Sabina

GOLD & SILVER CORP.

Condensed Consolidated Interim Financial Statements

(unaudited)

First Quarter ended March 31, 2015

SABINA GOLD & SILVER CORP.

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

	March 31, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 309	$ 4,035
Short-term investments	27,579	28,500
Accounts receivable (note 4)	316	391
Inventory	1,371	1,480
Prepaid expenses	62	145
Total current assets	29,637	34,551
Non-current assets:		
Investments (note 5)	1,684	2,181
Property and equipment (note 6)	12,623	13,513
Mineral properties (note 7)	275,351	270,214
Hackett silver royalty	34,754	34,754
Reclamation deposits	2,229	2,229
Total non-current assets	326,641	322,891
Total assets	$ 356,278	$ 357,442
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,625	$ 2,216
Current portion of capital lease obligation (note 10)	110	110
Total current liabilities	2,735	2,326
Non-current liabilities:		
Capital lease obligation (note 10)	297	320
Provision for site reclamation	2,067	2,067
Deferred income tax liability (note 11)	36,729	37,097
Total non-current liabilities	39,093	39,484
Total liabilities	41,828	41,810
Equity:		
Share capital	352,435	352,435
Contributed surplus	22,507	21,682
Accumulated other comprehensive loss	(1,085)	(590)
Deficit	(59,407)	(57,895)
Total equity	314,450	315,632
Total liabilities and equity	$ 356,278	$ 357,442

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:

"Bruce McLeod" Director ***"Terry Eyton"*** Director

SABINA GOLD & SILVER CORP.

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

	Three months ended March 31, 2015	2014
Expenses:		
Administration and general	$ 99	$ 118
Depreciation and accretion	28	9
Insurance	44	44
Listing, transfer and shareholder	202	256
Professional services	123	212
Salaries and severance	946	638
Share-based payments (note 8(a))	517	792
Travel	48	74
	2,007	2,143
Loss from operating activities	(2,007)	(2,143)
Net finance income:		
Interest income	129	240
	129	240
Loss before impairment of investments:	(1,878)	(1,903)
Impairment of investment	(2)	-
Loss before income taxes	(1,880)	(1,903)
Deferred income tax recovery (note 11)	368	300
Loss for the period	(1,512)	(1,603)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale investments, net of tax	(495)	27
Comprehensive loss	$ (2,007)	$ (1,576)
Basic and diluted loss per share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	194,019,926	194,019,926

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

SABINA GOLD & SILVER CORP.

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

	Three months ended March 31, 2015	2014
Share capital:		
Balance, beginning of period	$ 352,435	$ 352,435
Balance, end of period	352,435	352,435
Share purchase warrants:		
Balance, beginning of period	-	357
Fair value of warrants expired	-	-
Balance, end of period	-	357
Contributed surplus:		
Balance, beginning of period	21,682	19,880
Fair value of share-based payments included in operating expenses	517	792
Fair value of share-based payments capitalized to mineral properties	308	630
Balance, end of period	22,507	21,302
Accumulated other comprehensive loss:		
Balance, beginning period	(590)	(171)
Unrealized gain (losses) on available-for-sale investments, net of tax	(495)	27
Balance, end of period	(1,085)	(144)
Deficit:		
Balance, beginning of period	(57,895)	(52,753)
Loss for the period	(1,512)	(1,603)
Deficit, end of period	(59,407)	(54,356)
Total shareholders' equity	$ 314,450	$ 319,594

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

SABINA GOLD & SILVER CORP.

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

	Three months ended March 31, 2015	2014
Cash provided by (used in) operating activities:		
Loss for the period	$ (1,512)	$ (1,603)
Adjustments for:		
Depreciation and accretion	28	9
Deferred income tax expense (recovery)	(368)	(300)
Interest income	(129)	(240)
Impairment of investment	2	-
Share-based payments	517	792
	50	261
Accounts receivable	47	269
Inventories	108	-
Prepaid expenses	83	39
Accounts payable and accrued liabilities	409	(1,914)
Cash used in operating activities:	(815)	(2,948)
Interest received	158	163
Net cash used in operating activities	(657)	(2,785)
Cash flows provided by (used in) investing activities:		
Expenditures on deferred exploration	(3,955)	(2,275)
Expenditures on property and equipment	(12)	-
Increase in reclamation deposits	-	(1,870)
Proceeds on sale of short-term investments	921	7,270
Net cash generated/(used) in investing activities	(3,046)	3,125
Cash flows provided by (used in) financing activities		
Capital leases	(23)	(13)
	(23)	(13)
Net increase (decrease) in cash and cash equivalents	(3,726)	327
Cash and cash equivalents, beginning of year	4,035	3,645
Cash and cash equivalents, end of period	$ 309	$ 3,972

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 assets are the Back River Gold Project and its silver royalty on the Hackett River project, all of which are located in Nunavut, Canada. The Company also has exploration properties in Nunavut and in the vicinity of the Red Lake gold camp in Ontario.

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.

The Company is in the process of exploring and evaluating its mineral property interests and has not yet determined whether its mineral properties are economically viable. The underlying value and the recoverability of the amounts recorded as mineral properties and silver royalty are 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. Management has forecast its cash requirements for the next fiscal year and believes that the Company has sufficient funds to continue operations for at least the next twelve months.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, IAS 34: Interim Financial Statements, and do not contain all of the information required for annual financial statements. These statements follow the same accounting policies and methods of application of the most recent annual audited financial statements. Accordingly, they should be read in conjunction with the most recent annual audited financial statements of the Company.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 4, 2015.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(b) Basis of measurement:

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

(Tabular dollar amounts expressed in thousands of Canadian dollars)

2. Basis of preparation, continued:

(c) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All tabular 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 IFRS 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 and the Hackett silver royalty, the provision for site reclamation, share-based payments, deferred income tax assets 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. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Future changes in accounting standards:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2015, and have not been applied in preparing these consolidated financial statements. The Company's assessment of the impact of these new standards and amendments is detailed below.

IFRS 9, Financial Instruments

This standard replaces IAS 39, *Financial Instruments: Recognition & Measurement*. IFRS 9 details new requirements for classifying and measuring financial assets. The standard becomes effective for annual periods beginning on or after January 1, 2018 with early adoption allowed. The extent of the impact of adoption of IFRS 9 has not yet been determined.

4. Accounts receivable:

	March 31, 2015	December 31, 2014
GST receivable	$ 173	$ 215
Interest receivable	137	166
Other trade receivables	6	10
	$ 316	$ 391

(Tabular dollar amounts expressed in thousands of Canadian dollars)

5. Available-for-sale investments:

The fair values of available-for-sale investments for the Company's shares of Mega Precious Metals Inc. ("Mega Precious"), Pure Gold Mining Inc. ("Pure Gold"), and Teuton Resources Corp. ("Teuton") are reported below.

	For three months ended March 31,	
Cost	2015	2014
Balance at January 1	$ 2,944	$ 191
Additions	-	-
Balance at March 31	$ 2,944	$ 191
Accumulated unrealized holding losses		
Balance at January 1	$ (763)	$ (153)
Changes in value	(497)	30
Balance at March 31	$ (1,260)	$ (123)
Carrying value		
At March 31	$ 1,684	$ 68

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

6. Property and equipment:

Cost	**Exploration camp and equipment**	**Office and equipment**	**Total**
Balance at January 1, 2015	$ 24,056	$ 583	$ 24,639
Additions	-	-	-
Balance at March 31, 2015	$ 24,056	$ 583	$ 24,639
Accumulated depreciation			
Balance at January 1, 2015	$ (10,707)	$ (419)	$ (11,126)
Depreciation	(874)	(16)	(890)
Balance at March 31, 2015	$ (11,581)	$ (435)	$ (12,016)
Carrying value			
At January 1, 2015	$ 13,349	$ 164	$ 13,513
At March 31, 2015	$ 12,475	$ 148	$ 12,623

(Tabular dollar amounts expressed in thousands of Canadian dollars)

7. Mineral properties:

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

Summary – All Properties		Three months ended March 31, 2015		2014
Balance, beginning of period	$	270,214	$	249,550
Exploration and other expenditures		5,137		3,905
Provision for site reclamation		-		-
Balance, end of period	$	275,351	$	253,455

The following is a summary of cumulative exploration and evaluation costs incurred by property:

		Three months ended March 31, 2015		2014
Back River (Nunavut)	$	253,729	$	226,927
Wishbone (Nunavut)		15,957		15,857
Red Lake (Ontario)		5,665		9,147
Nipigon (Ontario)		-		1,524
	$	275,351	$	253,455

		Three months ended March 31, 2015		2014
Back River (Nunavut)				
Balance, beginning of period	$	248,593	$	223,061
Additions:				
Drilling		-		76
Economic assessment		2,809		770
Environmental assessment		634		617
Geology & geophysics		206		255
Management & administration		300		501
Property maintenance		5		11
Share-based payments		308		630
Support		-		6
Depreciation		874		1,000
		5,136		3,866
Balance, end of period	$	253,729	$	226,927
Red Lake (Ontario)				
Balance, beginning of period	$	5,664	$	9,108
Additions:				
Geology & geophysics		1		3
Management & administration		-		29
Property maintenance		-		7
		1		39
Balance, end of period	$	5,665	$	9,147

7. Mineral properties, continued:

(a) Back River and Wishbone (Nunavut)

The Company owns 100% of the Back River project which is comprised of the George and Goose property areas. The Back River project has 43-101 compliant gold mineral resources in eight known deposits, namely Llama, Umwelt, Goose Main and Echo on the Goose property and Locale 1 & 2, LCP, GH and Slave on the George property.

The Company owns 100% of the Wishbone property which covers a large portion of the Hackett River Greenstone Belt and hosts the Hackett River silver-zinc project. The Wishbone property and the Back River project area 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 $5.0 million 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. (“RAOCL”) for $4.5 million in cash and the issue of 750,000 common shares of the Company. A value of $5.2 million has been attributed to the shares based on their market value at the time of issue.

The Back River project is subject to net smelter return (“NSR”) royalties payable to various parties. The following royalties apply to the George Lake property. 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 after deducting Royalties 2 and 3. 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, Royalties 2 and 3 drop by 50%. As noted above, 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.

The Goose property is subject to the following royalties. 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 after deducting Royalties 2 and 3. 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 Royalties 2 and 3 each drop by 50%. As noted, 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

(b) Red Lake and Thunder Bay Properties (Ontario)

(i) Newman-Madsen, Red Lake:

The Newman-Madsen is a 760 hectare property comprised of 38 patent claims. Previously, Sabina had a 50% joint venture interest in the Newman-Madsen property with Premier Gold Mines Ltd. (“Premier”). On January 17, 2012, Sabina completed the purchase of Premier’s interest in the joint venture for a cash payment of $0.5 million and a 0.5% NSR royalty on the Property granted to Premier.

7. Mineral properties, continued:

(b) Red Lake and Thunder Bay Properties (Ontario), continued:

(i) Newman-Madsen, Red Lake, continued:

On June 24, 2014, the Company completed the sale of the Company's 100% owned Newman-Madsen property to Pure Gold Mining Inc. ("Pure Gold", formerly Laurentian Goldfields Ltd.). As consideration, Sabina received 6.5 million shares of Pure Gold representing approximately 6.3% of the total issued and outstanding shares of Pure Gold. Sabina was also granted a participation right in future financings in order to maintain its ownership percentage (until the earlier of 24 months or the date when Sabina ceases to hold at least 3.5% of the issued and outstanding shares of Pure Gold). The shares were subject to a four month hold period. The shares received had a fair value of $0.42 per share or $2.73 million on the closing date. On closing, the Company recorded a loss on the transaction of approximately $0.9 million, net of transaction costs.

(ii) Golden Sidewalk, Red Lake:

The Company owns 100% of its 18 claims, 900 hectares Golden Sidewalk property. There are no royalties or carried interests attached to the property. The property is located in Skinner township, 67 km east-northeast of Red Lake.

(iii) Skinner, Red Lake:

Sabina owns a 100% interest in the 19 claims, 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 $0.5 million. 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 14 patent claims Redaurum property located at Red Lake.

(c) Nipigon (Ontario)

Sabina owns a 100% interest in the 70 claims, 16,000 hectare Nipigon project located approximately 100 km north of Thunder Bay, Ontario. Management has determined that this property does not meet its criteria for ongoing exploration work and has reduced the carrying value of $1.5 million to nil as at December 31, 2014.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

8. Share-based payments:

(a) Share purchase options

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

	2015			2014		
	Number of options		Average exercise price	Number of options		Average exercise price
Outstanding as at January 1	11,952,410	$	2.63	11,602,410	$	2.96
Exercised during the period	-		-	-		-
Forfeited or expired during the period	(1,486,000)		1.21	(290,000)		4.01
Granted during the period	4,250,000		0.42	2,945,000		0.94
Outstanding as at March 31	14,716,410		2.14	14,257,410		2.52
Exercisable as at March 31	13,966,410	$	2.23	14,007,410	$	2.55

The following table summarizes the outstanding options as at March 31, 2015 by year of expiry.

Year	Number		Average exercise price
2015	411,900		1.04
2016	2,174,510		5.06
2017	2,265,000		3.70
2018	2,940,000		2.48
2019	2,785,000		0.94
2020	4,140,000		0.42
Total	14,716,410	$	2.14

Employee compensation cost

During the period ended March 31, 2015, the Company recorded $0.8 million (2014 - $1.4 million) in share-based payment costs, of which $0.5 million (2014 - $0.8 million) is presented as an operating expense in the statement of comprehensive loss and $0.3 million (2014 - $0.6 million) is capitalized to mineral property costs.

8. Share-based payments, continued:

Inputs for measurement of grant date fair values

The grant date fair values of share options were measured based on the Black-Scholes option pricing model. The weighted average inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following: a risk-free interest rate of 0.58% (2014 – 1.23%); a dividend yield of 0% (2013 – 0%); an expected volatility of 67.8% (2014 – 68.9%) and expected lives of stock options of 5.0 years (2014 – 3.5 years). The weighted average fair value of options granted in the period was $0.24 per share (2014 - $0.46). The expected volatility is estimated by considering historic average share price volatility.

(b) Special unit warrants

On June 9, 2009, the Company completed an asset purchase agreement to acquire the Back River Assets from Dundee Precious Metals 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 Unit Warrants; and,

(iii) 5 million Series B Special Unit Warrants.

The Series A Special Unit Warrants were exercisable for no additional consideration 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 Unit Warrants are exercisable for no additional consideration upon a positive production decision on the Back River Assets and in consideration of other events. The Special Unit Warrants are exercisable to receive one common share and one-half of one common share purchase warrant. One whole share purchase warrant entitled the holders to purchase one common share at a price of $1.07 per share until June 9, 2014. On June 9, 2014, the share purchase warrants expired, unexercised.

On October 9, 2013, the Company announced its decision to proceed with the commencement of the feasibility for the Back River Project, consequently, in accordance with the Back River purchase agreement, the Company issued 5 million shares and 5 million one-half of one common share purchase warrant to Dundee Precious Metals with exercise and expiry terms as noted above. On June 9, 2014, the share purchase warrants expired unexercised.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

9. Related parties:

Key management personnel, comprised of directors and officers, received compensation as follows:

	Three months ended March 31,	
	2015	2014
Salaries and benefits	$ 485	$ 505
Stock-based compensation, non-cash	509	916
	$ 994	$ 1,421

Upon resignation at the Company's request, certain executives are entitled to termination benefits up to 24 months' gross salary. For the President & CEO, in the first 12 months of employment, termination benefits are capped at 12 months, thereafter, one additional month for each completed year of service to a maximum of 24 months.

10. Capital and operating leases and commitments:

a) Obligation under capital leases:

The Company has financed certain mobile equipment used at its Back River exploration camp by entering into capital leasing arrangements. Minimum lease payments are as follows:

	March 31, 2015
2015	$ 86
2016	114
2017	57
2018	52
2019	141
Total minimum lease payments	450
Less amount representing interest (at 5.7%)	(43)
Present value of net minimum capital payments	407
Current portion of obligation under capital leases	(110)
	$ 297

b) Operating leases:

The Company is obligated under operating lease agreements for the rental of its corporate head office in North Vancouver and office in Cambridge Bay. Minimum rental payments for 2015 total $139 thousand; contract periods terminate in 2015 for the office leases.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

10. Capital and operating leases and commitments, continued:

c) Commitments:

On October 4, 2011, in recognition of Inuit rights under the Nunavut Land Claims Agreement, the Company signed a memorandum of understanding with the Kitikmeot Inuit Association ("KIA") for the creation of a development trust (the "Trust") whereby Sabina would establish and contribute to the trust from funds received on its silver royalty on the Hackett River project. The Trust would provide short and long term benefits to the Inuit of the Kitikmeot region, including training and education initiatives and infrastructure projects that would serve to support sustainable economic development in the region.

Under the terms of the agreement, the Trust would receive 3% of Sabina's net proceeds from the silver royalty on the Hackett River and Wishbone properties sold to Glencore plc (formerly Xstrata Zinc). The Trust would be comprised of a maximum of six trustees of which a majority would be KIA appointees with at least one Sabina appointee. Funds contributed to the Trust would be allocated by the Trustees to initiatives that provide benefits to the Kitikmeot region. A portion of the Trust funds would be retained for allocation after mine or project closure. Payments may be made to the Trust in shares at Sabina's election and subject to regulatory approval. To kick off the initiative, prior to creation of the Trust in 2011, Sabina paid approximately $1.4 million to an existing KIA fund which provides for development and community initiatives in the region, which was capitalized to mineral properties.

11. Income taxes:

The tax effects of temporary differences between amounts recorded in the Company's accounts and the corresponding amounts as computed for income tax purposes gives rise to deferred tax assets and liabilities are as follows:

		March 31, 2015		December 31, 2014
Tax loss carry forwards	$	16,856	$	15,466
Financing costs		390		484
Provision for closure and reclamation		558		558
Other		42		39
Flow-through share effect on mineral properties		(47,940)		(47,940)
Mineral properties		(8,805)		(7,638)
Property and equipment		2,170		1,934
Deferred tax liabilities	$	(36,729)	$	(37,097)

The Company has tax loss carry forwards at March 31, 2015 of $62.4 million that expire from 2031 to 2034 (2014 - $53.9 million).

(Tabular dollar amounts expressed in thousands of Canadian dollars)

11. Income taxes:

The Company's tax recovery is comprised of the following:

	Three months ended March 31, 2015	2014
Deferred income tax recovery	$ (368)	$ (300)
Income tax recovery	$ (368)	$ (300)

The provision for income taxes differs from the expected amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% as follows:

	Three months ended March 31, 2015	2014
Expected tax recovery	$ (508)	$ (514)
Share based compensation	140	214
Income tax recovery	$ (368)	$ (300)

The following Management's Discussion and Analysis ("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 period ended March 31, 2015. The MD&A was prepared as of May 4, 2015 and should be read in conjunction with the Company's annual audited financial statements and related notes for the years ended December 31st, 2014 and 2013. All figures are in Canadian dollars unless otherwise stated. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Overview

Sabina is an emerging precious metals company focused on the objective of becoming a mid-tier gold producer through acquisition, exploration and development of mineral resource properties. The Company's flagship assets are its Back River gold project, (currently undergoing a feasibility study ("FS") and environmental assessment) and its silver royalty on the Hackett River project, all located in Nunavut, Canada. The Company also has exploration properties in Nunavut and in the vicinity of the Red Lake gold camp in Ontario.

Q1 2015 Highlights:

- The Company had cash and cash equivalents and short-term investments of $27.9 million at March 31, 2015.
- In January, 2015, the Company announced that it had completed the review process on its draft environmental impact statement ("DEIS"). The Company received the Pre-Hearing Conference Decision document from Nunavut Impact Review Board ('NIRB'). The NIRB report summarizes the collaboration and discussion with all participants on subjects such as caribou, marine/shipping, socio economic effects, tailing storage, among others and the commitments made by the Company to incorporate further data, reasonable mitigation measures, and preferred processes into the Project and its final EIS ("FEIS"). The information requests received from regulatory review on the DEIS were in-line with the Company's anticipated results. The Company has started work on its FEIS and expects it to be completed and submitted before the end of the fourth quarter, 2015.
- In February, 2015, the Company appointed Mr. Bruce McLeod as President & CEO effective February 16, 2015, following the retirement of Mr. Rob Pease.
- In March, 2015, the Company opened its camp at Back River in order to complete an approximately six-week field program at the Goose property. The program, completed at the end of April, primarily consisted of geo-technical drilling and environmental baseline work to support the FEIS.
- During the quarter, the Company continued to advance the Back River FS; work focused on:
    - The impact of an increased resource on the Project as it relates to mine life;
    - The impact of significant conversion of inferred resources to measured and indicated, particularly in the underground resource as it relates to development efficiencies and cost reductions;
    - The impact of increased recoveries (88.0% in the PFS to an anticipated 93.9%);
    - More efficient tailings and waste rock management facilities;
    - Increasing throughput by approximately 20% from the 5,000 tpd in the PFS; and
    - The impact of an improved understanding of how the less densely drilled deeper portion of the current inferred resource could provide opportunity for longer term production; and other opportunities.
- In March, 2015, the Company initiated a scoping level study on Back River to consider alternative mining and milling scenarios which could significantly decrease construction capital requirements by increasing cut-off grade and decreasing annual production rate while maintaining or improving return on investment.
- In the quarter, the Company focused on a number of cost saving initiatives, including staff reductions and a 50% reduction of directors' fees.
- For the quarter ended March 31, 2015, the Company reported a loss $1.5 million or $0.01 per share.

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 ("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 (see below in Liabilities and Contingencies section for details of contingent shares and warrants).

The Back River Project ("the Project") is located approximately 520 km NE of Yellowknife and 70 km south of Bathurst Inlet. It is comprised of 45 Federal Mineral Leases and 19 Federal Mining Claims covering approximately 54,000 hectares. The project is divided into Goose, George, Boot, Boulder, Del and Bath. The Goose property hosts the Goose, Llama, Echo and Umwelt gold deposits. The George property, located 50 km to the northwest, hosts the George gold deposits.

The 2015 work program for Back River will focus on de-risking the Project by completing a FS and continuing to advance the environmental assessment process and is budgeted to cost approximately $13 million in 2015. The objectives of the 2015 budget include:

1) Complete a six-week drill program focussed on collection of geotechnical data for FEIS;
2) Complete a short summer program(s) to collect additional environmental baseline data;
3) Complete FS with a target completion in the first half 2015;
4) Complete and submit FEIS before the end of the fourth quarter, 2015;
5) Continue with community engagement for the project.
6) Complete fieldwork necessary for exploration targeting and resource expansion modelling.

Back River Project Exploration

Exploration targeting and resource expansion modelling activities continues to highlight areas of high potential and opportunity for discovery. The Company has a significant number of exploration targets on the Goose and George properties which it plans to continue to evaluate. The Company also plans to complete a geophysical surveys and geochemistry analysis to further refine and vector its targets in 2015.

Back River Project Development

On March 4, 2014, the Company announced an update to its Back River mineral resource estimate incorporating the results of the 2013 exploration drill program. A 43-101 technical report was filed on www.sedar.com on March 27, 2014. Highlights of the new mineral resource estimate include:

- Increase in measured Au ounces from 304,000 ounces at 4.4 g/t Au and 2,168 kt to 1,714,000 ounces at 5.2 g/t Au and 10,210 kt for open pit and 47,000 ounces at 6.1 g/t Au and 236 kt for underground;
- Increase in total contained Au ounces of 735,000 in the measured and indicated resource categories and 48,000 in the inferred resource category;
- Open pit measured and indicated resources of 3,415,000 ounces at 5.0 g/t Au and 21,066 kt;
- Underground measured and indicated resources of 1,881,000 ounces at 8.0 g/t Au and 7,288 kt.

Back River Mineral Resource Estimate, February 28, 2014

Classification	*Location*	*Tonnes (kt)*	*Au (g/t)*	*Ounces (koz)*
Open Pit Measured	Goose Main	4,627	4.3	638
	Llama	1,886	5.9	355
	Umwelt	3,697	6.1	722
Total Open Pit Measured		**10,210**	**5.2**	**1,714**
Open Pit Indicated	Goose Main	2,896	4.2	391
	Echo	230	6.9	51
	Llama	864	5.9	165
	Umwelt	1,974	5.4	341
	George	4,891	4.8	753
Total Open Pit Indicated		**10,856**	**4.9**	**1,701**
Total Open Pit Measured & Indicated		**21,066**	**5.0**	**3,415**
Underground Measured	Goose Main	107	6.2	21
	Llama	128	6.1	25
	Umwelt	1	9.2	0.3
Total Underground Measured		**236**	**6.1**	**47**
Underground Indicated	Goose Main	863	7.4	206
	Echo	377	6.8	82
	Llama	750	8.8	211
	Umwelt	3,377	8.9	969
	George	1,686	6.8	367
Total Underground Indicated		**7,051**	**8.1**	**1,835**
Total Underground Measured & Indicated		**7,288**	**8.0**	**1,881**
Total Measured & Indicated OP + UG		***28,354***	***5.8***	***5,297***
Open Pit Inferred	Goose Main	217	3.2	22
	Echo	49	5.4	9
	Llama	14	5.9	3
	Umwelt	120	2.3	9
	George	985	5.5	175
Total Open Pit Inferred		**1,385**	**4.9**	**217**
Underground Inferred	Goose Main	432	6.8	95
	Echo	502	7.4	119
	Llama	294	6.7	63
	Umwelt	1,784	11.6	665
	George	3,782	6.3	769
Total Underground Inferred		**6,794**	**7.8**	**1,710**
Total Inferred OP + UG		***8,179***	***7.3***	***1,927***

Notes:
1. CIM definition standards were used for the Mineral Resources.
2. The Qualified Persons are Dinara Nussipakynova, P Geo. and Andrew Fowler MAusIMM CP (Geo) both of AMC Mining Consultants (Canada) Ltd.
3. Open pit Mineral Resources are constrained by an optimized pit shell at a gold price of $1500 oz Au.
4. The cut-off grade applied to the open pit resources are 1.0 g/t Au. The underground cut-off grade for Goose Main, Echo, and Llama deposits is 3.5 g/t Au; and for Umwelt is 4.5 g/t Au. The underground cut-off grade for the George resources is 4.0 g/t Au.
5. Metallurgical recovery varies with gold grade, averaging between 88 and 89%.
6. The George underground Mineral Resources (LCP - North, LCP - South, Locale 1, Locale 2, GH & Slave) were estimated within mineral domains expanded to a minimum width of 2 m.
7. Drilling results to December 31, 2013 were used.
8. The increase in Measured Resources at Goose Main is attributed to re-verifying and resolving previous conflicts of historical surveys and geological data. This has resulted in increased confidence in interpreted geologic continuity and subsequently an increase in resource confidence.
9. Numbers may not add due to rounding.
10. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

On April 22, 2014, the Company announced results from ongoing metallurgical testing on Back River. The tests reported an increase in overall recoveries from 88.0% (which was assumed in the PFS) to an indicated 93.9%. The PFS identified a proposed operation with gold recovery techniques that include conventional crushing and grinding, gravity concentration, cyanidation by carbon-in-leach ("CIL") and gold recovery from loaded carbon to produce gold doré. The life of mine ("LOM") average gold recoveries in the PFS are estimated to average 88.0%. In particular, recoveries at Umwelt and Llama, the first two open pits in the PFS mine sequence, reported the lowest recoveries at approximately 85.2% and 84.4% respectively.

The test program undertaken at ALS Laboratories in Kamloops, BC, included investigation of sixty six (66) discreet metallurgical variability composites that spatially represent the PFS mine plans, the updated mineral resource estimate released in March of this year and were also selected to cover all rock types and ore zones identified todate. A composite was created from fresh drill core and designed to represent the different ore zones in the three main pits, (Llama, Umwelt and Goose Main) which together represent the process facility feed over the initial years of mining. The results from this testing suggest:

- Improvement in recoveries across all deposits;
- Limited variability in the leach testing results across the 66 variability composites collected from the deposits;
- Cyanide consumption would be significantly reduced from the PFS (250 ppm versus 2,000ppm for the CIL circuit and 2,000 ppm versus 20,000 ppm for the intensive leach circuit);
- Finer grind is required (from K80 of 100µm in the PFS, to K80 of 50µm); and
- Organic carbon shown to be present in the ores is relatively high (~1% TOC) but has limited effect on leach kinetics.

Table of Metallurgical Recoveries by Deposit

Mineral Zone	Head Grade (g/t Au)	PFS Estimated Gold Recovery (%)	Estimated Gold Recovery (%)
Llama	6.30	84.4	95.1
Umwelt Pit	5.65	85.2	94.0
Goose Main	4.47	92.3	92.7
George	4.96	87.3	96.1
Umwelt Underground	8.11	90.3	94.1
Life of Mine	**5.69**	**88.0**	**93.9**

Further optimization of the metallurgy, recoveries and process flowsheet design will be undertaken in the upcoming FS. The economic implications of the metallurgical test results will be better understood once the FS is completed.

The Company completed agreements with each of the engineering firms that will be responsible for completing the Back River FS. As noted in the highlights section, the team is comprised of JDS (lead FS consultant, mine engineering, logistics and transportation, project economics and capital and operating costs); Hatch (metallurgy, process and infrastructure design); and SRK (waste and water management, geotechnical and tailings design). Additionally, engineering services continuing from the PFS will be Knight Piésold Ltd (rock mechanics and ground support) and AMC Consultants Pty Ltd (geology and resource definition).

In October, the Company provided an update on the progress of the FS, resulting from ongoing optimization studies which could improve project economics, summarized below.

- Based on the updated February 28, 2014 Mineral Resource estimate (described above), the increase in measured and indicated mineral resources and increase in confidence in the continuity and grade of the deposits offers the potential for a larger mineral reserve on the project and a potentially longer mine life. The impact of the increased resource on the Project will not be fully known until completion of the FS;

- The LOM gold recoveries in the PFS were estimated to average 88.0%. As discussed above, metallurgical testing since the PFS has resulted in increased recoveries to an estimated 93.9% over the LOM. This indicates approximately 5% more metal over the LOM relative to the PFS. More significantly, a potentially bigger impact may be realized in the early years from the first two pits at Llama and Umwelt which had the lowest recoveries in the PFS;

- For the FS, a comprehensive review of all the mining areas is being undertaken. This review is focusing primarily on underground areas where conversion of inferred resources into the Measured and Indicated categories has demonstrated increased continuity. This should lead to potentially more efficient development strategies and mining methods. The FS will consider whether this could offer a potential reduction in underground mining costs, increased mining recovery and decreased dilution;

- The PFS contemplated underground development occurring from the bottom of the open pits and a single tailings storage facility ("TSF") to accommodate tailings waste for the LOM. Current studies for the FS are evaluating the effects of ramp access to the underground external to the open pits. This change allows for other tailings disposal options to be considered in the FS, including the use of open pits for tailings disposal. This may have a positive impact on sustaining capital as well as on the permitting process; and

- The PFS envisioned a 5,000 tonne per day operation, producing a LOM average of approximately 287,000 ounces Au per year. Analysis is underway for the FS on a scenario which would increase the throughput of the process plant by up to 20% for the LOM. This could increase the overall production profile.

- Detailed engineering on these concepts is ongoing. Project economics are not yet available. Readers are cautioned that until the FS is completed, the implications of the aforementioned concepts on the Project, including on Project economics, will not be fully understood. Results will be used to support the FS which is expected to be completed and published in the first half of 2015.

In March, 2015, the Company initiated a scoping level study on Back River to consider alternative mining and milling scenarios which could significantly decrease construction capital requirements by increasing cut-off grade and decreasing annual production rate while maintaining or improving return on investment.

Mr. Angus Campbell, P. Geo. and Vice-President, Exploration and Mr. Wes Carson, Vice-President, P. Eng. and Project Development are Qualified Persons under the terms of NI 43-101 and have reviewed the technical content of this MD&A for the Back River Project and approved its dissemination.

Back River Project Environmental Assessment and Community Engagement

In June, 2012, the Company submitted a preliminary project description ("PPD") for the Back River Project to the NIRB and other required permitting authorities and Inuit organizations. The PPD marked the commencement of the environmental assessment phase of the Project. Following a review of the submission, NIRB recommended to the Minister of Aboriginal Affairs and Northern Development that the Project should advance to a Part 5 or Part 6 screening. The Minister concurred with NIRB's screening decision dated September 25, 2012 recommending that the Back River Project move forward to a Part 5 regional public review.

In May, 2013, the Company received the final project scope and guidelines from NIRB for development of the environmental impact statement for the Project. During Q3 2013, the Company collected required environmental and socio-economic baseline data in the Project area. The baseline data is necessary to determine potential effects, both positive and negative, of the proposed Project and potential infrastructure locations.

On January 22, 2014, the Company submitted the Back River DEIS and associated Water License applications for the Back River Gold Project to NIRB and the NWB respectively. The DEIS presents scientific and community based knowledge that determined key aspects of the natural and socio-economic environments in the region. Project interactions were identified; residual effects assessed and proposed mitigation and monitoring plans developed for the construction, operation and closure of the Project. In February, 2014, the Company received notice from NIRB that the Back River DEIS conforms to the environmental assessment guidelines. In March 2014, the Company received information requests from the technical review process. On July 23, 2014, the Company submitted its information request responses to NIRB. On July 31, 2014, NIRB advised the Company that its submission was conformant and that meetings for the technical review process had been set. The technical review meeting was held November 13-15, 2014 and the pre-hearing conference was held November 17-19, 2014; both meetings were held in Cambridge Bay, Nunavut. In December, 2014, the NIRB released its Pre-Hearing Conference Decision document, which summarizes the collaboration and discussion with all participants on subjects such as caribou, marine/shipping, socio economic effects, tailing storage, among others and the commitments made by the Company to incorporate further data, reasonable mitigation measures and preferred processes into the Project and its FEIS.

The Company plans to file the Back River FEIS before the end of the fourth quarter, 2015, after which, once NIRB completes a concordance test against previously established guidelines, a technical review period will ensue. Final hearings on the project are expected to occur in the first half of 2016, with a recommendation from NIRB to follow.

In Q1 2015, the Company determined that given the probable development timeline for Back River, the current NIRB coordinated environmental assessment process was not optimal for the Company. The coordinated process provides companies the option to concurrently complete the regulatory review with NIRB and NWB. By opting out of the coordinated process, the Company can focus its resources on the FEIS for NIRB while investigating project development and financing alternatives. The Company expects that this change should not impact the receipt of the Project Certificate, the Water Licence and other necessary permits for the Projects may take up to an additional six months to be completed.

On April 28, 2014, the Company and the KIA jointly announced that they had finalized the details of two agreements for the Development Trust and Capacity Funding. The KIA is the surface title holder of 104,278 square kilometers of Inuit owned lands in the Kitikmeot Region, including the majority of the lands that comprise the Back River Project. The KIA represents the interests of Inuit beneficiaries in the region under the Nunavut Land Claims Act ("NLCA") and is a participant in the environmental assessment process of Back River.

In recognition of Inuit rights under the NLCA, Sabina and the KIA have finalized a Development Trust Fund Agreement whereby Sabina will establish and contribute to the Development Trust (the "Trust") on behalf of the KIA. The Trust will be established with an objective of contributing funding towards short and long term KIA development projects and initiatives including training and education as well as infrastructure projects that will serve to support sustainable economic development in the region. The Trust would receive 3% of Sabina's net proceeds from the silver royalty retained by Sabina on the Hackett River and Wishbone properties sold to Glencore Canada Plc ("Glencore"), formerly Xstrata Zinc Canada Ltd. To kick off the initiative, prior to creation of the Trust, Sabina has paid approximately $1.4 million to an existing KIA fund which provides for development and community initiatives in the Kitikmeot Region.

Under the terms of the Capacity Agreement Sabina will fund the KIA based on an agreed work plan and budget for the environmental assessment and permitting processes. Funding will occur over an estimated period of approximately three years, which is the anticipated completion of the permitting process. This funding will enable the KIA to employ staff, retain certain technical specialists and to conduct such administrative and management functions as are required with the process.

Hackett River Silver Royalty, Nunavut

The Hackett River project consists of approximately 13,000 hectares and is located approximately 480 km northeast of Yellowknife and approximately 60 km from the Back River project.

On October 4, 2011 the Company completed the sale of the Hackett River property and certain claims on the Wishbone project to Glencore plc ("Glencore", formerly Xstrata Zinc) for cash consideration of $50 million along with Sabina reserving a silver production royalty (the "Hackett Silver Royalty") equal to 22.5% of the first 190 million ounces of payable silver from the current resource at Hackett River and other properties (the "Properties") and 12.5% of all payable silver from the Properties thereafter at no future cost to Sabina. Additionally, Glencore 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 October 4, 2015, Glencore 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 Glencore has not met the spending requirements and has not completed the feasibility study, Glencore may elect to pay Sabina the shortfall, failing which, upon notice to Glencore, Sabina may exercise a right to buy back the Properties for a cash purchase price equal to 100% of the expenditures incurred by Glencore. Glencore can pre-empt Sabina's buy back right by electing to pay an advance royalty of $75 million.

Glencore has completed work to advance the project. Key project accomplishments in 2012 were: completion of 51,500 meters of diamond drilling, including 43,500 meters of exploration both near known deposits and on new targets and 8,000 meters of geotechnical and metallurgical drilling; baseline environmental studies; and, commencement of a pre-feasibility study. Glencore was active on the project in 2013, completing approximately 40,000 meters of drilling at Hackett and proposed infrastructure sites.

On February 11, 2015, Glencore reported updated mineral resources for the Hackett River project as at December 31, 2014; a total of 87 million tonnes of mineral resources were reported in the mineral resource statement comprised of indicated resources of 27 million tonnes (Zn 4.5%, 0.6 Pb%, 0.5 Cu%, Ag 130 g/t, Au 0.3 g/t) and inferred resources of 60 million tonnes (Zn 3.5%, 0.5 Pb%, 0.4 Cu%, Ag 150 g/t, Au 0.2 g/t). Glencore disclosed that Aline Côté, Project Manager for Xstrata Zinc, served as the Competent Person in connection with this mineral resource estimate. These resources are unchanged from Glencore's prior year resources for Hackett River. Glencore is not an issuer in Canada and therefore is not obliged to file a 43-101 technical report on the new resource. As Hackett River is a material asset to Sabina, securities regulations require that Sabina complete a technical report on the project. This report was announced and filed by Sabina on www.sedar.com on March 12, 2014. Readers are cautioned that mineral resources, which are not mineral reserves, do not demonstrate economic viability.

Wishbone, Nunavut Property

The Wishbone Greenstone Belt surrounds the Hackett River Project as well as other smaller base and precious metal deposits. The Wishbone mineral claims cover a largely unexplored highly prospective greenstone belt with the potential for both gold and VMS style deposits. Wishbone claims that had a high potential for VMS deposit discovery were included as part of the sale of Hackett River to Glencore. Sabina retained certain 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. The Wishbone property is currently divided into the Wishbone, Malley and Needle properties which are comprised of 63 claims and one lease covering approximately 56,047 hectares.

Red Lake, Ontario Properties

The Company owns or has a partial interest in three Red Lake properties: Golden Sidewalk (100%), Skinner (100%) and Redaurum (20% carried interest).

Newman-Madsen
The Newman-Madsen property is composed of 38 patented mining claims located in the Red Lake Mining Division of Ontario, 3.5 km southwest of the Town of Red Lake and 4.5 km northeast of Claude Resources Ltd.'s Madsen Mine. In June, 2014, the Company completed the sale of the Company's 100% owned Newman-Madsen property to Pure Gold Mining Inc. ("Pure Gold", formerly Laurentian Goldfields Ltd.). As consideration, Sabina received 6.5 million shares of Pure Gold representing approximately 6.3% of its total issued and outstanding shares. Sabina was also granted a participation right in future financings in order to maintain its ownership percentage (until the earlier of 24 months or the date when Sabina ceases to hold at least 3.5% of the issued and outstanding shares of Pure Gold).

Golden Sidewalk
The Golden Sidewalk property is composed of 6 claims and 12 leases. 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. A limited field program of mapping and geochemical sampling was completed on portions of the property during Q3 2014. These results have been compiled to better inform future exploration.

Skinner
The Skinner property is composed of 19 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 $0.5 million. 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. A limited field program of mapping and geochemical sampling was completed on portions of the property during Q3 2014. Results are being compiled to better inform future exploration.

Redaurum
The Redaurum property is located within 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.

Nipigon, Ontario

In the fall of 2011, the Company staked 70 mineral claims covering over 16,000 hectares in an area approximately 100 km north of Thunder Bay, Ontario. The Nipigon Project is 100% owned by the Company and is located along the same iron formation that hosts the Beardmore-Geraldton gold camp. This prospective trend has historic gold production of over 4.5 million ounces of gold from four mines: the McLeod-Cockshut, Hard Rock and Mosher mines in Geraldton, and the Leitch Mine in Beardmore. In 2014, management determined that this property does not meet its criteria for ongoing exploration work and has reduced the carrying value of $1.5 million to nil during the year ended December 31, 2014.

Summary of Results

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

	2015 Q1	2014 Q4 (1)	2014 Q3	2014 Q2 (2)
Total assets	$ 356,278	$ 357,442	$ 360,652	$ 363,623
Revenue/other income	129	151	188	197
Earnings/(loss)	(1,512)	(2,260)	(512)	(767)
Per share	$ (0.01)	$ (0.02)	$ (0.00)	$ (0.00)
	2014 Q1	**2013 Q4**	**2013 Q3 (3)**	**2013 Q2**
Total assets	$ 361,524	$ 363,902	$ 369,305	$ 372,221
Revenue/other income	240	257	330	439
Earnings/(loss)	(1,603)	(175)	(4,079)	(1,604)
Per share	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)

Notes:
1. During the three months ended December 31, 2014, the Company's reported loss of $2.3 million includes a write-down of mineral properties of $1.5 million and equity investments of $0.2 million.
2. During the three months ended June 30, 2014, the reported loss of $0.8 million includes a loss of $0.8 million on disposition of a mineral property.
3. During the three months ended September 30, 2013 the Company's reported loss of $4.1 million includes recognition of flow-through premium amortization of $0.9 million and deferred income tax expense of $4.1 million, both related to the renunciation of the qualifying exploration expenditures.

Overall Performance

For the quarter ended March 31, 2015, the Company reported a net loss of $1.5 million, favourable by $0.1 million compared to Q1 2014. Operating expenses in Q1 2015 were $2.0 million, lower than the comparable period in 2014 by $0.1 million (discussed below). Deferred income tax recovery was $0.4 million in Q1 2015, favourable by $0.1 million compared to Q1 2014, largely due to higher net tax loss in the period. Offsetting, interest income was $0.1 million, lower by $0.1 million due to lower cash balances.

The decrease in operating expenses in Q1 2015 resulted from the reduction of the following expenses:

Share-based payments	$275 thousand	Share-based payments decreased in 2015 primarily due to a decrease in option value. In Q1 2015, the Company granted 4.2 million stock options to employees and directors at an average fair value of $0.24 per share compared to 2.9 million granted in Q1 2014 at a fair value of $0.46 per share.
Travel	$26 thousand	Reduced travel activity, largely investor relations related.
Professional services	$89 thousand	Reduced financial advisory and human resources related services.
Listing, transfer and shareholder	$54 thousand	Reduced directors fees, share listing and filing fees and attendance at investor conferences.

Partially offsetting and included in salaries and severances in the period was severances of $514 thousand incurred for termination benefits in Q1 2015 compared to severances of $119 thousand in Q1 2014. Excluding severances, salaries were lower in Q1 2015 than in the comparable period by $87 thousand due to staffing reductions.

The primary costs incurred by the Company are associated with exploration and evaluation of its mineral properties and are deferred until the properties are placed into production, sold or abandoned. In Q1 2015, total deferred exploration and evaluation expenditures were $5.1 million compared to $3.9 million in 2014. The increase of $1.2 million was primarily the result of significantly increased economic assessment at Back

River in 2015 compared to 2014. In Q1 2015, the Company worked to complete the FS on Back River; in the comparable period of 2014, the economic assessment activities were focused on various optimization studies in preparation for commencing the FS in Q3 2014.

Liquidity and Capital Resources

The Company had cash and cash equivalents and short-term investments of $27.9 million at March 31, 2015 compared to cash and cash equivalents of $32.5 million at December 31, 2014.

The Company believes it has sufficient cash resources and liquidity to sustain its planned activities for at least the next twelve months. The future exploration and development of the Back River project may require the Company to raise additional capital through a combination of project debt and equity financings.

Financial Instruments

The fair values of the Company's financial instruments consisting of cash and cash equivalents, guaranteed investment certificates, accounts receivable, and accounts payable and accruals approximate their carrying values because of their short terms to maturity. The fair value of the marketable securities included in available for sale investments is determined with reference to quoted market prices. The Company's available-for-sale investments had a fair value of $1.7 million at March 31, 2015 ($2.2 million – December 31, 2014).

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 Unit Warrants; and,
(iii) 5 million Series B Special Unit Warrants.

The Series A Special Unit Warrants were exercisable for no additional consideration 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 Unit Warrants are exercisable for no additional consideration upon a positive production decision on the Back River Assets and in consideration of other events. The Special Unit Warrants are exercisable to receive one common share and one-half of one common share purchase warrant. One whole share purchase warrant entitles the holder to purchase one common share at a price of $1.07 per share until June 9, 2014.

On October 9, 2013, the Company announced its decision to proceed with the commencement of the FS for the Back River Project, consequently, in accordance with the Back River purchase agreement, the Company issued 5 million shares and 2.5 million common share purchase warrants to DPM with exercise and expiry terms as noted above. On June 9, 2014, the share purchase warrants expired unexercised.

The Company has the legal obligation to reclaim exploration camps for which it holds water licenses and exploration and mining agreements and has recorded a provision for site reclamation of $2.1 million. The Company has issued security deposits to the land owner, the Kitikmeot Inuit Association ("KIA"), totalling approximately $2.2 million in relation to these obligations.

In 2014, the Company and the KIA completed a Development Trust Fund Agreement whereby Sabina agreed to establish and contribute to the Trust on behalf of the KIA. The Trust will be established with an objective of contributing funding towards short and long term KIA development projects and initiatives including training and education as well as infrastructure projects that will serve to support sustainable economic development in the region. Under the terms of the agreement, the Trust would receive 3% of Sabina's net proceeds from the silver royalty on the Hackett River and Wishbone properties sold to Glencore. The Trust would be comprised of a maximum of six trustees of which a majority would be KIA appointees with at least one Sabina appointee. Funds contributed to the Trust would be allocated by the Trustees to initiatives that provide benefits to the Kitikmeot region. A portion of the Trust funds would be retained for allocation after mine or project closure. Payments may be made to the Trust in shares at Sabina's election and subject to regulatory approval.

Contractual Obligations

The Company is obligated under operating lease agreements for the rental of its corporate head office in North Vancouver and which expires in November 2015. Minimum rental payments are as follows:

(in thousands of Canadian dollars)		
2015	$	139
	$	139

The Company has financed certain mobile equipment used at its Back River exploration camp by entering into capital leasing arrangements. Minimum lease payments due are as follows:

(in thousands of Canadian dollars)		
2015	$	86
2016		114
2017		57
2018		52
2019		141
	$	450

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements and no long-term debt obligations.

Outlook

The Company's strategic plan is to focus on exploring and developing its primary asset, the Back River Project, with the objective of becoming a mid-tier gold producer. The Company intends to complete development and environmental work on the Back River Project in order to advance towards production.

In 2015, the Company plans to focus on a number of activities which could continue to optimize the economics and de-risk the Project, including the ongoing feasibility study and environmental and permitting processes. As noted in the Highlights section of this MD&A, the Company has reported its progress on the FS which indicates that a number of the optimization studies have the potential to improve and enhance the Project economics over results reported in the PFS. Detailed engineering on these concepts is ongoing and Project economics are not yet available. The Company expects that these concepts will be incorporated into the FS which is expected to be completed in the first half of 2015. Additionally, the Company plans to consider alternative mining and milling scenarios for Back River which could significantly decrease construction capital requirements by increasing cut-off grade and decreasing annual production rate while maintaining or improving return on investment.

Concurrent with this work, the Company plans to continue with the work necessary to support the environmental assessment and permitting process. In early 2014, the Company submitted its DEIS and received confirmation from NIRB that the submission conformed to the requirements of the EIS guidelines. The technical review of the DEIS was completed in Q4 2014. The Company plans to complete work necessary for a final EIS and anticipates that it could be in a position to submit the final document in the third or fourth quarter of 2015. If the project successfully passes through this stage of review, the Company could be in a position to complete the environmental assessment phase and potentially receive a Project Certificate in the first half of 2016.

As noted in the Results of Operations section on Back River, in Q1 2015, the Company determined that given the probable development timeline for Back River, the current NIRB coordinated environmental assessment process was not optimal for the Company. The coordinated process provides companies the option to concurrently complete the regulatory review with NIRB and NWB. By opting out of the coordinated process, the Company can focus its resources on the FEIS for NIRB while investigating project development and financing alternatives. The Company expects that this change should not impact the receipt of the Project Certificate, the Water Licence and other necessary permits for the Projects may take up to an additional six months to be completed.

The Company had a cash balance of approximately $32.5 million as at December 31, 2014 and expects to have approximately $16 million at the end of 2015 including a total of approximately $17 million in net expenditures for budgeted programs at Back River and corporate general and administrative costs.

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 indicators exist 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 are indicators of impairment, the asset is written down to its estimated net recoverable value. Deferred acquisition, exploration and evaluation expenditures totalled $275.4 million at March 31, 2015 ($270.2 million – December 31, 2014).

Provision for Site Reclamation

The Company recognizes management's best estimate 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. At March 31, 2015, the Company had a provision for site reclamation of $2.1 million in relation to the Back River exploration camps. 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 method. Under the fair value 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 grant date fair values of share options were measured based on the Black Scholes option pricing model. The weighted average inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following: a risk-free interest rate of 0.58% (2014 – 1.23%); a dividend yield of 0% (2014 – 0%); an expected volatility of 67.8% (2014 – 68.9%) and expected lives of stock options of 5 years (2014 – 3.5 years). The weighted average fair value of options granted in the period was $0.24 per share (2014 - $0.46). The expected volatility is estimated by considering historic average share price volatility.

Future Changes in Accounting Standards

The following published accounting standard is not mandatory for the December 31, 2014 reporting period. The following standard is assessed not to have any impact on the Company's financial statements:

- IFRS 9 Financial Instruments for accounting periods on or after January 1, 2018.

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, 2014 and concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in filings. In its assessment, the Company used *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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 assesses 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 December 31, 2014 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 assesses the integrity of the public financial disclosures through the oversight of the Audit Committee.

Outstanding Share Data

As at May 4, 2015, there were 194,019,926 common shares outstanding and there were options outstanding to purchase an aggregate of 14,716,410 common shares. The options were granted to certain of the Company's executive officers, directors and employees.

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 the Back River Project or any Sabina property will occur only if sufficient quantities of minerals with a sufficient average grade are discovered and can be economically produced. 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.

The value of Sabina's silver royalty on the Hackett River property is dependent on, among other factors, the ability of Glencore to define sufficient quantities of minerals that can be economically produced.

Due to the location of the Back River and Hackett River projects, there is presently no infrastructure available to 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 Information

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 information. By their nature, forward-looking information is 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 information. 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 information 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 information, whether as a result of new information, future events or otherwise except as required by applicable law.