Sabina

GOLD & SILVER CORP.

Condensed Consolidated Interim Financial Statements
(unaudited)

Second Quarter ended June 30, 2015

SABINA GOLD & SILVER CORP.

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

	June 30, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 189	$ 4,035
Short-term investments	22,012	28,500
Accounts receivable (note 4)	319	391
Inventory	1,322	1,480
Prepaid expenses	209	145
Total current assets	24,051	34,551
Non-current assets:		
Investments (note 5)	974	2,181
Property and equipment (note 6)	11,732	13,513
Mineral properties (note 7)	279,851	270,214
Hackett silver royalty	34,754	34,754
Reclamation deposits	2,229	2,229
Total non-current assets	329,540	322,891
Total assets	$ 353,591	$ 357,442
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 1,562	$ 2,216
Current portion of capital lease obligation (note 10)	110	110
Total current liabilities	1,672	2,326
Non-current liabilities:		
Capital lease obligation (note 10)	265	320
Provision for site reclamation	2,067	2,067
Deferred income tax liability (note 11)	36,533	37,097
Total non-current liabilities	38,865	39,484
Total liabilities	40,537	41,810
Equity:		
Share capital	352,435	352,435
Contributed surplus	22,547	21,682
Accumulated other comprehensive loss	(1)	(590)
Deficit	(61,927)	(57,895)
Total equity	313,054	315,632
Total liabilities and equity	$ 353,591	$ 357,442

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Expenses:				
Administration and general	$ 100	$ 96	$ 199	$ 214
Depreciation and accretion	17	10	45	19
Insurance	37	44	81	88
Listing, transfer and shareholder	143	243	345	499
Professional services	74	144	197	356
Salaries and severance	348	403	1,294	1,041
Share-based payments (note 8(a))	40	14	557	806
Travel	44	95	92	169
Write-down of mineral properties (note 7)	227	-	227	-
Loss on disposition of mineral properties	-	833	-	833
	1,030	1,882	3,037	4,025
Loss from operating activities	(1,030)	(1,882)	(3,037)	(4,025)
Interest income	99	197	228	437
Loss before impairment and disposition of investments:	(931)	(1,685)	(2,809)	(3,588)
Disposition of investments (note 5)	(14)		(14)	
Impairment of investments (note 5)	(1,771)	-	(1,773)	-
Loss before income taxes	(2,716)	(1,685)	(4,596)	(3,588)
Deferred income tax recovery (note 11)	196	918	564	1,218
Loss for the period	(2,520)	(767)	(4,032)	(2,370)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments, net of tax	1,084	(150)	589	(123)
Comprehensive loss	$ (1,436)	$ (917)	$ (3,443)	$ (2,493)
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	194,019,926	194,019,926	194,019,926	194,019,926

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

SABINA GOLD & SILVER CORP.

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Share Capital:				
Balance, beginning of period	$ 352,435	$ 352,435	$ 352,435	$ 352,435
Balance, end of period	352,435	352,435	352,435	352,435
Share purchase warrants:				
Balance, beginning of period	-	357	-	357
Fair value of warrants expired	-	(357)	-	(357)
Balance, end of period	-	-	-	-
Contributed surplus:				
Balance, beginning of period	22,507	21,302	21,682	19,880
Fair value of share-based payments included in operating expenses	40	14	557	806
Fair value of share-based payments capitalized to mineral properties	-	9	308	639
Fair value of warrants transferred from share purchase warrants (note 8(c))	-	357	-	357
Balance, end of period	22,547	21,682	22,547	21,682
Accumulated other comprehensive loss:				
Balance, beginning of period	(1,085)	(144)	(590)	(171)
Unrealized gain (losses) on available-for-sale investments, net of tax	(687)	(150)	(1,184)	(123)
Impairment of investments	1,771	-	1,773	-
Balance, end of period	(1)	(294)	(1)	(294)
Deficit:				
Balance, beginning of period	(59,407)	(54,356)	(57,895)	(52,753)
Loss for the period	(2,520)	(767)	(4,032)	(2,370)
Deficit, end of period	(61,927)	(55,123)	(61,927)	(55,123)
Total shareholders' equity	$ 313,054	$ 318,700	$ 313,054	$ 318,700

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 June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Cash provided by (used in) operating activities:				
Loss for the period	$ (2,520)	$ (767)	$ (4,032)	$ (2,370)
Adjustments for:				
Depreciation and accretion	17	10	45	19
Deferred income tax recovery	(196)	(918)	(564)	(1,218)
Interest income	(99)	(197)	(228)	(437)
Impairment of investment	1,771	-	1,773	-
Write-down of mineral properties	227	-	227	-
Loss on disposition of mineral properties	-	833	-	833
Loss on disposition of investment	14	-	14	-
Share-based payments	40	14	557	806
	1,774	(258)	1,824	3
Accounts receivable	1	27	48	296
Inventories	50	699	158	699
Prepaid expenses	(147)	(159)	(64)	(120)
Accounts payable and accrued liabilities	(1,064)	3,569	(667)	1,655
Cash used in operating activities:	(1,906)	3,111	(2,733)	163
Interest received	95	187	253	350
Net cash used in operating activities	(1,811)	3,298	(2,480)	513
Cash flows provided by (used in) investing activities:				
Expenditures on deferred exploration	(3,852)	(8,993)	(7,807)	(11,268)
Expenditures on property and equipment	-	(21)	-	(21)
Increase in reclamation deposits	-	-	-	(1,870)
Proceeds on sale of short-term investments	5,567	7,800	6,488	15,070
Net cash generated/(used) in investing activities	1,715	(1,214)	(1,319)	1,911
Cash flows provided by (used in) financing activities:				
Capital leases	(32)	(18)	(55)	(31)
Proceeds on disposition of investment	8	-	8	-
Net cash from financing activities	(24)	(18)	(47)	(31)
Net increase (decrease) in cash and cash equivalents	(120)	2,066	(3,846)	2,393
Cash and cash equivalents, beginning of period	309	3,972	4,035	3,645
Cash and cash equivalents, end of period	$ 189	$ 6,038	$ 189	$ 6,038

1. Nature of operations:

Sabina Gold & Silver Corp. (the "Company" or "Sabina") was incorporated in June 1966 under the laws of the Province of British Columbia. On October 28, 2009 the Company changed its name from Sabina Silver Corporation to Sabina Gold & Silver Corp. The Company's principal business activity is the exploration and development of mineral property interests. The Company's principal assets are the Back River Gold Project and its silver royalty on the Hackett River project, all of which are located in Nunavut, Canada. The Company also has exploration properties in Nunavut and in the vicinity of the Red Lake gold camp in Ontario.

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

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

2. Basis of preparation:

(a) Statement of compliance:

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

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 11, 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.

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 June 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.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

4. Accounts receivable:

	June 30, 2015	December 31, 2014
GST receivable	$ 151	$ 215
Interest receivable	142	166
Other trade receivables	26	10
	$ 319	$ 391

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	2730
Dispositions	(234)	-
Balance at June 30	$ 2,763	$ 2,921
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)
Carrying value		
At March 31	$ 1,684	$ 68
At June 30	$ 974	$ 2,648

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

In 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.

In Q2 2015, the Company recorded an impairment loss of $1.8 million on its investment in Pure Gold. The impairment loss was recognized in the income statement with the offsetting entry recognized in the equity account, other comprehensive income.

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

(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
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)
Carrying value			
At March 31, 2015	$ 12,475	$ 148	$ 12,623
At June 30, 2015	$ 11,600	$ 132	$ 11,732

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
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)
Carrying Value			
At March 31, 2014	$ 16,177	$ 226	$ 16,403
At June 30, 2014	$ 15,198	$ 216	$ 15,414

(Tabular dollar amounts expressed in thousands of Canadian dollars)

7. Mineral properties:

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

	Three months ended June 30,		Six months ended June 30,	
Summary - All Properties	2015	2014	2015	2014
Balance, beginning of period	$ 275,351	$ 253,455	$ 270,214	$ 249,550
Exploration and other expenditures	4,727	10,002	9,864	13,907
Write-down of mineral properties	(227)	-	(227)	-
Disposition of mineral properties	-	(3,563)	-	(3,563)
Balance, end of period	$ 279,851	$ 259,894	279,851	$ 259,894

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

	Six months ended June 30,	
	2015	2014
Back River (Nunavut)	$ 258,438	$ 236,761
Wishbone (Nunavut)	15,730	15,969
Red Lake (Ontario)	5,683	5,640
Nipigon (Ontario)	-	1,524
	$ 279,851	$ 259,894

Back River (Nunavut)				
Balance, beginning of period	$ 253,729	$ 226,927	$ 248,593	$ 223,061
Additions:				
Drilling	145	3,284	145	3,360
Economic assessment	1,702	2,242	4,511	3,012
Environmental assessment	1,238	1,217	1,872	1,834
Geology & geophysics	287	143	493	398
Management & administration	461	265	761	765
Property maintenance	1	3	6	14
Share-based payments	-	9	308	639
Support	-	1,099	-	1,105
Transportation	-	573	-	574
Depreciation	875	999	1,749	1,999
	4,709	9,834	9,845	13,700
Balance, end of period	$ 258,438	$ 236,761	$ 258,438	$ 236,761
Wishbone (Nunavut)				
Balance, beginning of period	$ 15,957	$ 15,857	15,957	15,857
Geology & geophysics	-	68	-	68
Support	-	44	-	44
Write-down of mineral properties	(227)	-	(227)	-
Balance, end of period	$ 15,730	$ 15,969	$ 15,730	$ 15,969
Red Lake (Ontario)				
Balance, beginning of period	$ 5,664	$ 9,147	5,664	9,108
Additions:				
Geology & geophysics	15	5	15	8
Management & administration	3	50	3	80
Property maintenance	1	1	1	7
	19	56	19	95
Disposition of mineral properties	-	(3,563)	-	(3,563)
Balance, end of period	$ 5,683	$ 5,640	$ 5,683	$ 5,640

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.

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.

(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 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-based payments:

(a) Share purchase options

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

	2015			2014		
	Number of options		Average exercise price	Number of options		Average exercise price
Outstanding as at January 1	11,952,410	$	2.63	11,602,410	$	2.96
Exercised during the period	-		-	-		-
Forfeited or expired during the period	(1,486,000)		1.21	(290,000)		4.01
Granted during the period	4,250,000		0.42	2,945,000		0.94
Outstanding as at March 31	14,716,410		2.14	14,257,410		2.52
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
Exercisable as at June 30	13,554,510	$	2.23	12,052,410	$	2.63

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

Year	Number of options		Average exercise price
2015	1,012,510		1.53
2016	2,157,000		5.04
2017	2,115,000		3.78
2018	2,625,000		2.51
2019	2,520,000		0.94
2020	3,875,000		0.42
Total	14,304,510	$	2.17

Employee compensation cost

During the three months ended June 30, 2015, the Company recorded $40 thousand (2014 - $23 thousand) in share payment costs, of which $40 thousand (2014 - $14 thousand) is presented as an operating expense in the statement of comprehensive loss and nil (2014 - $9 thousand) is capitalized to mineral property costs.

During the six months ended June 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.

8. Share-based payments, continued:

Inputs for measurement of grant date fair values

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

(b) Special unit warrants

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

(i) At closing, $7.0 million in cash and 17 million common shares (approximately 18.8% of the number of outstanding common shares post-transaction);

(ii) 5 million Series A Special Unit Warrants; and,

(iii) 5 million Series B Special Unit Warrants.

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

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

(Tabular dollar amounts expressed in thousands of Canadian dollars)

9. Related parties:

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Salaries and benefits	$ 462	$ 508	$ 947	$ 1,012
Stock-based compensation, non-cash	40	23	626	940
	$ 502	$ 531	$ 1,573	$ 1,952

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 $215 thousand has been paid with the balance in accrued liabilities.

10. Capital and operating leases and commitments:

a) Obligation under capital leases:

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

	June 30, 2015
2015	$ 57
2016	114
2017	57
2018	52
2019	141
Total minimum lease payments	421
Less amount representing interest (at 5.7%)	(46)
Present value of net minimum capital payments	375
Current portion of obligation under capital leases	(110)
	$ 265

10. 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 $61 thousand, 2016 $191 thousand, 2017 $159 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.

(Tabular dollar amounts expressed in thousands of Canadian dollars)

11. Income taxes:

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

	June 30, 2015	December 31, 2014
Tax loss carry forwards	$ 17,293	$ 15,466
Financing costs	298	484
Provision for closure and reclamation	558	558
Other	45	39
Flow-through share effect on mineral properties	(47,940)	(47,940)
Mineral properties	(9,189)	(7,638)
Property and equipment	2,402	1,934
Deferred tax liabilities	$ (36,533)	$ (37,097)

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

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Deferred income tax recovery	$ (196)	$ (918)	$ (564)	$ (1,218)
Income tax recovery	$ (196)	$ (918)	$ (564)	$ (1,218)

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 June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Expected tax recovery	$ (735)	$ (455)	$ (1,243)	$ (969)
Share based compensation	250	4	390	218
Other	289	(467)	289	(467)
Income tax recovery	$ (196)	$ (918)	$ (564)	$ (1,218)

12. Subsequent event:

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 gross proceeds from the sale must be used to incur Canadian Exploration Expenditures as defined by the Income Tax Act (Canada) by December 31, 2016. The financing was un-brokered and fully subscribed for by directors and employees of Sabina.

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 June 30, 2015. The MD&A was prepared as of August 11, 2015 and should be read in conjunction with the Company's annual audited financial statements and related notes for the years ended December 31st, 2014 and 2013. All figures are in Canadian dollars unless otherwise stated. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Overview

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

Q2 2015 Highlights:

- The Company had cash and cash equivalents and short-term investments of $22.2 million at June 30, 2015.

- In the second quarter, the Company completed a six-week field program at the Goose property. The program primarily consisted of geo-technical drilling and environmental baseline work to support the FEIS. In addition, 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.

- During the second quarter, the Company completed and announced positive results of its feasibility study ("FS") on the Back River gold 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$). The Project's highlights include:

    - The Project would generate a post-tax IRR of 21.7% and net present value ("NPV") (at 5% discount rate) of $539 million;
    - The Project would generate Life Of Mine ("LOM") post-tax net cash flow of $914 million on gross revenues of $4.5 billion with a payback period of 2.2 years (from start of operations);
    - Processing rate of 6,000 tonnes per day ("tpd") produces an average of ~346,000 oz Au per year (post commencement of commercial production);
    - Average production of 413,000 oz Au in years 1 through 4;
    - Majority of production from open pit mining method;
    - Initial capital estimate of $695 million and sustaining capital estimate of $529 million (including closure);
    - Total LOM cash costs of US$535/oz Au (including third party royalties, refining and transport). LOM all-in sustaining cash costs of US$648/ oz Au LOM (including sustaining capital);
    - A total of 19.8 million tonnes of ore to be milled over 10 years with a LOM average grade of 5.70 grams per tonne ("g/t") Au and metallurgical recoveries of 93%;
    - Base case assumptions of delivered diesel price of $0.94/L for power generation; and
    - Open pit strip ratio of 7.2:1 over LOM.

- Subsequent to the quarter and based on recommendations of the FS, the Company commenced a feasibility study on a lower capex initial project option on the Back River gold project. The Company believes that given the current market environment, financing the larger capital scenario would be challenging for a Company the size of Sabina. As a result, the Company initiated a feasibility study on an initial project ("IPFS") at Back River that could significantly decrease construction capital requirements by increasing cut-off grade and targeting a 3,000 tpd production rate with annual gold production of approximately 250,000 ounces while maintaining or improving return on investment.

- During the quarter, the Company continued to focus on a number of cost saving measures, including additional staff reductions, a 50% reduction of directors' fees and a reduction of the number of board members.

- Subsequent to the quarter, 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 un-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.

- For the three and six months ended June 30, 2015, the Company reported losses of $2.5 million or $0.01 per share and $4.0 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 is focused on de-risking the Project by completing a FS and an IPFS and continuing to advance the environmental assessment process and is budgeted to cost approximately $13.6 million in 2015. The objectives of the 2015 budget include:

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

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. The Company also plans to complete geophysical surveys and geochemistry analysis to further refine and vector its targets in 2015.

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 induced polarization survey, which measures approximately 500 by 200m. 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.

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 FS. The team was 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), 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 FS 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$).

Compared to the PFS, the FS provides:

- Improved economics using a lower gold price
- Longer mine life from increased measured and indicated resources;
- More ounces recovered due to improved gold recoveries, notably from the first years of open pit mining resulting in a favourable impact on the economics and payback;
- Optimized throughput – increased throughput to 6,000 tpd from 5,000 tpd resulting in higher production yield;
- Improved mine sequencing providing opportunity for smaller initial tailings facility and utilization of open pits for tailings disposal.

Summary of Economic Results

Category	**Unit**	**Value**
Net Revenues	$M	4,486
Operating Costs	$M	1,906
Cash Flow from Operations	$M	2,664
Capital Costs*	$M	1,221
Cash Cost‡	US$/oz	535
All-in sustaining Cash Cost[0]	US$/oz	671
Net Pre-Tax Cash Flow	$M	1,356
Pre-Tax NPV$_{5\%}$	**$M**	**826**
Pre-Tax IRR	**%**	**26.4**
Pre-Tax Payback	**Years**	**2.1**
Break-Even Pre-Tax Gold Price (NPV$_{5\%}$=0)	**US$/oz**	**882**
Total Taxes	$M	442
Net After-Tax NPV$_{5\%}$	**$M**	**539**
After-Tax IRR	**%**	**21.7**
After-Tax Payback	**Years**	**2.2**

Break-Even After-Tax Gold Price (NPV$_{5\%}$=0)	**US$/oz**	**885**

(*): Includes pre-production, sustaining and closure capital costs
(‡): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs) / Payable Au oz
(^{0}): (Refining Costs + Insurance + Transport Costs + Third Party Royalties + Operating Costs + Sustaining and Closure Capital Costs) / Payable Au oz
Source: JDS 2015

A sensitivity analysis was conducted on after-tax net present values (NPV5%) for individual parameters, including the gold price, foreign exchange rate, operating costs, and capital costs. The Project proved to be most sensitive to changes in the foreign exchange rate and gold price. The Project showed least sensitivity to operating costs.

Sensitivity to CAPEX & OPEX (at US$1,200 gold) Post-Tax.

Operating Costs

Capital Costs

NPV-5%($M) IRR (%)	**-20%**	**-10%**	**Base Case**	**+10%**	**+20%**
-20%	892	814	735	656	577
	34.1	*32.3*	*30.5*	*28.6*	*26.6*
-10%	794	716	637	558	479
	29.3	*27.6*	*25.8*	*23.9*	*21.9*
Base Case	696	618	539	461	381
	25.2	*23.5*	*21.7*	*19.8*	*17.8*
+10%	599	520	441	363	283
	21.5	*19.8*	*18.1*	*16.2*	*14.2*
+20%	501	422	344	265	186
	18.3	*16.6*	*14.8*	*12.9*	*10.8*

Sensitivity to Gold Price Post-Tax

Gold Price (US$/oz)	**NPV-5% (C$M)**	**IRR (%)**
$1,000	203	12.2
$1,100	371	17.3
$1,200	539	21.7
$1,250	622	23.7
$1,500	1,036	32.9
$1,600	1,201	36.1

2015 Feasibility Study Parameters

The Back River mineral resource consists of two sites: George and Goose. Each site has four mineable deposits with the majority of the Mineral Resources and Mineral Reserves located at the Goose Site. The Project is based on conventional open pit and underground mining operations that feed a 6,000 tpd whole-ore leach process plant located at Goose, which has been designed to produce an average of approximately 346,000 ounces of gold per year as dore bullion over a 10 year mine life. Approximately 54% of the Mineral Reserves are mined by open pit and the balance by underground mining methods.

A total of 19.8 million tonnes ("Mt") of ore is planned to be mined at a mill head grade of 5.7 g/t au and a projected recovery of 93%. A total of 3.4 Moz Au is projected to be recovered over the life of mine with cash costs of approximately US$535 per oz Au including royalties. All-in life of mine cash costs (including initial and sustaining capital costs) are approximately US$850 per oz Au.

Initially tailings will be stored in a purpose-built storage facility followed by deposition into exhausted open pits at Goose. Mine construction and operations would be facilitated by sealift during the summer months, and an ice road from the marine laydown area ("MLA") in the winter. Supplies will be brought by sealift to the MLA at Bathurst Inlet and hauled to the Goose mill by winter road.

Feasibility Study Parameters

Projected LOM Production			
Open pit ore to process	Kt	10,765	54%
Underground ore to Process	Kt	9,028	46%
ROM to Process – Total	*Kt*	*19,793*	*100%*
Ore Grade			
ROM Grade to Process - O/P	g/t Au	5.2	
ROM Grade to Process - U/G	g/t Au	6.3	
ROM Grade to Process - Average	*g/t Au*	*5.7*	
Operating Metrics			
LOM Production - O/P	K oz Au	1,680	*50%*
LOM Production - U/G	K oz Au	1,705	*50%*
LOM Production - Total	*K oz Au*	*3,385*	*100%*
Avg. Annual Production	K oz Au / year	352.2	
Mine Life	Years	9.6	
O/P Strip Ratio		7.2:1	
Mill Design Throughput	tpd	6,000	
Gold Recovery	%	93.3%	
Capital Costs (C$M)			
Direct Costs	**Pre-Production**	**Sustaining**	**Total**
Mining	106	292	398
Processing	112	-	112
On-Site Infrastructure	172	55	227
TSF and Water Management	20	32	52
Off-Site Infrastructure	73	35	109
Subtotal Direct Costs	*483*	*414*	*897*
Indirect Costs			
Owner's Costs	30	-	30
Project Indirects	126	4	130
Contingency	56	22	78
Total	**695**	**440**	**1,135**
Closure Costs		*86*	86
Operating Costs	**C$M/a**	**C$/t milled**	**US$/Oz Au**
Mining	74.6	36.07	184.08
Process	53.8	26.04	132.88
Surface Services	27.0	13.08	66.75
G&A	28.2	13.61	69.47

Freight Costs (Ocean/Port/Ice Roads)	9.3	4.48	22.87
Ore Hauling (George to Goose)	6.2	3.00	15.29
Total	**199.1**	**96.28**	**491.35**
Total Cash Costs (including royalties, refining and transport)			**534.71**
All in Cash Costs (including all capital)*			**850.33**

Financial Metrics			
Based Case Gold Price	$/oz Au	$1,200	
Exchange Rate	C$:US$	$0.87	
Average NSR Royalty	%	3.3%	

(*): Includes pre-production, sustaining and closure capital costs

The Mineral Resource estimate is based on geologic block models that incorporated:

- 896 drill holes (for a total of 244,853 m and 124,274 assays) at the Goose Site on the Llama , Umwelt , Echo and Goose Main deposits; and
- 770 drill holes (for a total of 139,695 m and 54,273 assays) at the George Site on the LCPN LCPS LOC1, Loc2, GH, and Slave deposits.

Mineralized domains were constructed to constrain the estimates using a 0.3 g/t Au threshold for both the Goose and George sites. Capping was employed where required, and varied by deposit. Data density allowed for Indicated and Inferred Resources to be classified at all deposits, with Measured Resources also classified at the Goose Main, Llama, and Umwelt deposits.

Summary of Estimated Mineral Resources (as of October 21, 2014)

Classification	Tonnes (kt)	Au (g/t)	Metal (koz Au)
Measured	10,273	5.27	1,740
Indicated	17,969	6.22	3,593
Measured and Indicated	28,242	5.87	5,333
Inferred	7,750	7.43	1,851

CIM definitions were used for the Mineral Resources. Ms. D. Nussipakynova, P.Geo. and Dr. A. Fowler, Ph.D., MAusIMM, CP (Geo), both from AMC and Qualified Persons under NI 43-101, take responsibility for the Mineral Resource estimates. Open pit Mineral Resources are constrained by an optimized pit shell at a gold price of US$1,500 oz. The cut-off grade applied to the open pit Resources is 1.0 g/t Au. The underground cut-off grade is 4.0 g/t Au for all George Mineral Resources (LCPN, LCPS, LOC1, LOC2, GH, and Slave), 3.5 g/t Au for Goose Main, Echo, and Llama, and 4.5 g/t for the Umwelt deposit. The George Mineral Resources were estimated within mineral domains expanded to a minimum width of 2 m for the underground Mineral Resources. Drilling results up to December 31, 2013 are included, except for Echo (July 4, 2014) and LOC1 and LOC2 (July 21, 2014). The numbers might not add due to rounding. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The Mineral Reserve estimate for the Project is based on the Mineral Resource estimate completed by AMC with an effective date of October 21, 2014.

The Mineral Reserves were developed by examining each deposit to determine the optimum practical mining method. Cut-off grades (COGs) were then determined based on appropriate mine design criteria and the adopted mining method. Four mining methods were chosen: shovel-and-truck open pit mining, underground mining using post pillar cut-and-fill (PPCF), drift and fill (DF), and longitudinal open stoping (LOS).

Summary of Estimated Mineral Reserves (as of April 21, 2015)

Area	Classification	Tonnes (kt)	Au (g/t)	Contained Au (koz)
Total Open Pit	Proven	7,902	5.35	1,360
	Probable	2,862	4.79	441
Total Underground	Proven	256	5.54	46
	Probable	8,772	6.32	1,782

Total Back River Property	Proven	8,158	5.36	1,405
	Probable	11,634	5.94	2,223

A gold price of US$1,250/oz was assumed. An exchange rate of CDN$1.05 to US$1.00 was assumed. Numbers might not add due to rounding. Dilution and recovery factors are applied as per open pit mining method. A COG of 1.39 g/t was used for the Umwelt Open Pit Mineral Reserve estimate. A COG of 1.41 g/t was used for the Llama Open Pit Mineral Reserve estimate. A COG of 1.37 g/t was used for the Goose Main Open Pit Mineral Reserve estimate. A COG of 1.30 g/t was used for the Echo Open Pit Mineral Reserve estimate. A COG of 1.90 g/t was used for the LCPS Open Pit Mineral Reserve estimate. A COG of 1.90 g/t was used for the LCPN Open Pit Mineral Reserve estimate. A COG of 1.87 g/t was used for the LOC1 Open Pit Mineral Reserve estimate. A COG of 1.89 g/t was used for the LOC2 Open Pit Mineral Reserve estimate. Dilution and recovery factors are applied as per underground mining method. A COG of 3.18 g/t was used for the Umwelt underground Mineral Reserve estimate. A COG of 3.80 g/t was used for the Llama underground Mineral Reserve estimate. A COG of 3.77 g/t was used for the Goose Main underground Mineral Reserve estimate. A COG of 3.21 g/t was used for the Echo underground Mineral Reserve estimate. A COG of 4.02 g/t was used for the LCPS underground Mineral Reserve estimate. A COG of 3.84 g/t was used for the Locale 1 underground Mineral Reserve estimate. A COG of 4.09 g/t was used for the Locale 2 underground Mineral Reserve estimate.

Both the Mineral Resource and Mineral Reserve estimations take into consideration on-site operating costs (e.g., mining, processing, site services, freight, general and administration), geotechnical analysis for both open pit wall angles and underground stope size, metallurgical recoveries, and selling costs. In addition, the Mineral Reserves incorporate allowances for mining recovery and dilution, and overall economic viability.

In July, 2015, based on recommendations of the FS, 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 study 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. The IPFS will target a production rate of 3,000 tpd and annual gold production of 250,000 ounces.

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 conforms 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 stucy ("FEIS").

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 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.

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

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

Hackett River Silver Royalty, Nunavut

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

On October 4, 2011 the Company completed the sale of the Hackett River property and certain claims on the Wishbone project to Glencore plc ("Glencore", formerly Xstrata Zinc) for cash consideration of $50 million along with Sabina reserving a silver production royalty (the "Hackett Silver Royalty") equal to 22.5% of the first 190 million ounces of payable silver from the current resource at Hackett River and other properties (the "Properties") and 12.5% of all payable silver from the Properties thereafter at no future cost to Sabina. Additionally, Glencore agreed to incur not less than $50 million on exploration expenditures on the Properties over a four year period with a view of completing a NI 43-101 compliant feasibility study. If the feasibility study has not been completed by October 4, 2015, Glencore can elect to incur additional expenditures of not less than $10 million by each of the next three anniversaries. If at any of the fourth to seventh anniversaries Glencore has not met the spending requirements and has not completed the feasibility study, Glencore may elect to pay Sabina the shortfall, failing which, upon notice to Glencore, Sabina may exercise a right to buy back the Properties for a cash purchase price equal to 100% of the expenditures incurred by Glencore. Glencore can pre-empt Sabina's buy back right by electing to pay an advance royalty of $75 million.

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

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

Wishbone, Nunavut Property

The Wishbone Greenstone Belt surrounds the Hackett River Project as well as other smaller base and precious metal deposits. The Wishbone mineral claims cover a largely unexplored highly prospective greenstone belt with the potential for both gold and VMS style deposits. Wishbone claims that had a high potential for VMS deposit discovery were included as part of the sale of Hackett River to Glencore. Sabina retained certain Wishbone claims (48 claims) along the south eastern edge of the property that cover geological units which are similar to the gold-bearing hosts at Back River and are potential gold targets. The Wishbone property is currently divided into the Wishbone, Malley and Needle properties which are comprised of 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 28 mineral claims covering over 6,304 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 Q2 (1)	2015 Q1	2014 Q4 (2)	2014 Q3
Total assets	$ 353,591	$ 356,278	$ 357,442	$ 360,652
Revenue/other income	99	129	151	198
Earnings/(loss)	(2,520)	(1,512)	(2,260)	(512)
Per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.00)
	2014 Q2 (3)	**2014 Q1**	**2013 Q4**	**2013 Q3** (4)
Total assets	$ 363,623	$ 361,524	$ 363,902	$ 369,305
Revenue/other income	197	240	257	330
Earnings/(loss)	(767)	(1,603)	(175)	(4,079)
Per share	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.02)

Notes:
1. During the six 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 June 30, 2014, the reported loss of $0.8 million includes a loss of $0.8 million on disposition of a mineral property.
4. During the three months ended September 30, 2013 the Company's reported loss of $4.1 million includes recognition of flow-through premium amortization of $0.9 million and deferred income tax expense of $4.1 million, both related to the renunciation of the qualifying exploration expenditures.

Overall Performance

For the quarter ended June 30, 2015, the Company reported a net loss of $2.5 million, unfavourable by $1.8 million compared to the same period of 2014. The difference quarter over quarter was the largely the result of write downs recognized in Q2 2015. The Company recorded an impairment loss of $1.8 million on its equity investment in Pure Gold Mining Inc.; and, a write down of $0.2 million for deferred exploration costs on certain non-material mineral claims that the Company elected to drop on its Wishbone property. Included in the loss in Q2 2014, was a write down of $0.8 million on the disposition the Newman Madsen property which the Company considered to be a non-core mineral property.

Excluding write downs, operating expenses in Q2 2015 were lower by $0.2 million than the comparable period of 2014. Offsetting was lower interest income and deferred income tax recovery in Q2 2015 than the comparable period in 2014. Interest income was lower by $0.1 million due to reduced average cash balances; deferred income tax recovery was lower by $0.7 million primarily due to impairment loss on investments.

For the six months ended June 30, 2015, the Company reported a net loss of $4.0 million as compared to a net loss of $2.4 million for the same period in 2014. As discussed above, the difference was largely the result of write downs recognized in the period.

Excluding write downs, operating expenses in the six month period of 2015 were $0.4 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 interest income and deferred tax recovery, which were lower by $0.2 million and $0.6 million, respectively, for the reasons noted above.

Share-based payments	$249 thousand	Share-based payments decreased in 2015 primarily due to a decrease in option value. In Q1 2015, the Company granted 4.2 million stock options to employees and directors at an average fair value of $0.24 per share compared to 2.9 million granted in Q1 2014 at a fair value of $0.46 per share.
Travel	$77 thousand	Reduced travel activity, largely investor relations related.
Professional services	$159 thousand	Reduced financial advisory and human resources related services.
Listing, transfer and shareholder	$154 thousand	Reduced directors fees, share listing and filing fees and attendance at investor conferences.

Partially offsetting was higher salaries and severances which was $253 thousand higher than the comparable period due to termination benefits paid in 2015. Excluding severances, salaries were $142 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 Q2 2015, total deferred exploration and evaluation expenditures were $4.7 million compared to $10.0 million in the comparable period. In the six month period ending June 30, 2015, total deferred exploration and evaluation expenditures were $9.9 million compared to $13.7 million in 2014. The decrease of $3.8 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 FS on Back River. In 2014, the economic assessment activities included various optimization studies in preparation for commencing the FS 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 $22.2 million at June 30, 2015 compared to cash and cash equivalents of $32.5 million at December 31, 2014.

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

Financial Instruments

The fair values of the Company's financial instruments consisting of cash and cash equivalents, guaranteed investment certificates, accounts receivable, and accounts payable and accruals approximate their carrying values because of their short terms to maturity. The fair value of the marketable securities included in available-for-sale investments is determined with reference to quoted market prices. The Company's available-for-sale investments had a fair value of $1.0 million at June 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. In Q2 2015, the Company recorded an impairment loss of $1.8 million on its investment in Pure Gold Mining Inc. The impairment loss was recognized in the income statement with the offsetting entry recognized in the equity account, other comprehensive income. Also in Q2 2015, the Company sold its shares of Teuton Resources Corp. for proceeds of $8 thousand and a loss of $14 thousand.

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	$	61
2016		191
2017		159
	$	417

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	$	57
2016		114
2017		57
2018		52
2019		141
	$	421

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 a mid-tier gold producer. The Company intends to complete 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 the FS 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 FS which demonstrates robust project economics. In July 2015, based on recommendations of the FS, the Company commenced a FS on a lower capex initial project option on the Back River gold project. The Company believes that given the current market environment, financing the larger capital scenario would be challenging. As a result, the Company has initiated an IPFS for Back River that could significantly decrease construction capital requirements by increasing cut-off grade and targets a production rate of 3,000 tpd with annual gold production of approximately 250,000 ounces while maintaining or improving return on investment.

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 before the end of the fourth quarter, 2015, after which, once NIRB completes a concordance test against previously established guidelines, a technical review period will ensue. Final hearings on the project are expected to occur in the first half of 2016, with a recommendation from NIRB to follow. 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 $22.2 million as at June 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 $279.9 million at June 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 June 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 67.8% (2014 – 68.9%) and expected lives of stock options of 5 years (2014 – 3.5 years). The weighted average fair value of options granted in the period was $0.24 per share (2014 - $0.46). The expected volatility is estimated by considering historic average share price volatility.

Future Changes in Accounting Standards

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

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

Disclosure Controls and Procedures ("DC&P")

Requirements of NI 52-109 include conducting an evaluation of the effectiveness of DC&P. Management conducted an assessment of the effectiveness of the DC&P in place as of December 31, 2014 and concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in filings. In its assessment, the Company used *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Any system of control over disclosure procedures, particularly for junior exploration companies, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all inaccuracies. These limitations include limited personnel available for such work, geographical logistics and human error among others. The Board of Directors assesses the integrity of the public financial disclosures through the oversight of the Audit Committee.

Internal Control Over Financial Reporting ("ICFR")

Requirements of NI 52-109 include conducting an evaluation of the effectiveness of ICFR. Management conducted an assessment of the effectiveness of the ICFR in place as of December 31, 2014 and concluded that such procedures are adequate and effective to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with International Financial Reporting Standards. Any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements. The Board of Directors assesses the integrity of the public financial disclosures through the oversight of the Audit Committee.

Outstanding Share Data

As at August 11, 2015, there were 196,781,526 common shares outstanding and there were options and warrants outstanding to purchase an aggregate of 18,592,000 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.