Sabina
GOLD & SILVER CORP.

Condensed Consolidated Interim Financial Statements
(unaudited)
Third Quarter ended September 30, 2014

SABINA GOLD & SILVER CORP.

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

	September 30, 2014 (unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 5,429	$ 3,645
Short-term investments	32,676	54,676
Accounts receivable (note 4)	679	924
Inventory	1,476	2,326
Prepaid expenses	198	218
Total current assets	40,458	61,789
Non-current assets:		
Investments (note 5)	2,459	38
Property and equipment (note 6)	14,480	17,412
Mineral properties (note 7)	266,272	249,550
Hackett silver royalty	34,754	34,754
Reclamation deposits	2,229	359
Total non-current assets	320,194	302,113
Total assets	$ 360,652	$ 363,902
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,863	$ 2,393
Current portion of capital lease obligation (note 11)	110	110
Capital and other taxes payable	-	-
Total current liabilities	2,973	2,503
Non-current liabilities:		
Capital lease obligation (note 11)	342	389
Provision for site reclamation	2,067	2,563
Deferred income tax liability (note 12)	37,294	38,699
Total non-current liabilities	39,703	41,651
Total liabilities	42,676	44,154
Equity:		
Share capital (note 8)	352,435	352,435
Share purchase warrants (note 9(b))	-	357
Contributed surplus	21,682	19,880
Accumulated other comprehensive loss	(506)	(171)
Deficit	(55,635)	(52,753)
Total equity	317,976	319,748
Total liabilities and equity	$ 360,652	$ 363,902

Nature of operations (note 1)

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

Approved on behalf of the Board:

"Terry Eyton" Director ***"Rob Pease"*** 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,		Nine months ended September 30,	
	2014	2013	2014	2013
Expenses:				
Administration and general	$ 73	$ 79	$ 287	$ 366
Depreciation	9	11	28	33
Insurance	44	44	132	123
Interest and other	-	(3)	-	12
Listing, transfer and shareholder	171	178	670	717
Professional services	127	281	482	638
Salaries and severance	403	458	1,445	1,555
Share-based payments (note 9)	-	29	806	2,529
Travel	34	159	203	392
Loss on disposition of mineral properties (note 7(b)(i))	29	-	862	-
	890	1,236	4,915	6,365
Loss from operating activities	(890)	(1,236)	(4,915)	(6,365)
Net finance income:				
Interest income	188	330	625	1,228
Amortization of flow-through share premium	-	924	-	1,484
	188	1,254	625	2,712
Loss before income taxes	(702)	18	(4,290)	(3,653)
Deferred income tax recovery (expense) (note 12)	190	(4,097)	1,408	(5,693)
Loss for the period	(512)	(4,079)	(2,882)	(9,346)
Other comprehensive loss:				
Unrealized gain (loss) on available-for-sale investments, net of tax	(212)	41	(335)	(1)
Comprehensive loss	$ (724)	$ (4,038)	$ (3,217)	$ (9,347)
Basic and diluted loss per share	$ (0.00)	$ (0.02)	$ (0.02)	$ (0.05)
Weighted average number of common shares outstanding	194,019,926	188,678,338	194,019,926	179,688,912

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, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Share capital:				
Balance, beginning of period	$ 352,435	$ 349,605	$ 352,435	$ 330,121
Shares issued during the period, net of issue costs	-	530	-	21,018
Flow through premium transferred to deferred liability	-	-	-	(1,176)
Fair value of options exercised	-	427	-	599
Deferred income tax effect of flow through shares and issuance costs	-	-	-	-
Balance, end of period	352,435	350,562	352,435	350,562
Share purchase warrants:				
Balance, beginning of period	-	-	357	-
Fair value of warrants expired	-	-	(357)	-
Balance, end of period	-	-	-	-
Contributed surplus:				
Balance, beginning of period	21,682	22,380	19,880	18,734
Fair value of share-based payments included in operating expenses	-	29	806	2,529
Fair value of share-based payments capitalized to mineral properties	-	8	639	1,326
Fair value of options transferred to share capital	-	(427)	-	(599)
Fair value of warrants transferred from share purchase warrants (note 9(b))	-	-	357	-
Balance, end of period	21,682	21,990	21,682	21,990
Accumulated other comprehensive loss:				
Balance, beginning period	(294)	(170)	(171)	(128)
Unrealized losses on available-for-sale investments, net of tax	(212)	41	(335)	(1)
Balance, end of period	(506)	(129)	(506)	(129)
Deficit:				
Balance, beginning of period	(55,123)	(48,499)	(52,753)	(43,232)
Loss for the period	(512)	(4,079)	(2,882)	(9,346)
Deficit, end of period	(55,635)	(52,578)	(55,635)	(52,578)
Total shareholders' equity	$ 317,976	$ 319,845	$ 317,976	$ 319,845

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, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Cash provided by (used in) operating activities:				
Loss for the period	$ (512)	$ (4,079)	$ (2,882)	$ (9,346)
Adjustments for:				
Depreciation	9	11	28	33
Deferred income tax expense	(190)	4,097	(1,408)	5,693
Interest income	(188)	(330)	(625)	(1,228)
Amortization of flow-through share premium	-	(924)	-	(1,484)
Loss on disposition of mineral properties	29	-	862	-
Share-based payments	-	29	806	2,529
	(340)	2,883	(337)	5,543
Accounts receivable	42	446	337	(626)
Inventories	151	2,265	850	1,535
Prepaid expenses	140	155	20	(181)
Accounts payable and accrued liabilities	(1,185)	(2,617)	470	5,179
Capital and other taxes payable	-	(2)	-	(2)
Cash used in operating activities	(1,704)	(949)	(1,542)	2,102
Interest received	183	316	533	2,482
Net cash used in operating activities	(1,521)	(633)	(1,009)	4,584
Cash flows provided by (used in) investing activities				
Expenditures on deferred exploration	(5,997)	(24,890)	(17,265)	(62,638)
Expenditures on property and equipment	(4)	(210)	(25)	(10,357)
Increase in reclamation deposits	-	-	(1,870)	-
Sale of short-term investments	6,930	19,000	22,000	51,000
Net cash generated/(used) in investing activities	929	(6,100)	2,840	(21,995)
Cash flows provided by (used in) financing activities				
Non-current capital lease	(17)	-	(47)	-
Issuance of common shares for cash, net of issue costs	-	530	-	21,018
	(17)	530	(47)	21,018
Net increase (decrease) in cash and cash equivalents	(609)	(6,203)	1,784	3,607
Cash and cash equivalents, beginning of period	6,038	61,204	3,645	51,394
Cash and cash equivalents, end of period	$ 5,429	$ 55,001	$ 5,429	$ 55,001

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, the Wishbone grassroots exploration project and its silver royalty on the Hackett River project, all of which are located in Nunavut, Canada

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 its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying value and the recoverability of the amounts recorded as mineral properties 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. The Company believes that it 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 12, 2014.

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 interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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, 2014, 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 implementation of this standard is expected to have an impact on the Company; however, the extent of the impact has not yet been determined.

IAS 36, Impairment of assets - Disclosures

IAS 36 Impairment of Assets amendment addresses the disclosure of recoverable amount of an impaired asset or cash-generating unit and introduces specific disclosure requirements for discount rate used for determining impairment where recoverable amount is determined by using a present value technique. The amendment becomes effective for annual periods beginning on or after January 1, 2014 with early adoption allowed. The Company does not believe that the implementation of this amendment will have any impact on its consolidated financial statements.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

4. Accounts receivable:

	September 30, 2014	December 31, 2013
GST receivable	$ 273	$ 302
Interest receivable	389	298
Other trade receivables	17	324
	$ 679	$ 924

5. Available-for-sale investments:

The fair values of available-for-sale investments for the Company's shares of Mega Precious Metals Inc., Pure Gold Mining Inc. ("Pure Gold"), and Teuton Resources Corp. ("Teuton") are as follows: A total of 6.5 million shares of Pure Gold were received on June 24, 2014 as described in note 7(b)(i); and 500,000 shares of Teuton were received on July 16, 2014.

Cost	**2014**	**2013**
Balance at January 1	$ 191	$ 179
Additions	-	-
Balance at March 31	191	179
Additions	2,730	12
Balance at June 30	2,921	191
Additions	23	-
Balance at September 30	$ 2,944	$ 191

Accumulated unrealized holding losses		
Balance at January 1	$ (153)	$ (107)
Changes in value	30	(20)
Balance at March 31	(123)	(127)
Changes in value	(150)	(26)
Balance at June 30	(273)	(153)
Changes in value	(212)	42
Balance at September 30	$ (485)	$ (111)

Carrying value		
At March 31	$ 68	$ 52
At June 30	2,648	38
At September 30	$ 2,459	$ 80

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

(Tabular dollar amounts expressed in thousands of Canadian dollars)

6. Property and equipment:

Cost		Exploration camp and equipment		Office and equipment		Total
Balance at January 1, 2014	$	24,031	$	583	$	24,614
Additions		-		-		-
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)
Additions		(1,000)		(9)		(1,009)
Balance at March 31, 2014		(7,854)		(357)		(8,211)
Additions		(1,000)		(10)		(1,010)
Balance at June 30, 2014		(8,854)		(367)		(9,221)
Additions		(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 September 30, 2014	$	14,273	$	207	$	14,480

Cost		Exploration camp and equipment		Office and equipment		Total
Balance at January 1, 2013	$	13,734	$	528	$	14,262
Additions		5,180		7		5,187
Balance at March 31, 2013		18,914		535		19,449
Additions		4,951		10		4,961
Balance at June 30, 2013		23,865		545		24,410
Additions		182		27		209
Balance at September 30, 2013	$	24,047	$	572	$	24,619

(Tabular dollar amounts expressed in thousands of Canadian dollars)

6. Property and equipment, continued:

Accumulated depreciation	Exploration camp and equipment	Office and equipment	Total
Balance at January 1, 2013	$ (3,380)	$ (213)	$ (3,593)
Additions	(632)	(11)	(643)
Balance at March 31, 2013	(4,012)	(224)	(4,236)
Additions	(660)	(11)	(671)
Balance at June 30, 2013	(4,672)	(235)	(4,907)
Additions	(902)	(10)	(912)
Balance at September 30, 2013	$ (5,574)	$ (245)	$ (5,819)
Carrying value			
At March 31, 2013	$ 14,902	$ 311	$ 15,213
At June 30, 2013	$ 19,193	$ 310	$ 19,503
At September 30, 2013	$ 18,473	$ 327	$ 18,800

7. Mineral properties:

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

Summary – All Properties	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Balance, beginning of period	$ 259,894	$ 216,154	$ 249,551	$ 175,809
Exploration and other expenditures	6,926	25,799	20,832	66,161
Provision for site reclamation	(496)		(496)	
Disposition of mineral properties	(52)	-	(3,615)	(17)
Balance, end of period	$ 266,272	$ 241,953	$ 266,272	$ 241,953

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

	Nine months ended September 30, 2014	2013
Back River (Nunavut)	$ 243,119	$ 215,560
Wishbone (Nunavut)	15,956	15,853
Red Lake (Ontario)	5,660	9,018
Nipigon (Ontario)	1,537	1,522
	$ 266,272	$ 241,953

(Tabular dollar amounts expressed in thousands of Canadian dollars)

7. Mineral properties, continued:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Back River (Nunavut)				
Balance, beginning of period	$ 236,810	$ 189,969	$ 223,110	$ 149,797
Additions:				
Drilling	421	13,608	3,781	29,442
Economic assessment	2,857	1,410	5,869	10,828
Environmental assessment	1,364	3,993	3,198	8,074
Geology & geophysics	366	527	764	1,030
Management & administration	355	386	1,120	1,065
Property maintenance	-	-	14	6
Share-based payments	-	8	639	1,326
Support	311	3,083	1,416	7,587
Transportation	203	1,674	777	4,212
Depreciation	928	902	2,927	2,193
	6,805	25,591	20,505	65,763
Provision for site reclamation	(496)	-	(496)	-
Balance, end of period	$ 243,119	$ 215,560	$ 243,119	$ 215,560

Wishbone (Nunavut)				
Balance, beginning of period	$ 15,921	$ 15,719	$ 15,810	$ 15,705
Additions:				
Geology & geophysics	21	80	88	87
Property maintenance	14	-	58	7
Support	-	54	-	54
	35	134	146	148
Balance, end of period	$ 15,956	$ 15,853	$ 15,956	$ 15,853

Red Lake (Ontario)				
Balance, beginning of period	$ 5,626	$ 8,960	$ 9,094	$ 8,820
Additions:				
Drilling	-	20	-	139
Geology & geophysics	33	-	41	-
Management & administration	36	38	116	70
Property maintenance	17	-	24	6
	86	58	181	215
Disposition of mineral properties	(52)	-	(3,615)	(17)
	34	58	(3,434)	198
Balance, end of period	$ 5,660	$ 9,018	$ 5,660	$ 9,018

Nipigon (Ontario)				
Balance, beginning of period	$ 1,536	$ 1,506	$ 1,536	$ 1,487
Additions:				
Geology & geophysics	-	10	-	29
Management & administration	-	6	-	6
		16		35
Balance, end of period	$ 1,536	$ 1,522	$ 1,536	$ 1,522

7. Mineral properties, continued:

(a) Back River and Wishbone (Nunavut)

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

The Company owns 100% of the Wishbone property which covers a large portion of the Hackett River Greenstone Belt and hosts the Hackett River silver-zinc project. The Wishbone property and the Back River project area total approximately 3,000 square km and cover a largely unexplored highly prospective greenstone belt.

On May 31, 2011, the Company completed the purchase of certain royalties on the Back River and Wishbone projects. The royalty required payment of 1.5% of the value of minerals mined until the royalty payments aggregated $5.0 million after which the royalty decreased to 0.75%. The buyback was completed through the purchase of all issued and outstanding shares of R.A. Olson Consulting Ltd. (“RAOCL”) for $4.5 million in cash and the issue of 750,000 common shares of the Company. A value of $5.2 million has been attributed to the shares based on their market value at the time of issue.

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

The Goose property is subject to the following royalties. Royalty 1 pays 0% on the first 400,000 ounces and pays 5% (gross before deductions) after the first 400,000 ounces of gold produced after deducting Royalties 2 and 3. Royalty 2 pays 1.5% and Royalty 3 pays 0.7% until a total of $5 million has been paid on each royalty; after $5 million Royalties 2 and 3 each drop by 50%. As noted, the Company has purchased RAOCL, the company holding Royalty 2. After eliminating Royalty 2, and depending on gold price and gold production, royalties payable could range from 0.35% to 0.7% on the first 400,000 ounces and 3.5% to 4.25% thereafter.

7. Mineral properties, continued:

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

(i) Newman-Madsen, Red Lake:

The Newman-Madsen is 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 are 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 and the carrying cost of the property of approximately $3.6 million.

(ii) Golden Sidewalk, Red Lake:

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

(iii) Skinner, Red Lake:

Sabina owns a 100% interest in the 19 claims, 2,900 hectare Skinner property. The property is in Skinner township, 69 km east-northeast of Red Lake and adjacent to and immediately south of Sabina's Golden Sidewalk property. Premier has a 7.5% net profit interest capped at $0.5 million. Franco-Nevada Corporation holds a 1% net smelter return royalty and a local prospector holds another 2% net smelter return interest which can be purchased by Sabina subject to certain conditions.

(iv) Redaurum, Red Lake:

Pursuant to an option agreement with Goldcorp Inc., the Company has a 20% interest carried to production on the 14 patent claims Redaurum property located at Red Lake.

(c) Nipigon (Ontario)

Sabina owns a 100% interest in the 70 claims, 16,000 hectare Nipigon project located approximately 100km north of Thunder Bay, Ontario.

(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, 2014 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:

	2014		2013	
	# of shares	$	# of shares	$
Issued and outstanding as at January 1	194,019,926	352,435	173,532,149	330,121
Issued on exercise of share options	-	-	45,283	-
Tax effect on share issuance	-	-	-	(25)
Fair value of options exercised	-	-	-	172
Issued and outstanding at March 31	194,019,926	352,435	173,577,432	330,268
Issued for cash, net	-	-	14,699,295	20,488
Flow-through premium transferred to deferred liability	-	-	-	(1,176)
Tax effect on share issuance	-	-	-	25
Issued and outstanding at June 30	194,019,926	352,435	188,276,727	349,605
Issued on exercise of share options	-	-	714,167	530
Fair value of options exercised	-	-	-	427
Issued and outstanding at September 30	194,019,926	352,435	188,990,894	350,562

9. Share-based payments:

(a) Share purchase options

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

	2014		2013	
	Number of options	Average exercise price	Number of options	Average exercise price
Outstanding as at January 1	11,602,410	$ 2.96	10,253,410	$ 2.81
Exercised during the period	-	-	(200,000)	2.05
Forfeited or expired during the period	(290,000)	4.01	(15,000)	2.72
Granted during the period	2,945,000	0.94	2,965,000	2.75
Outstanding as at March 31	14,257,410	2.52	13,003,410	2.80
Forfeited or expired during the period	(2,205,000)	1.95	(618,500)	1.47
Granted during the period	-	-	415,000	1.27
Outstanding as at June 30	12,052,410	2.63	12,799,910	2.82
Exercised during the period	-	-	(1,047,500)	0.95
Forfeited or expired during the period	(100,000)	1.85	(400,000)	2.39
Outstanding as at September 30	11,952,410	2.63	11,352,410	3.01
Exercisable as at September 30	11,952,410	$ 2.63	11,102,410	$ 3.05

(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, 2014 by year of expiry.

Year	Number	Average exercise price
2015	1,551,000	1.25
2016	2,181,410	5.06
2017	2,275,000	3.69
2018	3,050,000	2.42
2019	2,895,000	0.94
Total	11,952,410	$ 2.63

Employee compensation cost

During the three months ended September 30, 2014, the Company recorded $nil (2013 - $36 thousand) in share-based payment costs, of which $nil (2013 - $29 thousand) is presented as an operating expense in the statement of comprehensive loss and $nil (2013 - $8 thousand) is capitalized to mineral property costs.

During the nine months ended September 30, 2014, the Company recorded $1.4 million (2013 - $3.9 million) in share-based payment costs, of which $0.8 million (2013 - $2.5 million) is presented as an operating expense in the statement of comprehensive loss and $0.6 million (2013 - $1.3 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 1.23% (2013 – 1.23%); a dividend yield of 0% (2013 – 0%); an expected volatility of 68.9% (2013 – 68.1%) and expected lives of stock options of 3.5 years (2013 – 3 years). The weighted average fair value of options granted in the period was $0.46 per share (2013 - $1.17). 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 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.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

9. Share-based payments, continued:

(b) Special unit warrants, continued

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 holders to purchase one common share at a price of $1.07 per share until June 9, 2014. On June 9, 2014, the share purchase warrants expired, unexercised.

On October 9, 2013, the Company announced its decision to proceed with the commencement of the FS 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 DPM with exercise and expiry terms as noted above. On June 9, 2014, the share purchase warrants expired unexercised.

10. Related parties:

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

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Salaries and benefits	$ 500	$ 450	$ 1,512	$ 1,755
Stock-based compensation, non-cash	-	36	940	2,314
	$ 500	$ 486	$ 2,452	$ 4,069

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

(Tabular dollar amounts expressed in thousands of Canadian dollars)

11. 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 payment of obligation are as follows:

		September 30, 2014
2014	$	48
2015		113
2016		113
2017		56
2018		51
2019		138
Total minimum lease payments		519
Less amount representing interest (at 5.7%)		(68)
Present value of net minimum capital payments		452
Current portion of obligation under capital leases		(110)
	$	342

b) Operating leases:

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

2014	$	40
2015		139
	$	179

(Tabular dollar amounts expressed in thousands of Canadian dollars)

12. 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, 2014	December 31, 2013
Tax loss carry forwards	$ 14,115	$ 13,452
Financing costs	623	1,037
Provision for closure and reclamation	558	692
Other	39	19
Flow-through share effect on mineral properties	(47,940)	(47,940)
Mineral properties	(6,246)	(5,865)
Property and equipment	1,557	(94)
Deferred tax liabilities	$ (37,294)	$ (38,699)

It is not currently determinable that sufficient future taxable profit will be available to realize such assets.

	September 30, 2014	December 31, 2013
Corporate minimum taxes carried forward	$ 312	$ 293

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

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	2014	2013
Deferred income tax expense	$ (190)	$ 4,097	$ (1,408)	$ 5,693
Income tax expense	$ (190)	$ 4,097	$ (1,408)	$ 5,693

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:

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
Expected tax recovery	$ (190)	$ (31)	$ (1,159)	$ (986)
Share based compensation	-	(240)	218	291
Flow-through renunciation	-	4,365	-	6,451
Other	-	3	(467)	(63)
Income tax expense (recovery)	$ (190)	$ 4,097	$ (1,408)	$ 5,693

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, 2014. The MD&A was prepared as of November 12, 2014 and should be read in conjunction with the Company's annual audited financial statements and related notes for the years ended December 31st, 2013 and 2012. All figures are in Canadian dollars unless otherwise stated. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Overview

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

Q3 2014 Highlights:

- The Company had cash, cash equivalents and short-term investments of $38.1 million at September 30, 2014.

- For the three and nine month periods ended September 30, 2014, the Company reported losses of $0.5 million or $0.00 per share and $2.9 million or $0.02 per share, respectively.

- During the quarter, the Company completed 743 meters of exploration drilling focused on near deposit and extension to existing resources. The 2014 field program was completed in August for a total of approximately 12,171 meters of drilling. Highlights of drilling include hole 14GSE475 on the Echo deposit which returning 12.02g/t Au over 5.0m and hole 14GSE484 returning 18.69g/t Au over 6.20m. The Company also completed 3,869 meters of geo-mechanical drilling targeting additional data necessary for the feasibility study ("FS").

- The Company completed agreements with each of the engineering firms that will be responsible for completing the Back River FS. JDS Energy & Mining Inc. ("JDS") has been engaged as the lead FS consultant responsible for mine engineering, logistics, infrastructure and project economics; Hatch Ltd. ("Hatch") for metallurgy, process and infrastructure design; and SRK Consulting ("SRK") for waste and water management, geotechnical and tailings design.

- In October, the Company provided an update on progress of the FS, including the potential impact of expected improved metallurgical recoveries; increased measured and indicated resources; potential improvements to underground mining costs and efficiencies; an improved tailings management strategy which could reduce sustaining capital costs; and, potential for improved mine scheduling which could increase gold production by up to 20% during open pit operations. Detailed engineering on these concepts is ongoing and Project economics are not yet available. The Company expects that these concepts will be incorporated into the FS which is expected to be completed in the first half of 2015.

- The Company continued to make progress in the quarter on the environmental and permitting process for the Project, including responses to information requests on its draft environmental assessment study ("EIS") which had been submitted in January, 2014. The regulatory agency accepted the Company's submission and set the dates for public hearings for November, 2014 in Cambridge Bay, Nunavut.

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 47 Federal Mineral Leases and 14 Federal Mining Claims covering approximately 54,000 hectares. The project is divided into Goose, George, Boot, Boulder, Needle, 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 2014 Back River work program, estimated to total approximately $23 million included: drilling approximately 12,000 meters to following up on successes in 2013, largely at the new Echo deposit; environmental and permitting activities and development studies, including engineering and related work on FS. The initial estimate of the 2014 work program (9,000 meters) was expanded following positive early drilling results and determination of geo-mechanical drilling requirements by independent engineers engaged on the FS. The budget for the 2014 work program was increased from $19 million to $23 million primarily due to the addition of the estimated costs for the FS work planned to be completed in 2014.

The objectives of the 2014 work program were to:

1) Complete a drill program targeted to convert and increase resources at the Echo deposit;
2) Drill test two or three high potential exploration targets for new resource additions to the Goose property;
3) Complete optimization studies, including metallurgical testing, mine sequencing, capital and mining costs;
4) Commence FS with a target completion in the first half of 2015;
5) Continue necessary environmental and baseline work for the final Environmental Impact Statement;
6) Continue with community engagement for the project;

Back River Project Exploration

Echo Zone

The Echo Zone, located approximately 1.5 km southwest of the Goose Main deposit and near planned mine infrastructure, was initially discovered at Back River when Sabina purchased the property in 2009. Based on its proximity to other Goose deposits and it's high grade nature, (e.g. holes 13GSE435 returning 13.13g/t Au over 12.55m and 13GSE395 returning 7.73g/t Au over 12.20m), re-interpretation of prior drilling results led to a renewed exploration and resource definition program that was successful in defining a mineral resource at Echo. The deposit is open to depth and laterally to the north.

The 2014 drill program was designed to upgrade a portion of the inferred resources at Echo to the indicated category as well as explore deposit extensions. The 2014 Echo drilling program increased the drill hole density of the main deposit to approximately 50m centers to enable conversion of resources; drill tested for extensions to mineralization at depths of up to 350m vertical; tested for significant lateral extensions of the known mineral horizon as well as collected data for metallurgical and geotechnical studies that will aid in the assessment of development potential.

The results of the drilling indicate that the deposit is open at depth, below current drilling and also along strike to the northeast and west. At depth and extensional to the main mineral zone; higher grade potential is demonstrated by drill holes 14GSE474B which returned 4.0m of 5.22g/t Au from 334.00m to 338.0m depth and drill hole 14GSE475 which returned 5.0m of 12.02g/t Au from 331.4m to 336.4m depth, including 0.60m of 50.31g/t Au from 331.40m to 332.0m. Additionally, the infill drilling completed will enable an updated resource to be estimated at Echo later this year which could be included in the FS.

Exploration Targets

In addition to the Echo drilling, an exploration drilling program was planned to test a minimum of two to three high priority targets located in and around the existing Goose deposits. Positive attributes of the targets have been defined using the results from ongoing geologic modeling in combination with geophysical data sets and the results of previous drilling programs. Approximately 2,000 meters of targeted drilling have been completed in the 2014. Results from this drilling returned no material intervals of mineralization, although observed alteration and geochemical results are of interest for future exploration vectoring.

Back River Project Development

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

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

Back River Mineral Resource Estimate, February 28, 2014

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

Notes:
1. CIM definition standards were used for the Mineral Resources.
2. The Qualified Persons are Dinara Nussipakynova, P Geo. and Andrew Fowler MAusIMM CP (Geo) both of AMC Mining Consultants (Canada) Ltd.
3. Open pit Mineral Resources are constrained by an optimized pit shell at a gold price of $1500 oz Au.
4. The cut-off grade applied to the open pit resources are 1.0 g/t Au. The underground cut-off grade for Goose Main, Echo, and Llama deposits is 3.5 g/t Au; and for Umwelt is 4.5 g/t Au. The underground cut-off grade for the George resources is 4.0 g/t Au.
5. Metallurgical recovery varies with gold grade, averaging between 88 and 89%.
6. The George underground Mineral Resources (LCP - North, LCP - South, Locale 1, Locale 2, GH & Slave) were estimated within mineral domains expanded to a minimum width of 2 m.
7. Drilling results to December 31, 2013 were used.

8. The increase in Measured Resources at Goose Main is attributed to re-verifying and resolving previous conflicts of historical surveys and geological data. This has resulted in increased confidence in interpreted geologic continuity and subsequently an increase in resource confidence.
9. Numbers may not add due to rounding.
10. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

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

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

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

Table of Metallurgical Recoveries by Deposit

Mineral Zone	Head Grade (g/t Au)	PFS Estimated Gold Recovery (%)	2014 Estimated Gold Recovery (%)
Llama	6.30	84.4	95.1
Umwelt Pit	5.65	85.2	94.0
Goose Main	4.47	92.3	92.7
George	4.96	87.3	96.1
Umwelt Underground	8.11	90.3	94.1
Life of Mine	**5.69**	**88.0**	**93.9**

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

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

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

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

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

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

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

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

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

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

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

On January 22, 2014, the Company submitted the Back River draft Environmental Impact Study ("DEIS") and associated Water License applications for the Back River Gold Project to NIRB and the NWB respectively. The DEIS presents scientific and community based knowledge that determined key aspects of the natural and socio-economic environments in the region. Project interactions were identified; residual effects assessed and proposed mitigation and monitoring plans developed for the construction, operation and closure of the Project. In February, 2014, the Company received notice from NIRB that the Back River DEIS conforms to the environmental assessment guidelines. In March 2014, the Company received information requests from the technical review process. On July 23, 2014, the Company submitted its information request responses to NIRB. On July 31, 2014, NIRB advised the Company that its submission was conformant and that meetings for the technical review process had been set. NIRB set November 13-15, 2014 for the technical review meeting and November 17-19, 2014 for the pre-hearing conference. Both meetings will be held in Cambridge Bay, Nunavut.

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

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

Under the terms of the Capacity Agreement Sabina will fund the KIA based on an agreed work plan and budget for the environmental assessment and permitting processes. Funding will occur over an estimated period of three years ending in 2016, which is the anticipated completion of the permitting process. This funding will enable the KIA to employ staff, retain certain technical specialists and to conduct such administrative and management functions as are required with the process.

Hackett River Silver Royalty, Nunavut

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

On October 4, 2011 the Company completed the sale of the Hackett River property and certain claims on the Wishbone project to Glencore plc ("Glencore", formerly Xstrata Zinc) for cash consideration of $50 million along with Sabina reserving a silver production royalty (the "Hackett Silver Royalty") equal to 22.5% of the first 190 million ounces of payable silver from the current resource at Hackett River and other properties (the "Properties") and 12.5% of all payable silver from the Properties thereafter at no future cost to Sabina. Additionally, Glencore agreed to incur not less than $50 million on exploration expenditures on the Properties over a four year period with a view of completing a NI 43-101 compliant feasibility study. If the feasibility study has not been completed by the fourth anniversary of the sale, 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 May 2, 2013, Glencore reported updated mineral resources for the Hackett River project as at December 31, 2012; a total of 82 million tonnes of mineral resources were reported in the mineral resource statement comprised of indicated resources of 25 million tonnes (Zn 4.2%, 0.6 Pb%, 0.5 Cu%, Ag 130 g/t, Au 0.3 g/t) and inferred resources of 57 million tonnes (Zn 3.0%, 0.5 Pb%, 0.4 Cu%, Ag 100 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. This compares to Glencore's prior year resource of a total of 61 million tonnes comprised of measured resources of 20 million tonnes (Zn 4.7%, 0.6 Pb%, 0.4 Cu%, Ag 140 g/t, Au 0.3 g/t) and inferred resources of 41 million tonnes (Zn 4.0%, 0.6 Pb%, 0.4 Cu%, Ag 100 g/t, Au 0.2 g/t). 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.

Wishbone, Nunavut Property

The Wishbone Greenstone Belt surrounds the Hackett River Project as well as other smaller base and precious metal deposits. The Wishbone mineral claims cover a largely unexplored highly prospective greenstone belt with the potential for both gold and VMS style deposits. Wishbone claims that had a high potential for VMS deposit discovery were included as part of the sale of Hackett River to Glencore. Sabina retained certain Wishbone claims (48 claims) along the south eastern edge of the property that cover geological units which are similar to the gold-bearing hosts at Back River and are potential gold targets. The Wishbone property is currently divided into the Wishbone, Malley and Needle properties which are comprised of 63 claims and one lease covering approximately 56,047 hectares.

Red Lake, Ontario Properties

The Company owns or has a partial interest in three Red Lake properties: Golden Sidewalk (100%), Skinner (100%) and Redaurum (20% carried interest). The Company sold its 100% interest in the Newman-Madsen property in June 2014, as described below.

Newman-Madsen
In 2012, the Company acquired the interests from its joint-venture partner (Premier Gold Mines Ltd) in the Newman-Madsen property for a cash payment of $0.5 million and a 0.5% net smelter return royalty on the property. The 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.

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 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). The shares are subject to a four month hold period. Rob Pease, the Company's President and CEO was appointed to the board of directors of Pure Gold. In the second quarter, the Company recorded a loss of $0.9 million on the disposition of the property.

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. Results are being compiled to better inform future exploration.

Skinner
The Skinner property is composed of 19 mineral claims. The property is adjacent to and immediately south of Sabina's Golden Sidewalk property. Premier has a 7.5% net profit interest capped at $0.5 million. Franco-Nevada Corporation holds a 1% net smelter return royalty and a local prospector holds another 2% net smelter return interest which can be purchased by Sabina subject to certain conditions. A limited field program of mapping and geochemical sampling was completed on portions of the property during Q3 2014. Results are being compiled to better inform future exploration.

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

Nipigon, Ontario

In the fall of 2011, the Company staked 70 mineral claims covering over 16,000 hectares in an area approximately 100 km north of Thunder Bay, Ontario. The Nipigon Project is 100% owned by the Company and is located along the same iron formation that hosts the Beardmore-Geraldton gold camp. This prospective trend has historic gold production of over 4.5 million ounces of gold from four mines: the McLeod-Cockshut, Hard Rock and Mosher mines in Geraldton, and the Leitch Mine in Beardmore. Geologic assessment of the property is ongoing.

Summary of Results

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

		2014 Q3		**2014 Q2**		**2014 Q1**		**2013 Q4** (2)
Revenue/other income	$	188	$	197(1)	$	240	$	258
Earnings/(loss)		(702)		(767)		(1,603)		(175)
Per share	$	0.00	$	(0.00)	$	0.01	$	(0.00)
		2013 Q3 (2)		**2013 Q2**		**2013 Q1** (3)		**2012 Q4** (4)
Revenue/other income	$	330	$	439	$	459	$	569
Earnings/(loss)		(4,079)		(1,604)		(3,663)		(4,999)
Per share	$	(0.02)	$	(0.01)	$	(0.02)	$	(0.03)

Notes:
1. During the three months ended June 30, 2014, the reported loss of $0.8 million includes a loss of $0.8 million on disposition of a mineral property.
2. During the three months ended September 30, 2013 the Company's reported loss of $4.1 million includes recognition of flow-through premium amortization of $0.9 million and deferred income tax expense of $4.1 million, both related to the renunciation of the qualifying exploration expenditures.
3. During the three months ended March 31, 2013, the Company's reported loss of $3.7 million includes stock-based compensation of $2.5 million.
4. During the three months ended December 31, 2012, the Company's reported loss of $5.0 million includes a write-down of mineral properties of $3.8 million; recognition of flow-through premium amortization of $0.9 million and deferred income tax expense of $1.4 million, both related to the renunciation of the qualifying exploration expenditures.

Overall Performance

For the quarter ended September 30, 2014, the Company reported a net loss of $0.5 million compared to a net loss of $4.1 million in the same period in 2013. The difference between the periods was mainly the result a favourable variance on deferred income tax. In Q3 2014, the Company recorded a deferred income tax recovery of $0.2 million compared to deferred income tax expense of $4.1 million in Q3 2013. This favourable variance of $3.6 million was partially offset by lower net finance income.

For the nine months ended September 30, 2014, the Company had a net loss of $2.9 million compared to a net loss of $9.3 million in the same period in 2013. The difference between the periods was as noted above and due to lower operating expenses in 2014, primarily lower stock-based payment expenses. Partially offsetting was a loss recorded on the disposition of mineral properties of $0.9 million. As discussed above, in June 2014, the Company completed the sale of the Company's 100% owned Newman-Madsen property to Pure Gold (formerly Laurentian Goldfields Ltd.). As consideration, Sabina received 6.5 million shares of Pure Gold.

For the three and nine month periods in 2014, operating expenses were $0.9 million and $4.0 million respectively (excluding the loss on disposition of mineral property), compared to $1.2 million and $6.4 million in the same periods of 2013. Lower operating expenses in 2014 relative to the comparative periods, ($0.4 million in Q3 and $2.3 million for the year-to-date) resulted primarily from reductions in manpower which reduced salary expenses, lower travel and professional services and lower stock-based payments. Stock-based payments were lower due to reduced fair value attributed to the options. In 2014, the Company had granted and vested 2.9 million options with a weighted average fair value of $0.46 per option compared with 3.4 million options at $1.17 per option in 2013.

For the three and nine month periods in 2014, net finance income was $0.2 million and $0.6 million respectively compared to $1.3 million and $2.7 million in the same periods in 2013. The decrease was the result of lower interest income and amortization of flow-through premium. Interest income was lower by $0.1 million in the quarter and $0.6 million for the year-to-date due to reduced average cash and short term investment balances. Amortization of flow-through share premium was nil 2014 compared to $0.9 million (quarter) and $1.5 million (year-to-date) in 2013. The Company has not completed any flow-through share financings in 2014.

For the three and nine month periods in 2014, deferred income tax recovery was $0.2 million and $1.4 million respectively compared to deferred income tax expense of $4.1 million and $5.7 million in the same periods in 2013. The deferred income tax recovery reflects losses incurred in the periods and an adjustment resulting from reclassification of expenses from deferred exploration to operating for tax purposes. The deferred income tax expense in 2013 relates to the renunciation of flow-through expenditures as required by flow-through financing agreements.

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 2014, total deferred exploration and evaluation expenditures were $6.9 million compared to $25.8 million in Q3 2013 (note 7 of Q3 2014 financial statements). The decrease of $18.8 was primarily the result of significantly reduced drilling activity at Back River in 2014 and decreased environmental and economic assessment expenditures compared to 2013. During the 2013 field season, the Company completed a large drilling campaign totalling 82,000 meters of drilling to support the expected FS in 2014; consequently drilling and site support expenses were reduced by $17.3 million in Q3 2014 (11,392 meters drilled in Q3 2014 compared to 42,699 meters in Q3 2013). Environmental assessment expenditures decreased by $2.6 million and economic assessment expenditures increased by $1.4 million. In 2014, the Company has been active undertaking optimization and other studies and commenced work on the FS. In the comparative period of 2013, evaluation work was focused on completion of a PFS. On the environmental assessment front, work on the DEIS was completed in 2013 and the current focus is in engaging in the regulatory review process of the document. For the nine month period in 2014, total deferred exploration and evaluation expenditures were $20.9 million compared to $66.1 million in in the same period of 2013; expenditures decreased by $45.3 million for the same reasons as noted for the quarter. In addition, the Company recorded a reduction of $0.5 million for its provision for site reclamation of the Back River exploration camps based on an updated estimate completed in the quarter of the future work required.

Liquidity and Capital Resources

The Company had cash and cash equivalents and short-term investments of $38.1 million at September 30, 2014 compared to cash and cash equivalents of $58.3 million at December 31, 2013.

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. The Company's strategy will be to use equity financing to fund exploration activities and the maximum amount of project debt available to build mining infrastructure until sufficient cash flow is generated from mining operations.

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 $2.5 million at September 30, 2014 ($38 thousand – December 31, 2013). Available-for-sale investments in Q3 2014 includes 6.5 million shares of Pure Gold, as discussed above, that were received in Q2 on the completion of the sale of the Company's Newman Madsen property.

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 holders 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 5 million one-half of one common share purchase warrant to DPM with exercise and expiry terms as noted above. On June 9, 2014, the share purchase warrants expired unexercised.

The Company has the legal obligation to reclaim exploration camps for which it holds water licenses and exploration and mining agreements and has recorded a provision for site reclamation of $2.1 million. As noted above, in the quarter the Company recorded a reduction of $0.5 million for its provision for site reclamation of the Back River exploration camps based on an updated estimate completed in the quarter of the future work required. The Company has issued security deposits to the land owner, the Kitikmeot Inuit Association ("KIA"), totalling approximately $2.2 million in relation to these obligations.

As previously noted, Sabina and the KIA have finalized a Development Trust Fund Agreement whereby Sabina will 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 the next two years. Minimum rental payments are as follows:

(in thousands of Canadian dollars)		
2014	$	40
2015		139
	$	179

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)		
2014	$	48
2015		113
2016		113
2017		56
2018		51
2019		138
	$	519

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 assets in Nunavut, (the Back River and Wishbone projects), with the objective of becoming a mid-tier gold producer. The Company intends to complete development and environmental work on the Back River Project (the "Project") in order to advance to production.

In 2014, the Company intends to focus on a number of activities which could continue to optimize the economics and de-risk the Project, completion of ongoing feasibility study and environmental and permitting processes. As noted in the Highlights section of this MD&A, the Company has reported its progress on FS which indicate that a number of the optimization studies have the potential to improve and enhance the Project economics over results reported in the PFS. Detailed engineering on these concepts is ongoing and Project economics are not yet available. The Company expects that these concepts will be incorporated into the FS which is expected to be completed in the first half of 2015.

Concurrent with this work, the Company plans to continue with the work necessary to support the environmental assessment and permitting process. In early 2014, the Company submitted its DEIS and received confirmation from NIRB that the submission conformed to the requirements of the EIS guidelines. The technical review of the DEIS is underway and the Company anticipates that this phase would be completed in Q4 2014. As noted in the Back River Environmental Assessment section, November 13-15, 2014 has been set for the technical review meeting and November 17-19, 2014 for the pre-hearing conference. Following the technical review process, the Company anticipates that it would continue to complete work necessary for a final EIS and any required regulatory licences and permits.

If the project successfully passes each of these stages, a decision to proceed to mine construction could be made shortly thereafter. Based on preliminary estimated timelines, a production decision may be possible in 2016. Detailed construction timelines have not yet been developed for the Project; however, preliminary guidance in the PFS was that mine construction may be completed over a two-year period.

The Company continues to evaluate gold projects outside of Nunavut. Geologic assessment is ongoing on the Company's properties in Ontario and additional work may be planned in 2014.

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 $262.2 million at September 30, 2014 ($249.6 million – December 31, 2013).

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, 2014, 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 1.23% (2013 – 1.23%); a dividend yield of 0% (2013 – 0%); an expected volatility of 68.9% (2013 – 68.1%) and expected lives of stock options of 3.5 years (2013 – 3 years). The weighted average fair value of options granted in the period was $0.46 per share (2013 - $1.17). The expected volatility is estimated by considering historic average share price volatility.

Future Changes in Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2014 reporting period. The following standards are 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; and
- IAS 36, Impairment of assets – disclosures on or after January 1, 2014 with early adoption allowed.

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, 2013 and concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in filings. Any system of control over disclosure procedures, particularly for junior exploration companies, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all inaccuracies. These limitations include limited personnel available for such work, geographical logistics and human error among others. The Board of Directors assess the integrity of the public financial disclosures through the oversight of the Audit Committee.

Internal Control Over Financial Reporting ("ICFR")

Requirements of NI 52-109 include conducting an evaluation of the effectiveness of ICFR. Management conducted an assessment of the effectiveness of the ICFR in place as of December 31, 2013 and concluded that such procedures are adequate and effective to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with International Financial Reporting Standards. Any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements. The Board of Directors assess the integrity of the public financial disclosures through the oversight of the Audit Committee.

Outstanding Share Data

As at November 12, 2014, there were 194,019,926 common shares outstanding and there were options outstanding to purchase an aggregate of 11,952,410 common shares. The options were granted to certain of the Company's executive officers, directors and employees.

Additional Information

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

Risks and Uncertainties

Exploration and Development of Mineral Resource Properties

The mineral exploration business is risky and most exploration projects will not become mines. Commercial development of any Sabina property will occur only if sufficient quantities of minerals with a sufficient average grade are discovered. If a mineral discovery is made, substantial financial resources will be required to establish ore reserves, develop processes to extract metal from the ore and develop mining and processing facilities at a given site. 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 Hackett River Project and the Back River Project, there is presently no infrastructure available to explore or, if a production decision with respect to any of such Projects is ultimately made, develop or engage in production from these Projects. As a result of the lack of infrastructure, access to these Projects is limited. However, no assurance can be given that any of the Company's projects in Nunavut will be sufficiently commercially viable to support the capital cost of developing the facilities to increase their accessibility.

Calculation of Reserves, Resources and Metal Recoveries

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

Title to Assets

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

Uncertainty of Funding

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

Precious and Base Metal Price Fluctuations

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

Government Regulation

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

Competitive Conditions

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

Forward Looking Statements

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

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