



Message to shareholders & ESG Report Card

May 2019

Dear Shareholder,

I am pleased to report on several milestone achievements for the Company in 2018. We completed several critical steps which we believe will add long-term value to the Company by: receiving the last major environmental permit; obtaining our social license; building our port facility and receiving our first sealifts; advancing the Project debt package on favourable terms; welcoming Zhaojin International Mining Co. Ltd as a new strategic investor; and making an important new discovery at the Back River Gold Project. While current market sentiment is not conducive to fully appreciating these accomplishments, we believe they poise Sabina to be a market leader when the market normalizes in the future.

Continued high-grade gold discoveries are an essential element in defining world class mineral districts. Sabina has been fortunate enough to have made three high grade discoveries in the last three years: the Umwelt “Vault”, the Llama Extension and the Nuvuyak deposit in 2018 (discovery hole 18GSE545 which returned 11.58 g/t over 39.50m). Nuvuyak may be the most significant discovery on the Property since the discovery of the Umwelt deposit. Early interpretations of the Nuvuyak zone and its similarities to the high-grade Umwelt Vault zone recognize the potential for a large-scale 2km mineral trend extending from Goose Main to Umwelt Vault within the foot print of the currently planned mine infrastructure. These three discoveries continue to highlight the strength of the gold system at Back River and the long-term value of the asset.

Sabina plans on building our mine with a “fit for purpose” development philosophy, within a scope that we can afford without compromising performance, safety or environment. In 2018, Sabina focused on pre-development activities that would provide certainty that specific higher risk initiatives could be built and operated once a construction decision has been made. The Port Facility is a critical infrastructure component to facilitate transportation of equipment and supplies to the Back River Project via sea lift and winter ice road. This mode of transportation provides more efficiency in supporting our exploration and future development activities than the current method of air transport alone.

To this end, Sabina completed earthworks on the Port Facility in Bathurst inlet in five short months from pioneering in April to receiving the first sealift in September 2018. To date at the Port a permanent 45-person camp, quarry, temporary fuel storage depot, permanent laydown storage pads, barge landings, connecting roads, and permanent fuel tank pads have been completed: effectively, completing all major port civil works contemplated in the project feasibility study. In addition, the size of the laydown and storage pads were increased by approximately 30% and a 3000 ft gravel airstrip was constructed, which now provides for year-round airlift access to the Port. This Port was built in line with the estimates in the Feasibility Study (\$26m) and ahead of schedule with these costs directly applied to the initial capital of the Project.

At the time of this writing, Sabina is also working on the second and final component of project logistics: building a Winter Ice Road and hauling equipment sealifted to the Port to the Goose site. The construction of the road was completed on April 19, 2019, and loads will continue to be delivered to Goose until the road shuts down in mid-May. The successful completion of both of these logistics and infrastructure components have highly de-risked the project and provided Sabina with valuable information in how to better construct and operate the supply chain and logistics once a production decision is made.

On the environmental permitting side, receipt of our Type A Water License resulted in the Company being shovel ready at the end of 2018. This marked the end of five years of rigorous review during the environmental assessment phase. We are pleased to be through these major milestones; they have served to further de-risk the Project.

We could not have been successful through the environmental assessment phase without the support of our land owners, the Inuit of the Kitikmeot. During 2018, Sabina and the Kitikmeot Inuit Association finalized agreements for land use and tenure as well as an Inuit Impact and Benefits Agreement. The Agreement is similar to others in Nunavut, with the exception of an innovative new program that looks at creating jobs and opportunities for the Inuit of the Kitikmeot outside of the mining industry. We value our relationship with the KIA as well as with the many constituents in the communities of the Western Kitikmeot who continue to support us.

We are evolving into a gold producer by committing to strong governance policies with a long-term view to maximizing the bottom line and mitigating economic risk.

We are focused on mandates that: minimize potential negative impacts to the environment and our people; transform the gold at Back River into mutual economic success and sustainability; and provide accountability on all levels.

With this in mind I am happy to provide the results of our 2018 efforts in the scorecard highlights below.

Environmental, Social, Governance (ESG) Score Card Highlights

Director Independence	<ul style="list-style-type: none"> • 7 of our 8 nominees are independent (CEO is not independent). • Audit, Compensation, Nominating & Governance Committees are composed exclusively of independent directors. CEO sits on HS&E Committee. • Positions of Chairman and CEO are separated and each have formal role descriptions.
Accountability and Shareholder Rights	<ul style="list-style-type: none"> • All directors stand for re-election annually • 50%+1 Majority Voting Policy Adopted • Advance Notice Policy Adopted • Regular engagement with shareholders throughout the year
Board Practices and Governance	<ul style="list-style-type: none"> • Each committee and the Board at large conducted regular in-camera meetings without non-independent Directors or management present. • No director sits on more than four other public company Boards (no over boarding). • Diversity Policy Adopted (12% of Board and 30% of executive are female). • Board and committees reviewed mandates and assessed effectiveness of same during 2018. • Minimum equity ownership policy in place (Minimum of 3x annual retainer value within 5 years). • Three Director education sessions were held during the year with ongoing education initiatives within each committee. • Formal Risk Register under development • Shareholder engagement program underway
Health, Safety and Environment	<ul style="list-style-type: none"> • Committed to “Safety First” at all levels and sites of the business. • 2018 LTIFR was 1.2 over a total of 190,000 site based work hours • All 2018 regulatory safety and environmental inspections passed • Wildlife Monitoring and Mitigation Programs implemented and working. • Wild life monitors on site reporting to Company, land owner and regulatory agencies. • Type A & B Water Licenses received in 2018 – now shovel ready.
Social Responsibility	<ul style="list-style-type: none"> • Over 450 community and regulator engagements throughout Environmental Assessment Process resulting in unprecedented community and Inuit support for the Back River Project. • Finalized agreement with land owner (Kitikmeot Inuit Association) for land tenure and Inuit Impact and Benefits April 2018. • Commitments for jobs, training and service contracts for region and territory. • Inuit Employment numbers in 2018: Goose – 12%, Port – 13.2%, WIR 18% Project total – 13% (Sabina overall total, minus contractors is 25%). • New initiative to fund community projects outside of the mining industry to create additional jobs in the region.

Prudence with the Company’s capital structure has always been a focus at Sabina, and we recognize that the timing is not right to raise the equity to construct a mine. We announced earlier this year that we have decided to delay our production start by one year and wait until markets will support advancement. In the meantime, we will continue our two-pronged

approach in advancing Back River through de-risking activities and continued exploration. We look forward to reporting on these activities through the year.

At Sabina, we believe the fundamentals for gold have never been better. And when sentiment returns to our sector, we believe we tick all the boxes when it comes to a gold equity investment: A large high-grade resource/reserve that is District scale, permitted and significantly de-risked, with social license in hand and in a world class jurisdiction.

Back River is a great asset however, people are a key part of any successful Company and we believe we have some of the best. To all our team, thank you for all your efforts in 2018. I am very proud to lead this dedicated group who continue to rise, meet and overcome the challenges of growing into a gold miner.

Of course, I would also like to thank our Board of Directors for their leadership and advice. And, on behalf of the Board of Directors and our team, I would also like to express our appreciation for the continued support of our fellow shareholders and stakeholders. We look forward to success in 2019 and beyond.

Bruce McLeod

President & CEO