant discoveries made at Back River in 2010, as well as an earlier start date on the project combined with the new acquisition of Cook Lake late in fiscal 2010. Additionally, due to the transactions on the Hackett River and Back River projects, an additional $10.2 million was capitalized to the projects.

In Q2, Back River saw spending of $13.3 million (2010 - $5.4 million); Wishbone of $2.2 million (2010 - $2.0 million); Hackett River of $3.9 million (2010 - $3.8 million); Red Lake of $1 thousand (2010 - $31 thousand); and Cook Lake was new in 2011 with spending of $0.7million.

Back River's increase in spending of $7.9 million over Q2 2010, comes as a result of increased drilling following the successes of the 2010 drill campaign. Back River has drilled over 9,000 metres in 2011, an increase of over 51% from 2010. Hackett River saw a slight increase in spending in Q2 2011 as compared to Q2 2010 and this is reflected in a 12% increase in metres drilled in 2011. Wishbone has also seen an increase of $0.2 million in Q2 2011 over Q2 2010 but has seen a reduction in metres drilled. This is due in part to increased geophysics work done at Wishbone as well as drilling occurring further from camp resulting in an increased $/metre cost.

For the year-to-date, Back River had spending of $17.9 million (2010 - $7.7 million); Wishbone of $2.3 million (2010 - $2.1 million); Hackett River of $6.3 million (2010 - $5.7 million); Red Lake of $206 thousand (2010 - $57 thousand) and Cook Lake of $1.7 million (2010 - $nil). Additionally, the Company incurred $9.8 million ($4.5 million cash, $5.2 million shares and $0.1 million in expenses) to purchase certain Back River and Wishbone royalties and incurred $0.4 million related to the planned sale of Hackett River to Xstrata.

Liquidity and Capital Resources

The Company had cash and cash equivalents and short-term investments of $141.9 million at June 30, 2011 compared to cash and cash equivalents of $82.8 million at December 31, 2010.

On March 1, 2011 the Company completed a bought-deal financing qualified by short-form prospectus of 10,454,650 common shares (including over allotment of 15% or 1,363,650 common shares) at a price of $5.50 per common share and 6,061,000 flow-through common shares at a price of $6.60 per flow-through common share for gross proceeds of $97,503,175. The Company paid the Underwriters a 5% cash commission. Concurrent with the public financing the Company completed a private, non-brokered financing of 188,515 flow-through shares and 19,825 common shares, both at the same prices as the public financing for gross proceeds of approximately $1.4 million. The gross proceeds of these flow-through financings must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2012.

The Company believes it has sufficient cash resources and liquidity to sustain its planned activities through 2011. The future exploration and development of the Hackett River and Back River projects may require the Company to raise additional capital through a combination of project debt and equity financings. The Company's strategy will be to use equity financing to fund exploration activities and the maximum amount of project debt available to build mining infrastructure until sufficient cash flow is generated from mining operations.

The Company has used, and intends to use, the net proceeds of the March 2011 Financing as follows:

Use of Proceeds from the March 2011 Financing	**Estimated Costs ($)**
Back River Project exploration and development	52,000,000
Hackett River Project exploration and development	21,000,000
Wishbone Project exploration	8,000,000
General and administrative expenses and working capital	12,500,000
Subtotal:	93,500,000
Net proceeds from March 2011 Financing still held in cash and short-term investments	81,492,228

As of December 31, 2010, the Company held cash and cash equivalents of approximately $82.8 million which the Company believed was sufficient to complete its 2011 exploration program. During the spring of 2011, due to the strength of the Company's share price following the positive results from its exploration program at the Back River Project, the Company decided to proceed with the March 2011 financing primarily to raise funds at a time when the Company believed that market conditions were favourable for a financing.

Financial Instruments

The fair values of the Company's financial instruments consisting of cash, guaranteed investment certificates, accounts receivable and accounts payable and accruals approximate their carrying value because of their short term to maturity. The fair value of the marketable securities included in available for sale investments is determined with reference to quoted market prices.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

		Level 1		Level 2		Level 3		Total
Assets:								
Cash and cash equivalents	$	89,113	$	-	$	-	$	89,113
Short-term investments		52,800		-		-		52,800
Available-for-sale investments		131		-		-		131
	$	142,044	$	-	$	-	$	142,044

Liabilities and Contingencies

On June 9, 2009, the Company completed an asset purchase agreement to acquire the Back River Assets from DPM for the following consideration:

(i) At closing, $7.0 million in cash and 17 million common shares (approximately 18.8% of the number of outstanding common shares post-transaction);
(ii) 5 million Series A Special Warrants; and,
(iii) 5 million Series B Special Warrants.

The Special Warrants are exercisable to receive one common share and one-half of one common share purchase warrant. The Series A Special Warrants are to be exercisable upon a decision to proceed to a feasibility study or proceed to production on the Back River Assets and in consideration of other events. The Series B Special Warrants are to be issued upon a positive production decision on the Back River Assets and in consideration of other events.

The Company has the legal obligation to reclaim exploration camps for which it holds water licenses and exploration and mining agreements. The Company has issued deposits totalling approximately $0.4 million in relation to these obligations and has recognized a provision for site reclamation of $1.8 million as described below.

Contractual Obligations

The Company is obligated under operating lease agreements for the rental of its corporate head office in North Vancouver and the rental of its exploration offices in Ontario, which expire in the next five years. Minimum rental payments, net of income from sublease, in each of the next five years are as follows:

2011	$	53,517
2012		107,130
2013		109,242
2014		92,229
2015		41,191
	$	403,308

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements, no capital lease agreements and no long-term debt obligations.

Outlook

The Company's strategic plan is to focus on exploring and developing its primary assets in Nunavut: the Back River and Wishbone projects. Based on recent success on the Back River gold project, the Company has shifted its primary focus to advancing that project, with an aim to develop the Company into a mid-tier gold producer as quickly as possible.

At Back River, the Company has completed an updated mineral resource estimate for the Llama and Umwelt deposits and expects to complete a new resource at Goose by the end of the third quarter of 2011. Following that, the Company will commence a preliminary economic assessment ("PEA") on Back River and begin initial environmental assessment work. Additionally, the Company has initiated an aggressive exploration campaign with a target of completing approximately 68,000 metres of drilling. The objectives of the campaign are to increase the potential resources at Llama and Umwelt, to improve the open pit potential of the Goose deposit, to complete work to support a PEA, to drill test high potential exploration targets in areas surrounding the Goose deposit, to drill test high priority exploration targets in the George deposit area and to initiate testing of high potential targets on other properties within the Back River group of claims and at the Wishbone claims that were retained.

The Company continues to evaluate gold projects outside of Nunavut, particularly in Red Lake, Ontario at the Newman-Madsen property.

In late 2010, Sabina entered into an option agreement with Xstrata on its Cook Lake property in northern Manitoba that is adjacent to Hudbay Minerals' Lalor discovery. The company is exploring this property and anticipates drilling to continue later in the year.

Transactions with Related Parties

For the three month period ended June 30, 2011, the Company paid or accrued $4,437 to Morton & Company (2010 - $21,299) which is a related party by virtue of a common director. For the six months ended June 30, 2011 the Company paid or accrued $38,747 (2010 - $42,197). These transactions were in the normal course of operations and are measured at the exchange value as agreed upon by the related parties.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities; as well as the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the potential impairment of long-lived assets and the determination of stock-based compensation and deferred income taxes. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting policies upon which the Company depends are those requiring estimates of reserves and resources, future recoverable products and assumptions of future commodity prices.

Accounting for Exploration and Development Costs

Exploration expenditures related to mineral properties are deferred only if it is probable that these costs will be recovered from future operations. The carrying values of mineral properties are assessed at the balance sheet date to determine whether any persuasive evidence exists that the properties may be permanently impaired. The Company's progress in its development activities towards its planned operations is a key factor to be considered as part of the ongoing assessment of the recoverability of the carrying amount of capital assets and deferred exploration and development costs. If there is persuasive evidence of impairment, the asset is written down to its estimated net recoverable value. Deferred acquisition, exploration and development expenditures totalled $165.5 million at June 30, 2011 ($126.9 million – December 31, 2010).

Asset Retirement Obligations

The Company recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the acquisition, construction, development and/or normal use of the assets. The Company concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset which is amortized over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Any changes in the obligation that result from changes in estimated cash flows are recognized as adjustments of the carrying amount of the related long-lived asset and are amortized over the remaining life of the asset.

At June 30, 2011, the Company had a provision for site reclamation of $1.4 million in relation to the Back River exploration camps, which was recognized on acquisition of the properties. Additionally, the Company had a provision for site reclamation of $0.4 million for the Hackett River exploration camp. Key activities required to be carried out and used in estimating the costs include: removal of Back River exploration camps, reclamation of site pads, re-vegetation as needed and post-closure site monitoring.

Stock-based Compensation

Stock-based compensation is accounted for using the fair value based method. Under the fair value based method, compensation cost is measured at fair value of the options at the date of grant and is expensed over the vesting period of the award. The Company estimates the fair value using the Black-Scholes option pricing model.

Future Changes in Accounting Standards

International Financial Reporting Standards (IFRS) Initial Adoption Plan

In 2008, the Accounting Standards Board confirmed that IFRS will replace Canadian GAAP ("GAAP") for publicly accountable enterprises for the periods beginning on or after January 1, 2011, including the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's first IFRS condensed interim financial statements for part of the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its annual and interim financial statements in accordance with CGAAP.

Transition to International Financial Reporting Standards

As stated in Note 2 of the condensed interim financial statements, these are the Company's first condensed interim financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied as follows:

- preparing the condensed interim financial statements for the three and six months ended June 30, 2011;
- comparative information for the three and six months ended June 30, 2010;
- statement of financial position as at December 31, 2010; and
- preparation of an opening IFRS statements of financial position on the transition date, January 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the three and six months ended June 30, 2010 and the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with CGAAP.

An explanation of how the transition from CGAAP to IFRS has affected the Company's financial position, financial performance and cash flows is discussed in the following paragraphs.

The guidance for the first time adoption of IFRS are set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. In preparing these financial statements, the Company has elected to apply the following transitional arrangements:

1) Business combinations

   IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company takes advantage of this election and applies IFRS 3 to business combinations that occurred on or after January 1, 2010. There is no adjustment required to the January 1, 2010 statement of financial position on the transition date.

2) Share-based payment transactions

   IFRS 2 Share-based Payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.

Under IFRS, the Company would be required to develop an accounting policy to specifically identify which expenditures on exploration and evaluation activities would be recorded as assets. Unlike IFRS, GAAP indicates that exploration costs may initially be capitalized if the Company considers that all costs have the characteristics of property, plant and equipment. Under IFRS, exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired. Transition to IFRS resulted in a January 1, 2010 adjustment of ($998 thousand) to the mineral property account due to a reversal of deferred income tax effects.

Flow-through share financing is a subject that is specifically addressed under CGAAP that has no equivalent guidance under IFRS. As such, the Company has elected to adopt a policy by which the premium paid for flow-through shares in excess of the market value of common shares with no flow-through feature is credited to a deferred liability account and included in income at the time the qualifying expenditures are made. As a result of this policy change the Company has set up a deferred liability account for $2,353 (as at December 31, 2010) which relates to the amount of qualifying expenditures yet to be made relating to flow-through financings.

There has also been an increase to share capital by $4,626 (as at December 31, 2010) that relates both to the reversal of the premium associated with the flow-through which would reduce share capital and the reversal of deferred income tax effects related to the flow-through financings resulting in the net increase.

The deferred tax liability account has also increase by $4,589 (as at December 31, 2010) relating to the deferred income tax effects and timing of incurring qualifying flow-through expenditures.

Deficit has increased by $11,569 (as at December 31, 2010) as under IFRS the premium paid for flow-through shares would have be charged to income as qualifying expenditures were made. This adjustments accounts for historical flow-through issuances and their associated expenditures.

Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

- IFRS 9 Financial Instruments: effective for accounting periods commencing on or after January 1, 2013; and
- IFRIC 19 Extinguishment Financial Liabilities with Equity Instruments: effective for accounting periods commencing on or after July 1, 2010.

Disclosure Controls and Procedures ("DC&P")

Requirements of NI 52-109 include conducting an evaluation of the effectiveness of DC&P. Management conducted an assessment of the effectiveness of the DC&P in place as of December 31, 2010 and concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in filings. Any system of control over disclosure procedures, particularly for junior exploration companies, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all inaccuracies. These limitations include limited personnel available for such work, geographical logistics and human error among others. The Board of Directors assess the integrity of the public financial disclosures through the oversight of the Audit Committee.

Internal Control Over Financial Reporting ("ICFR")

Requirements of NI 52-109 include conducting an evaluation of the effectiveness of ICFR. Management conducted an assessment of the effectiveness of the ICFR in place as of June 30, 2011 and concluded that such procedures are adequate and effective to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with International Financial Reporting Standards. Any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements. The Board of Directors assess the integrity of the public financial disclosures through the oversight of the Audit Committee.

Outstanding Share Data

As at August 11, 2011, there were 160,291,711 common shares outstanding. There were options and warrants outstanding to purchase an aggregate of 9,341,410 common shares. The options were granted to certain of the Company's executive officers, directors, employees and consultants (9,341,410 stock options) and the warrants were granted in connection with an extinguishment agreement with Teck Resources Limited (100,000 warrants).

Additional Information

Sabina is a Canadian public mineral exploration company listed on the TSX Exchange trading under the symbol "SBB" and is a reporting issuer in British Columbia and Alberta. Additional information relating to the Company may be obtained or viewed from the System for Electronic Data Analysis and Retrieval (SEDAR) website at www.sedar.com and on the Company's website at www.sabinagoldsilver.com.

Risks and Uncertainties

Exploration and Development of Mineral Resource Properties

The mineral exploration business is risky and most exploration projects will not become mines. Commercial development of any Sabina property will occur only if sufficient quantities of minerals with a sufficient average grade are discovered. If a mineral discovery is made, substantial financial resources will be required to establish ore reserves, develop processes to extract metal from the ore and develop mining and processing facilities at a given site.

Due to the location of the Hackett River Project and the Back River Projects, there is presently no infrastructure available to explore or, if a production decision with respect to any of such Projects is ultimately made, develop or engage in production from these Projects. As a result of the lack of infrastructure, access to these Projects is limited. However, no assurance can be given that any of the Company's projects in Nunavut will be sufficiently commercially viable to support the capital cost of developing the facilities to increase their accessibility.

Calculation of Reserves, Resources and Metal Recoveries

There is a degree of uncertainty attributable to the calculation and estimates of reserves and resources and the corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of the Company's properties. To date, the Company has not established reserves on any of its mineral properties.

Title to Assets

Although the Company has received title opinions for properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's claims may be subject to prior unregistered agreements or transfers and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired to confirm that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Uncertainty of Funding

The ability of Sabina to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Sabina's principal sources of financing are the issuance of common shares, entering into option agreements, selling investment securities or selling interests in its mineral properties. Sufficient funding for future exploration and development of its properties may not be available when and as required. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Precious and Base Metal Price Fluctuations

The ability of the Company to raise funds to continue exploration of the mineral properties in which it has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of precious and base metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not being able to continue its planned exploration programs. Declining market prices for these metals could materially adversely affect the Company's operations and financial condition.

Government Regulation

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Competitive Conditions

The profitability of any prospect is dictated by the market for minerals, which is influenced by many factors including changing production costs, supply and demand, inflation, and the political environment. The Company's success is also dependent on the knowledge and expertise of its management and employees and their ability to identify and advance attractive exploration projects and targets. The competition for highly qualified personnel is strong and there is no guarantee that the Company will be able to retain or attract such personnel.

Forward Looking Statements

This MD&A provides management's analysis of Sabina's historical financial and operating results and provides estimates of Sabina's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, undue reliance should not be placed on forward-looking statements. Sabina's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do so, what benefits Sabina will derive there from. Sabina disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable law.