Sabina

GOLD & SILVER CORP.

Condensed Consolidated Interim Financial Statements

(unaudited)

Third Quarter ended September 30, 2015

SABINA GOLD & SILVER CORP.

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

	September 30, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 207	$ 4,035
Short-term investments	19,614	28,500
Accounts receivable (note 4)	282	391
Inventory	1,257	1,480
Prepaid expenses	211	145
Total current assets	21,571	34,551
Non-current assets:		
Investments (note 5)	734	2,181
Property and equipment (note 6)	10,836	13,513
Mineral properties (note 7)	283,959	270,214
Hackett silver royalty	34,754	34,754
Reclamation deposits	2,229	2,229
Total non-current assets	332,512	322,891
Total assets	$ 354,083	$ 357,442
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,531	$ 2,216
Flow-through share premium liability (note 10)	46	-
Current portion of capital lease obligation (note 12)	110	110
Total current liabilities	1,687	2,326
Non-currect liabilities:		
Capital lease obligation (note 12)	242	320
Provision for site reclamation	2,067	2,067
Deferred income tax liability (note 13)	36,598	37,097
Total non-current liabilities	38,907	39,484
Total liabilities	40,594	41,810
Equity:		
Share capital (note 8)	353,713	352,435
Contributed surplus	22,586	21,682
Accumulated other comprehensive loss	(14)	(590)
Deficit	(62,796)	(57,895)
Total equity	313,489	315,632
Total liabilities and equity	$ 354,083	$ 357,442

Nature of operations (note 1)
Commitments (note 12)

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

Approved on behalf of the Board:

"Bruce McLeod" Director   **"Tony Walsh"** 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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Expenses:				
Administration and general	$ 88	$ 73	$ 287	$ 287
Depreciation and accretion	18	9	63	28
Insurance	27	44	108	132
Listing, transfer and shareholder	89	171	434	670
Professional services	67	127	264	482
Salaries and severance	355	403	1,649	1,445
Share-based payments (note 9(a))	63	-	620	806
Travel	40	34	132	203
Write-down of mineral properties (note 7(a))	-	-	227	-
Loss on disposition of mineral properties	-	29	-	862
	747	890	3,784	4,915
Loss from operating activities	(747)	(890)	(3,784)	(4,915)
Net finance income:				
Interest income	92	188	320	625
Gain on disposition of assets	6	-	6	-
Amortization of flow-through premium (note 10)	74	-	74	-
	172	188	400	625
Loss before impairment and disposition of investments:	(575)	(702)	(3,384)	(4,290)
Disposition of investments (note 5)	-	-	(14)	-
Impairment of investments (note 5)	(228)	-	(2,001)	-
Loss before income taxes	(803)	(702)	(5,399)	(4,290)
Deferred income tax (expense) recovery (note 13)	(66)	190	498	1,408
Loss for the period	(869)	(512)	(4,901)	(2,882)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments	(13)	(212)	576	(335)
Comprehensive loss	$ (882)	$ (724)	$ (4,325)	$ (3,217)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding	196,571,404	194,019,926	194,879,765	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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Share capital:				
Balance, beginning of period	$ 352,435	$ 352,435	$ 352,435	$ 352,435
Shares issued during the period, net of cost	1,374	-	1,374	-
Flow-through premium transferred to deferred liability (note 10)	(120)	-	(120)	-
Fair value of options exercised	24	-	24	-
Balance, end of period	353,713	352,435	353,713	352,435
Share purchase warrants:				
Balance, beginning of period	-	-	-	357
Fair value of warrants expired	-	-	-	(357)
Balance, end of period	-	-	-	-
Contributed surplus:				
Balance, beginning of period	22,547	21,682	21,682	19,880
Fair value of share-based payments included in operating expenses	63	-	620	806
Fair value of share-based payments capitalized to mineral properties	-	-	308	639
Fair value of options transferred to share capital	(24)	-	(24)	-
Fair value of warrants transferred from share purchase warrants (note 9(b))	-	-	-	357
Balance, end of period	22,586	21,682	22,586	21,682
Accumulated other comprehensive loss:				
Balance, beginning of period	(1)	(294)	(590)	(171)
Unrealized losses on available-for-sale investments	(241)	(212)	(1,425)	(335)
Impairment of investments	228	-	2,001	-
Balance, end of period	(14)	(506)	(14)	(506)
Deficit:				
Balance, beginning of period	(61,927)	(55,123)	(57,895)	(52,753)
Loss for the period	(869)	(512)	(4,901)	(2,882)
Deficit, end of period	(62,796)	(55,635)	(62,796)	(55,635)
Total shareholders' equity	$ 313,489	$ 317,976	$ 313,489	$ 317,976

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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Cash provided by (used in) operating activities:				
Loss for the period	$ (869)	$ (512)	$ (4,901)	$ (2,882)
Adjustments for:				
Depreciation and accretion	18	9	63	28
Deferred income tax expense (recovery)	66	(190)	(498)	(1,408)
Interest income	(92)	(188)	(320)	(625)
Impairment of investment	228	-	2,001	-
Write-down of mineral properties	-	-	227	-
Loss on disposition of mineral properties	-	29	-	862
Loss on disposition of investments	-	-	14	-
Gain on disposition of assets	(6)	-	(6)	-
Amortization of flow-through premium liability	(74)	-	(74)	-
Share-based payments	63	-	620	806
	203	(340)	2,027	(337)
Accounts receivable	(2)	42	46	337
Inventories	65	151	223	850
Prepaid expenses	(2)	140	(66)	20
Accounts payable and accrued liabilities	(32)	(1,185)	(699)	470
Cash used in operating activities	(637)	(1,704)	(3,370)	(1,542)
Interest received	130	183	383	533
Net cash used in operating activities	(507)	(1,521)	(2,987)	(1,009)
Cash flows provided by (used in) investing activities:				
Expenditures on deferred exploration	(3,235)	(5,997)	(11,042)	(17,265)
Expenditures on property and equipment	-	(4)	-	(25)
Disposition of assets	11	-	11	-
Increase in reclamation deposits	-	-	-	(1,870)
Proceeds on sale of short-term investments	2,398	6,930	8,886	22,000
Net cash generated/(used in) investing activities	(826)	929	(2,145)	2,840
Cash flows provided by (used in) financing activities:				
Issue of common shares for cash	1,374	-	1,374	-
Capital leases	(23)	(17)	(78)	(47)
Proceeds on disposition of investment	-	-	8	-
Net increase from financing activities	1,351	(17)	1,304	(47)
Net increase (decrease) in cash and cash equivalents	18	(609)	(3,828)	1,784
Cash and cash equivalents, beginning of period	189	6,038	4,035	3,645
Cash and cash equivalents, end of period	$ 207	$ 5,429	$ 207	$ 5,429

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, both 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, other than the Back River property, are economically viable. The Company has completed a feasibility study for the Back River project which demonstrates positive economics and has advanced the environmental assessment process on project. The Company has not yet determined if necessary financing for the construction of the Back River project can be obtained on satisfactory terms. 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 November 10, 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 September 30, 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:

	September 30, 2015	December 31, 2014
GST receivable	$ 168	$ 215
Interest receivable	103	166
Other trade receivables	11	10
	$ 282	$ 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 Pure Gold Mining Inc. ("Pure Gold"), Yamana Gold Inc., Mega Precious Metals Inc.("Mega"), and Teuton Resources Corp. ("Teuton") are reported below:

Cost		**2015**		**2014**
Balance at January 1	$	2,964	$	191
Balance at March 31		2,964		191
Additions		33		2,730
Dispositions		(234)		-
Balance at June 30		2,763		2,921
Additions		-		23
Balance at September 30	$	2,763	$	2,944
Accumulated unrealized holding losses				
Balance at January 1	$	(783)	$	(153)
Changes in value		(497)		30
Balance at March 31		(1,280)		(123)
Changes in value		(509)		(150)
Balance at June 30		(1,789)		(273)
Changes in value		(240)		(212)
Balance at September 30	$	(2,029)	$	(485)
Carrying value				
At March 31	$	1,684	$	68
At June 30		974		2,648
At September 30	$	734	$	2,459

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

In Q2 2015, the Company sold its shares of Teuton for proceeds of $8 thousand and a loss of $14 thousand.

On June 22, 2015, the Company's shares in Mega were exchanged for shares of Yamana as a result of the acquisition of Mega by Yamana and based on an exchange ratio established for the transaction.

The Company recorded impairment losses of $1.8 million and $0.2 million in Q2 and Q3 respectively, on its investment in Pure Gold.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

6. Property and equipment:

Cost	Exploration camp and equipment	Office and equipment	Total
Balance at January 1, 2015	$ 24,056	$ 583	$ 24,639
Balance at March 31, 2015	24,056	583	24,639
Balance at June 30, 2015	24,056	583	24,639
Dispositions	(24)	(10)	(34)
Balance at September 30, 2015	$ 24,032	573	$ 24,605

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)
Depreciation	(875)	(16)	(891)
Balance at June 30, 2015	(12,456)	(451)	(12,907)
Depreciation	(854)	(8)	(862)
Balance at September 30, 2015	$ (13,310)	$ (459)	$ (13,769)

Carrying value			
At March 31, 2015	$ 12,475	$ 148	$ 12,623
At June 30, 2015	$ 23,202	$ 575	$ 23,777
At September 30, 2015	$ 10,722	$ 114	$ 10,836

Cost	Exploration camp and equipment	Office and equipment	Total
Balance at January 1, 2014	$ 24,031	$ 583	$ 24,614
Balance at March 31, 2014	24,031	583	24,614
Additions	21	-	21
Balance at June 30, 2014	24,052	583	24,635
Additions	4	-	4
Balance at September 30, 2014	$ 24,056	$ 583	$ 24,639

Accumulated depreciation			
Balance at January 1, 2014	$ (6,854)	$ (348)	$ (7,202)
Depreciation	(1,000)	(9)	(1,009)
Balance at March 31, 2014	(7,854)	(357)	(8,211)
Depreciation	(1,000)	(10)	(1,010)
Balance at June 30, 2014	(8,854)	(367)	(9,221)
Depreciation	(929)	(9)	(938)
Balance at September 30, 2014	$ (9,783)	$ (376)	$ (10,159)

Carrying value			
At March 31, 2014	$ 16,177	$ 226	$ 16,403
At June 30, 2014	$ 15,198	$ 216	$ 15,414
At Septermber 30, 2014	$ 14,273	$ 207	$ 14,480

(Tabular dollar amounts expressed in thousands of Canadian dollars)

7. Mineral properties:

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

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Back River (Nunavut)	$ 262,543	$ 243,119
Wishbone (Nunavut)	15,730	15,956
Red Lake (Ontario)	5,686	5,660
Nipigon (Ontario)	-	1,537
	$ 283,959	$ 266,272

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

	Three months ended September 30,		Nine months ended September 30,	
Summary - All Properties	2015	2014	2015	2014
Balance, beginning of period	$ 279,851	$ 259,894	$ 270,214	$ 249,551
Exploration and other expenditures	4,108	6,926	13,972	20,832
Provision for site reclamation	-	(496)	-	(496)
Write-down of mineral properties	-	-	(227)	-
Disposition of mineral properties	-	(52)	-	(3,615)
Balance, end of period	$ 283,959	$ 266,272	$ 283,959	$ 266,272
Back River (Nunavut)				
Balance, beginning of period	$ 258,438	$ 236,810	$ 248,593	$ 223,110
Additions:				
Drilling	7	421	152	3,781
Economic assessment	912	2,857	5,423	5,869
Environmental assessment	1,533	1,364	3,405	3,198
Geology & geophysics	670	366	1,163	764
Management & administration	98	355	859	1,120
Property maintenance	31	-	37	14
Share-based payments	-	-	308	639
Support	-	311	-	1,416
Transportation	-	203	-	777
Depreciation	854	928	2,603	2,927
	4,105	6,805	13,950	20,505
Provision for site reclamation	-	(496)	-	(496)
Balance, end of period	$ 262,543	$ 243,119	$ 262,543	$ 243,119
Wishbone (Nunavut)				
Balance, beginning of period	$ 15,730	$ 15,921	$ 15,957	$ 15,810
Additions:				
Geology & geophysics	-	21	-	88
Property maintenance	-	14	-	58
	-	35	-	146
Write-down of mineral properties	-	-	(227)	-
Balance, end of period	$ 15,730	$ 15,956	$ 15,730	$ 15,956

(Tabular dollar amounts expressed in thousands of Canadian dollars)

7. Mineral properties, continued:

	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
Red Lake (Ontario)				
Balance, beginning of period	$ 5,683	$ 5,626	$ 5,664	$ 9,094
Additions:				
Geology & geophysics	-	33	15	41
Management & administration	2	36	5	116
Property maintenance	1	17	2	24
	3	86	22	181
Disposition of mineral properties	-	(52)	-	(3,615)
Balance, end of period	$ 5,686	$ 5,660	$ 5,686	$ 5,660

(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 1,017 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.

In Q2 2015, the Company relinquished certain non-material mineral claims on its Wishbone property after an internal assessment of exploration results and ongoing assessment requirements. As a result, the Company has recorded a write-off of approximately $0.2 million for those properties.

7. Mineral properties, continued:

(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.

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 6 claims and 12 leases, 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 28 claims, 6,304 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 capital and other components of equity:

Authorized number of common shares

At September 30, 2015, 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:

	2015		2014	
	# of shares	$	# of shares	$
Issued and outstanding as at January 1	194,019,926	352,435	194,019,926	352,435
Issued and outstanding at June 30	194,019,926	352,435	194,019,926	352,435
Issued for cash, net	2,661,600	1,331	-	-
Flow-through share premium liability	-	(60)	-	-
Issued on exercise of share options	100,000	24	-	-
Fair value of options exercised	-	43	-	-
Issued and outstanding at September 30	196,781,526	353,773	194,019,926	352,435

On July 14, 2015, the Company completed a flow-through equity financing of 2,661,600 flow-through common shares at $0.50 per share for gross proceeds of approximately $1.3 million. The financing was nonbrokered and fully subscribed for by directors and employees of Sabina. The total gross proceeds must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2016.

9. 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
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
Forfeited or expired during the period	(411,900)	1.15	(2,205,000)	1.95
Outstanding as at June 30	14,304,510	2.17	12,052,410	2.63
Exercised during the period	(100,000)	0.43	-	-
Forfeited or expired during the period	(912,510)	1.65	(100,000)	1.85
Granted during the period	100,000	0.38	-	-
Outstanding at Septermber 30	13,392,000	2.20	11,952,410	2.63
Exercisable as at September 30	12,642,000	$ 2.28	11,952,410	$ 2.63

(Tabular dollar amounts expressed in thousands of Canadian dollars)

9. Share-based payments, continued:

(a) Share purchase options, continued

The following table summarizes the outstanding options as at September 30, 2015 by year of expiry. Of the outstanding options, 750,000 options were not fully vested at September 30, 2015

Year	Number of options		Average exercise price
2015	150,000		1.37
2016	2,157,000		5.04
2017	2,115,000		3.78
2018	2,575,000		2.50
2019	2,470,000		0.94
2020	3,925,000		0.42
	13,392,000	$	2.17

Employee compensation cost

During the three months ended September 30, 2015, the Company recorded $63 thousand (2014 - $nil) in share payment costs, of which $63 thousand (2014 - $nil) is presented as an operating expense in the statement of comprehensive loss and $nil (2014 - $nil) is capitalized to mineral property costs.

During the nine months ended September 30, 2015, the Company recorded $0.9 million (2014 - $1.4 million) in share-based payment costs, of which $0.6 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.

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% (2014 – 0%); an expected volatility of 67.6% (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 $0.23 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.

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, all of the share purchase warrants expired unexercised.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

10. Flow-through share premium liability:

		2015		2014
January 1	$	-	$	-
Financing		120		-
Amortization		(74)		-
September 30	$	46	$	-

On July 14, 2015, the Company completed a non-brokered private placement of 2,661,600 flow-through shares at a price of $0.50 per common share. This price was at a premium of $0.045 to market price at the date of announcement for a total premium of $120 thousand; the premium has been amoritzed based on qualifying expenditures incurred to September 30, 2015.

11. Related parties:

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

	Three months ended September 30,				Nine months ended September 30,			
		2015		2014		2015		2014
Salaries and benefits	$	419	$	500	$	1,366	$	1,512
Stock-based compensation, non-cash		63		-		676		940
	$	482	$	500	$	2,042	$	2,452

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. In addition to the amounts noted above, in Q1 2015, the Company recognized an expense of $473 thousand for termination benefits for a former executive, of which $309 thousand has been paid with the balance in accrued liabilities.

12. 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:

		September 30, 2015
2015	$	48
2016		114
2017		57
2018		52
2019		141
Total minimum lease payments		412
Less amount representing interest (at 5.7%)		(60)
Present value of net minimum capital payments		352
Current portion of obligation under capital leases		(110)
	$	242

(Tabular dollar amounts expressed in thousands of Canadian dollars)

12. Capital and operating leases and commitments, continued:

b) Operating leases:
The Company is obligated under an operating lease agreement for the rental of its corporate head office in North Vancouver and which expires in November 2015. In June, 2015, the Company completed a sublease agreement for its corporate head office in Vancouver, commencing December 1, 2015 and expiring October 30, 2017. Minimum rental payments for these leases total: 2015 $28 thousand, 2016 $65 thousand, 2017 $54 thousand.

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 implement 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.

13. 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:

	September 30, 2015	December 31, 2014
Tax loss carry forwards	$ 18,210	$ 15,466
Financing costs	203	484
Provision for closure and reclamation	558	558
Other	46	39
Flow-through share effect on mineral properties	(48,163)	(47,940)
Mineral properties	(10,087)	(7,638)
Property and equipment	2,635	1,934
Deferred tax liabilities	$ (36,598)	$ (37,097)

The Company has tax loss carry forwards at September 30, 2015 of $64.0 million that expire from 2031 to 2034 (2014 - $46.9 million).

(Tabular dollar amounts expressed in thousands of Canadian dollars)

13. Income taxes, continued:

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Deferred income tax recovery	$ 66	$ (190)	$ (498)	$ (1,408)
Income tax recovery	$ 66	$ (190)	$ (498)	$ (1,408)

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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Expected tax recovery	$ (217)	$ (190)	$ (1,458)	$ (1,159)
Share based compensation	27	-	417	218
Flow-through renunciation	223	-	223	-
Other	33	-	320	(467)
Income tax recovery	$ 66	$ (190)	$ (498)	$ (1,408)

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 September 30, 2015. The MD&A was prepared as of November 10, 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, (feasibility study completed in September 2015 and currently undergoing 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.

Q3 2015 Highlights:

- The Company had cash and cash equivalents and short-term investments of $19.8 million at September 30, 2015.

- In September, the Company completed and announced positive results of its initial project feasibility study ("3KFS") on the Back River gold project. Base case economics are in Canadian dollars, based on a gold price of US$1,150/oz Au and an exchange rate of 0.80 (US$:C$). The Project's highlights include:

    - The Project would generate a post-tax IRR of 24.2% and net present value ("NPV") (at 5% discount rate) of $480.3 million;
    - The Project would generate Life Of Mine ("LOM") post-tax net cash flow of $782 million on gross revenues of $3.2 billion with a payback period of 2.9 years (from start of operations);
    - Processing rate of 3,000 tonnes per day ("tpd") produces an average of ~198,000 oz Au per year (post commencement of commercial production);
    - Average production of 244,000 oz Au in the first 8 years;
    - Majority of production from open pit mining method (72% LOM) with no underground production scheduled until year 3 (after payback);
    - Initial capital estimate of $415 million and sustaining capital estimate of $185 million;
    - Total LOM cash costs of US$534/oz Au (including third party royalties, refining and transport). LOM all-in sustaining cash costs of US$598/ oz Au LOM (including sustaining capital);
    - A total of 12.4 million tonnes of ore to be milled over 11.8 years with a LOM average grade of 6.3 grams per tonne ("g/t") Au and metallurgical recoveries of 93%;
    - Base case assumptions of delivered diesel price of $0.91/L for power generation; and
    - Open pit strip ratio of 10.5:1 over LOM.

- During the quarter, the Company conducted a field exploration program focused on generating new targets at the Goose project in both the greywacke and iron formation host lithologies which have potential for large-scale, shallow-tiered resource discoveries. The program consisted of geological mapping, prospecting, channel sampling, till sampling, core re-logging, and induced polarization (IP) geophysics programs. Subsequent to the quarter, on October 14, 2015, the Company announced results from the program including the discovery of the Kogoyok target, a new zone of outcropping mineralization where grab samples have returned gold values including 33.86g/t, 28.10g/t and 18.23g/t.

- On July 14, 2015, the Company completed a flow-through equity financing of 2,661,600 flow-through common shares at $0.50 per share for gross proceeds of approximately $1.3 million. The financing was non-brokered and fully subscribed for by directors and employees of Sabina and was completed at a 21% premium to the 20-day volume weighted average price at the time of the announcement and resulted in a significant increase in insider ownership.

- Subsequent to the quarter on October 29, 2015, the Company completed and filed its National Instrument 43-101 ("NI 43-101") compliant technical report on the 3KFS.

- For the three and nine months ended September 30, 2015, the Company reported losses of \$0.9 million or \$0.00 per share and \$4.9 million or \$0.02 per share, respectively.

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 focused on de-risking the Project and advancing towards development by completing feasibility studies and continuing the environmental assessment process and completing various exploration programs and was budgeted to cost approximately \$14 million.

Back River Project Exploration

Exploration targeting and resource expansion modeling activities continue 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.

In Q2 2015, in conjunction with its geotechnical field program, the Company completed two exploration drill holes focused on shallow targets at Hivogani and Nalaot. Results from these holes identified a new target type and gold mineralization style and continued to demonstrate project-wide gold endowment and potential for greenfield resource growth. The majority of the existing resources at Back River are hosted in conventional iron formation stratigraphy. It is noted, however, that other Canadian projects associated with banded iron formations have shown significant resources within structurally controlled gold zones outside of or peripheral to the conventional iron formation hosted zones. Results at the Hivogani target confirm this potential exists at the Back River Gold Project.

The Hivogani target is located approximately 1400 m southwest of the Goose Main deposit. It lies outside of the main iron formation which is the host rock to the majority of Back River's current resources. One drill hole, totaling 140m, tested part of an anomalous chargeability zone delineated by a recent induced polarization survey. Drill hole 15GSE491 encountered gold values over a broad interval of greater than 100m. The mineralization is hosted in altered, quartz-veined and structurally deformed clastic sedimentary and felsic intrusive rock units. Significant gold values from the hole include 0.82g/t gold over 13.75m including 2.71g/t over 1.00m, 3.67g/t over 1.0m, 1.89g/t over 1.0m and 1.87g/t over 0.75m as well as 1.2g/t over 1.35m, 1.29g/t over 1.0m and an additional 1.29g/t over 1.0m.

The second drill hole (15GSE490), totaling 240.5m at the Nalaot was designed for follow-up within the main iron formation stratigraphy. It is located approximately 250m west of the Echo deposit and immediately east of drill hole 14GSE487 which returned 4.52g/t gold over 5.00m (previously released in 2014) . Results, including a section with visible gold that returned values of 3.61g/t over 2.00m, have highlighted the continued potential for shallow resource growth along this geologically favourable and largely undrilled horizon.

In Q3 2015, the Company conducted a field exploration campaign focused on generating new targets at the Goose project in both the greywacke and iron formation host lithologies specifically targeting large-scale, shallow-tiered resource discoveries. The program consisted of geological mapping, prospecting, channel sampling, till sampling, core re-logging, and induced polarization (IP) geophysics programs.

A total of 54 line kilometers of IP surveying were completed on four grids across the property at the Hivogani, Llama North, Jackaroo, and Radar areas. Geologic mapping targeted high-priority areas and key felsic intrusive horizons. Coupled with prospecting of preliminary geophysics, mapping activities produced a total of 197 rock samples including several channel samples from the Hivogani area. Additionally, a total of 229 till samples were collected on 3 grids where outcrop exposure was less conducive to mapping and prospecting of newly identified geophysical anomalies and geologic targets.

Preliminary exploration assay results from the program have identified a new near surface high priority iron formation drill target at the Goose property. The Kogoyok discovery focuses on a 650 meter strike length of iron formation stratigraphy, bookended by two exploration drillholes from 2011 at its eastern and western ends. The new showing area is located 1,500 meters west of the Echo Deposit and 2,000 meters southeast of the Umwelt deposit and 1,200 meters from the planned processing facility. Observations from the 2011 drill core, together with coincident geophysical anomalies along the segment, provided an exploration framework for ground truthing during the 2015 August fieldwork program. This culminated in the discovery of the Kogoyok showing. Rock sample assays at the Kogoyok target are encouraging, highlighted by the discovery of a new series of mineralized occurrences where grab samples have returned gold values including 33.86g/t, 28.10g/t and 18.23g/t. Further gold assays associated with the Kogoyok target partially define approximately 650 meters of significantly gold-mineralized iron formation stratigraphy. Kogoyok is further characterized as having favourable geophysical signatures in a setting comparable to that of the currently known deposits at the Goose property.

Program analytical results, geophysical processing, and data integration are expected to continue to provide upgraded targeting and exploration target de-risking throughout the property. Property-scale modelling of gold-endowed trends has continued to demonstrate the potential for new resource discoveries as well as large scale resource extensions.

Back River Project Development

Following completion of a prefeasibility study ("PFS") in October, 2013 and various optimization studies in 2014, in October, 2014, the Company engaged engineering firms to complete the Back River feasibility study with a target production rate of 6,000 tpd (6KFS). The team was comprised of JDS Energy & Mining Inc. (lead FS consultant, mine engineering, logistics and transportation, project economics and capital and operating costs); Hatch Ltd. (metallurgy, process and infrastructure design); and SRK Consulting (waste and water management, geotechnical and tailings design), Knight Piésold Ltd. (rock mechanics and ground support) and AMC Consultants Pty Ltd. (geology and resource definition).

During Q2, 2015, the Company completed and announced results of its 6KFS on the Back River project. Base case economics are in Canadian dollars, based on a gold price of US$1,200/oz Au and an exchange rate of 0.87 (US$:C$); see table below for summary results.

In July, 2015, based on recommendations of the 6KFS, the Company commenced a feasibility study on a lower capex initial project option on the Back River project. The Company believes that given the current market environment, financing the larger capital scenario would be challenging. As a result, the Company initiated a second study, the 3KFS, on an initial project at Back River that could significantly decrease construction capital requirements by increasing cut-off grade and decreasing annual production rate while maintaining or improving return on investment.

On September 14, 2015, the Company completed and announced positive results of its 3KFS on the Back River gold project. Base case economics are in Canadian dollars, based on a gold price of US$1,150/oz Au and an exchange rate of 0.80 (US$:C$). The Project's highlights include:

- The Project would generate a post-tax IRR of 24.2% and net present value ("NPV") (at 5% discount rate) of $480.3 million;
- The Project would generate Life Of Mine ("LOM") post-tax net cash flow of $782 million on gross revenues of $3.2 billion with a payback period of 2.9 years (from start of operations);
- Processing rate of 3,000 tonnes per day ("tpd") produces an average of ~198,000 oz Au per year (post commencement of commercial production);
- Average production of 244,000 oz Au in the first 8 years;
- Majority of production from open pit mining method (72% LOM) with no underground production scheduled until year 3 (after payback);
- Initial capital estimate of $415 million and sustaining capital estimate of $185 million;
- Total LOM cash costs of US$534/oz Au (including third party royalties, refining and transport). LOM all-in sustaining cash costs of US$598/ oz Au LOM (including sustaining capital);

- A total of 12.4 million tonnes of ore to be milled over 11.8 years with a LOM average grade of 6.3 grams per tonne ("g/t") Au and metallurgical recoveries of 93%;
- Base case assumptions of delivered diesel price of $0.91/L for power generation; and
- Open pit strip ratio of 10.5:1 over LOM.

Comparison to the 6KFS Project

The differences between the 6KFS and the 3KFS are shown in the table below; the main differences are:

- An updated gold price of $1,150/ounce and exchange rate of $US:$C 0.80;
- The FS has a 49% improvement on capital efficiency over the 6KFS (NPV/Initial CAPEX);
- Increased cut-off grades resulting in an overall increase in the head grade to 6.30 g/t;
- Removal of the George property from the mine plan resulting in a lower cost, simplified mining schedule;
- A more simplified plan with mining focused on four mining areas (open pit at Llama, Umwelt and Goose Main and underground at Umwelt) versus fifteen mining areas (open pit and underground) that included George and Echo in the 6KFS;
- A significantly higher proportion of pre-fabricated modules targeting less on-site labour requirements; and
- Reduced fuel and freight requirements.

	Unit	6KFS	3KFS
Gold Price	US$/oz	1,200	1,150
Exchange Rate	US$/C$	0.87	0.80
Gold Production	Moz	3.39	2.32
Mine Life	Years	9.6	11.8
Initial CAPEX	C$M	695	415
Sust. Capital Cost	C$M	440	185
Closure Cost	C$M	86	64
OP Mining Cost	C$/t mined	3.95	3.35
UG Mining Cost	C$/t mined	49.11	63.61
Processing Cost	C$/t milled	26.04	37.16
Site Services Cost	C$/t milled	13.08	11.08
Freight Cost	C$/t milled	4.48	4.42
Ore Haulage[1]	C$/t hauled	19.35	0
G&A Cost	C$/t milled	13.61	18.28
Operating Cost	C$/t milled	96.25	114.58
Cash Costs[2]	US$/oz	535	534
AISC[3]	US$/oz	648	598
Total Cash Costs[4]	US$/oz	850	763
After tax IRR	%	21.7	24.2
After tax NPV$_{5\%}$	$M	539	480
Payback	Years	2.2	2.9

([1]): Ore Haulage is 0 in the FS due to the removal of George from the mine plan
([2]): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs) / Payable Au oz
([3]): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs + Sustaining Capital Costs) / Payable Au oz
([4]): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs + Initial, Sustaining and Closure Capital Costs) / Payable Au oz

Subsequent to the quarter, the Company completed and filed its NI 43-101 compliant technical report on the Project entitle "Technical Report for the Initial Project Feasibility Study on the Back River Gold Property, Nunavut dated October 28, 2015 on www.sedar.com.

Mr. Angus Campbell, P. Geo. and Vice-President, Exploration and Mr. Wes Carson, P. Eng. and Vice President, 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 January, 2014, the Company submitted the Back River draft environmental impact study ("DEIS") and associated water license applications for the Back River Gold Project to the Nunavut Impact Review Board ("NIRB" and the Nunavut Water Board ("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 conformed to the environmental assessment guidelines. In March 2014, the Company received information requests from the technical review process. In July, 2014, the Company submitted its information request responses to NIRB and NIRB advised the Company that its submission was conformant. Technical review meetings were held on 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 summarized 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 environmental impact study ("FEIS").

In Q1 2015, the Company determined that given the probable development timeline for Back River, the current NIRB/NWB 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; however, the water licence and other necessary permits for the Projects may take up to an additional six months to be completed.

In Q2 2015, the Company collected additional environmental baseline data during the six-week field program at site and continued to advance the completion of the FEIS. In addition, the Company carried out a series of community tours in the Kitikmeot region which provided a forum to continue to inform the communities about the planned Project. In Q3 2015, the Company continued to advance the completion of the FEIS.

The Company plans to file the Back River FEIS in the last week of November, 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. 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 mid-2016.

In April, 2014, the Company and the Kitikmeot Inuit Association ("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 dated March 4, 2014, Sabina will fund the KIA based on an agreed work plan and budget for the environmental assessment and permitting processes. Funding will occur over the period of the environmental assessment and 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 54 claims and one lease covering approximately 47,672 hectares.

In Q2, 2015, the Company relinquished certain non-material mineral claims on its Wishbone property after an internal review of exploration results and ongoing assessment cost requirements. As a result, the Company recorded a write-off in Q2 2015 of $0.2 million for deferred exploration costs on these properties.

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). Sabina has not elected to exercise its participation right in any subsequent financings.

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. Work completed during Q2 2015 consisted of field geo-referencing of existing claims to provide conformity towards changes in Ontario mineral title regulations.

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. Work completed during Q2 2015 consisted of field geo-referencing of existing claims to provide conformity towards changes in Ontario mineral title regulations.

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 114 mineral claims covering over 26,555 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. 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 Q3	2015 Q2 (1)	2015 Q4	2014 Q4 (2)
Total assets	$ 354,083	$ 353,591	$ 356,278	$ 357,442
Revenue/other income	98	99	129	151
Earnings/(loss)	(869)	(2,520)	(1,512)	(2,260)
Per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
	2014 Q3	**2014 Q2 (3)**	**2014 Q1**	**2013 Q4**
Total assets	$ 360,652	$ 363,623	$ 361,524	$ 363,902
Revenue/other income	188	197	240	257
Earnings/(loss)	(512)	(767)	(1,603)	(175)
Per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)

Notes:
1. During the three months ended June 30, 2015, the Company's reported loss of $2.5 million includes a write-down of mineral properties of $0.2 million and an impairment of equity investments of $1.8 million.
2. 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.
3. During the three months ended September 30, 2014, the reported loss of $0.8 million includes a loss of $0.8 million on disposition of a mineral property.

Overall Performance

For the quarter ended September 30, 2015, the Company reported a net loss of $0.9 million, unfavourable by $0.4 million compared to the same period of 2014. The difference quarter over quarter was largely the result of impairment of investment recognized in Q3 2015 and deferred income tax expense, partially offset by lower operating expenses. The Company recorded an impairment loss of $0.2 million on its equity investment in Pure Gold Mining Inc. based on the closing market price at September 30, 2015.

Operating expenses in Q3 2015 were lower by $0.1 million than the comparable period of 2014. Interest income was lower by $0.1 million due to reduced average cash balances and was largely offset by amortization of flow-through premium recognized in the period. Deferred income tax expense was unfavourable by $0.2 million in Q3 2015 due to deferred income tax associated with flow-through financing completed in the quarter compared to a deferred income recovery in Q3 2014 recognized due to losses in the quarter.

For the nine months ended September 30, 2015, the Company reported a net loss of $4.9 million as compared to a net loss of $2.9 million for the same period in 2014. The loss in 2015 was higher by $2.0 million due to an impairment loss of $2.0 million on equity investments and a write down of $0.2 million for certain non-material mineral claims that the Company elected to drop on its Wishbone property. Included in the loss in 2014 was a loss of $0.2 on disposition of its Newman Madsen property.

Excluding write downs, operating expenses in the nine month period of 2015 were $0.5 million lower than the comparable period of 2014, due in part to a number of cost saving measures, including staff reductions, a 50% reduction of directors' fees and a reduction of the number of board members (see table below). Offsetting was lower net finance (interest income and amortization of flow-through premium) and deferred tax expense/recovery, which were lower by $0.2 million and $0.9 million, respectively, for the reasons noted above.

Share-based payments	$186 thousand	Share-based payments decreased in 2015 primarily due to a decrease in option value. In 2015, the Company granted 4.2 million stock options to employees and directors at an average fair value of $0.23 per share compared to 2.9 million granted in 2014 at a fair value of $0.46 per share.
Travel	$71 thousand	Reduced travel activity, largely investor relations related.
Professional services	$218 thousand	Reduced financial advisory and human resources related services.
Listing, transfer and shareholder	$236 thousand	Reduced directors fees, share listing and filing fees and attendance at investor conferences.

Partially offsetting was higher salaries and severances which was $204 thousand higher than the comparable period due to termination benefits paid in 2015. Excluding severances, salaries were $192 thousand lower than the comparable period 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 Q3 2015, total deferred exploration and evaluation expenditures were $4.1 million compared to $6.9 million in the comparable period. In the nine month period ending September 30, 2015, total deferred exploration and evaluation expenditures were $14.0 million compared to $20.8 million in 2014. The year-to-date decrease of $6.9 million was primarily the result of decreased economic assessment costs in 2015 compared to 2014, primarily due to reduced drilling and site support activities at Back River. In 2015, economic assessment activities have been focused on the completion of the feasibility studies on Back River. In 2014, the economic assessment activities included various optimization studies in preparation for commencing the 6KFS in Q3 2014 and a field program of geo-technical and geo-mechanical drilling along with associated site support.

Liquidity and Capital Resources

The Company had cash and cash equivalents and short-term investments of $19.8 million at September 30, 2015 compared to cash and cash equivalents of $32.5 million at December 31, 2014.

On July 14, 2015, the Company completed a flow-through equity financing of 2,661,600 flow-through common shares at $0.50 per share for gross proceeds of approximately $1.3 million. The financing was nonbrokered and fully subscribed for by directors and employees of Sabina. The total gross proceeds must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2016. The share price was at a premium of $0.045 to the market price at the date of announcement for a total premium of $120 thousand. The premium has been amortized based on qualifying expenditures incurred which totalled $0.8 million to September 30, 2015.

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 $0.7 million at September 30, 2015 ($2.2 million – December 31, 2014).

On June 22, 2015, the Company's shares in Mega Precious Metals Inc. ("Mega") were exchanged for shares of Yamana Gold Inc. ("Yamana") as a result of the acquisition of Mega by Yamana and based on an exchange ratio established for the transaction. Also in Q2 2015, the Company sold its shares of Teuton Resources Corp. for proceeds of $8 thousand and a loss of $14 thousand. In Q3 2015, the Company recorded an impairment loss of $0.2 million on its investment in Pure Gold Mining Inc. The year to date $2.0 million impairment loss was recognized in the income statement with the offsetting entry recognized in the equity account, other comprehensive income.

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, all of 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 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. In June, 2015, the Company executed a sublease agreement for its corporate head office in Vancouver, commencing December 1, 2015 and expiring on October 30, 2017. Minimum rental payments for these leases are as follows:

(in thousands of Canadian dollars)		
2015	$	28
2016		65
2017		54
	$	147

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	$	48
2016		114
2017		57
2018		52
2019		141
	$	412

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 gold project, with the objective of becoming an intermediate gold producer. The Company intends to progress development and environmental work on Back River in order to advance towards production.

In 2015, the Company is focusing on a number of activities which could continue to optimize the economics and de-risk the Project, including completion of feasibility studies for two production scenarios at Back River, a 6,000 tpd and a 3,000 tpd and the ongoing environmental and permitting processes. As noted in the Highlights section of this MD&A, the Company has reported the results of its 6KFS and its 3KFS both which demonstrate robust project economics. The Company believes that given the current market environment, financing the larger capital scenario would be challenging. As a result, the Company is focused on the 3KFS which presents a viable path forward for Sabina to commence production in the Back River district. All deposits are open and potential for new discoveries is significant as demonstrated by the recent discovery of the Kogoyok mineralized zone (described in the Results of Operations section of this MD&A).

Concurrent with this work, the Company is continuing 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 file the Back River FEIS in the last week of November, 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. 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 by mid-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; however, the water licence and other necessary permits for the Project may take up to an additional six months to be completed.

The Company had a cash balance of approximately $19.8 million as at September 30, 2015 and expects to have approximately $17 million at the end of 2015. The Company estimates that its total 2015 expenditures will be approximately $17 million 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 $284.0 million at September 30, 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 September 30, 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 67.6% (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 $0.23 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 November 10, 2015, there were 196,831,526 common shares outstanding and there were options and warrants outstanding to purchase an aggregate of 18,342,000 common shares. The options were granted to certain of the Company's executive officers, directors and employees. The warrants were granted to DPM in connection with the purchase of Back River.

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.