



Condensed Consolidated Interim Financial Statements
(unaudited)

Quarters Ended March 31, 2020 and 2019

SABINA GOLD & SILVER CORP.

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

	March 31, 2020	December 31, 2019
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 16,120	\$ 21,235
Short-term investments	5,000	5,000
Accounts receivable (note 3)	619	615
Exploration supplies	2,732	2,798
Prepaid expenses and deposits	287	229
	<u>24,758</u>	<u>29,877</u>
Property and equipment (note 4)	69,410	69,633
Mineral properties (note 5)	358,866	356,083
Hackett silver royalty	34,754	34,754
Other assets	9,753	9,744
Total assets	\$ 497,541	\$ 500,091
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,725	\$ 5,451
Flow-through share premium liability (note 8)	813	1,014
Current portion of lease obligations	402	416
	<u>2,940</u>	<u>6,881</u>
Community funding obligation	2,060	-
Lease obligations	924	1,022
Provision for site reclamation	2,894	2,894
Deferred income tax liability (note 10)	33,042	33,034
Total liabilities	41,860	43,831
Equity:		
Share capital (note 6)	518,292	518,150
Contributed surplus	28,881	28,784
Deficit	(91,492)	(90,674)
Total equity	455,681	456,260
Total liabilities and equity	\$ 497,541	\$ 500,091

Nature of operations (note 1)
Subsequent event (note 7(a))

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 Loss and Comprehensive Loss

(unaudited)

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

	Three months ended March 31,	
	2020	2019
Expenses:		
Administration and general	\$ 34	\$ 58
Depreciation	101	102
Insurance	37	26
Listing, transfer and shareholder	264	254
Professional services	96	143
Salaries and severance	478	477
Share-based payments (note 7(a))	81	457
Travel	43	48
Write-down of mineral properties (note 5)	-	5,736
	<u>1,134</u>	<u>7,301</u>
Loss from operating activities	(1,134)	(7,301)
Net finance income:		
Interest income	131	304
Amortization of flow-through premium (note 8)	201	-
Unrealized (loss) gain on change in fair value of marketable securities	-	(56)
Gain on the disposition of marketable securities	-	29
	<u>332</u>	<u>277</u>
Loss before income taxes	(802)	(7,024)
Deferred income tax recovery (expense) (note 10)	(16)	1,746
Loss and comprehensive loss for the period	<u>\$ (818)</u>	<u>\$ (5,278)</u>
Loss per share, basic and diluted	\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding	<u>296,848,609</u>	<u>288,365,751</u>

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 Shareholders' Equity

(unaudited)

(Expressed in thousands of Canadian dollars)

	Three months ended March 31,	
	2020	2019
Share capital:		
Balance, beginning of period	\$ 518,150	\$ 506,637
Shares issued, net of share issue costs	71	(13)
Fair value of options transferred to share capital	65	761
Deferred income tax effect of flow through shares and issuance costs	6	4
Balance, end of period	518,292	507,389
Contributed surplus:		
Balance, beginning of period	28,784	28,151
Fair value of share-based payments included in operating expenses (note 7(a))	81	457
Fair value of share-based payments capitalized to mineral properties (note 7(a))	81	311
Fair value of options transferred to share capital	(65)	(761)
Balance, end of period	28,881	28,158
Deficit:		
Balance, beginning of period	(90,674)	(82,588)
Loss for the period	(818)	(5,278)
Balance, end of period	(91,492)	(87,866)
Total equity	\$ 455,681	\$ 447,681

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

SABINA GOLD & SILVER CORP.

Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

(Expressed in thousands of Canadian dollars)

	Three months ended March 31,	
	2020	2019
Cash provided by (used in) operating activities:		
Loss for the period	(818)	(5,278)
Adjustments for:		
Depreciation	101	102
Deferred income tax (recovery) expense	16	(1,746)
Interest income	(131)	(304)
Unrealized loss on change in fair value of marketable securities	-	56
Gain on disposition of marketable securities	-	(29)
Amortization of flow-through premium liability	(201)	-
Share-based payments	81	457
Write-down of mineral properties	-	5,736
	(952)	(1,006)
Accounts receivable	(10)	(5)
Inventory	66	263
Prepaid expenses and deposits	(58)	391
Accounts payable and accrued liabilities	(1,069)	161
	(2,023)	(196)
Net interest received	137	241
Net cash provided by (used in) operating activities	(1,886)	45
Cash flows provided by (used in) investing activities:		
Expenditures on deferred exploration	(2,955)	(2,551)
Expenditures on property and equipment	(224)	(9,193)
Other assets	(9)	(9)
Net proceeds of short-term investments	-	1,500
Proceeds on disposition of marketable securities	-	102
Net cash used in investing activities	(3,188)	(10,151)
Cash flows provided by (used in) financing activities:		
Issue of common shares for cash, net of share issue costs	71	(13)
Lease obligation payments	(112)	(107)
Net cash used in financing activities	(41)	(120)
Net decrease in cash and cash equivalents	(5,115)	(10,226)
Cash and cash equivalents, beginning of period	21,235	45,370
Cash and cash equivalents, end of period	16,120	35,144

Supplemental cash flow information (note 11)

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

SABINA GOLD & SILVER CORP.

Notes to Condensed consolidated interim financial statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three months ended March 31, 2020 and 2019

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

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

The Company is in the process of exploring and evaluating its mineral property interests and has not yet determined whether its mineral properties, other than the Back River property, are economically viable. The Company has completed a feasibility study for the Back River Project which demonstrates positive economics and has advanced the environmental assessment for the project. The Company has not yet determined if necessary financing for the construction of the Back River Project can be obtained on satisfactory terms. The underlying value and the recoverability of the amounts recorded as mineral properties and silver royalty are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral properties, and future profitable production or proceeds from the disposition of the mineral property interest. Management has forecast its cash requirements for the next year and believes that the Company has sufficient funds to continue operations for at least the next twelve months. This assessment is based on the Company's budget, its available cash and short-term investments, and that certain of the Company's expenditures are discretionary in nature, and which can be deferred as required without significant impact on the Company or its mineral properties.

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 the information required for annual financial statements. These interim financial statements follow the same accounting policies and methods of application of the most recent annual audited financial statements. Accordingly, they should be read in conjunction with the most recent annual audited financial statements of the Company.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 8, 2020.

b) Basis of measurement and consolidation

These condensed consolidated interim financial statements include the financial results of Sabina and its wholly owned subsidiary, Sabina Back River Ltd. All significant intercompany balances and transactions are eliminated on consolidation.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments classified as fair value through profit or loss 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. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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.

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d) Use of estimates and judgments

The preparation of these 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 judgement is applied in the determination of the Company's ability to continue as a going concern. Significant areas requiring the use of management estimates relate to the assessment of impairment of its mineral properties and the Hackett silver royalty, the provision for site reclamation, share-based payments (note 7(a)), and deferred income tax assets (note 10). 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.

e) New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted the Company's interim financial statements.

3. Accounts receivable

	March 31, 2020	December 31, 2019
GST receivable	\$ 45	\$ 37
Interest receivable	116	122
Other receivables	458	456
	\$ 619	\$ 615

4. Property and equipment

Cost	Pre-development infrastructure and equipment	Exploration camp and equipment	Office and equipment	Total
Balance at January 1, 2020	\$ 69,413	\$ 24,605	\$ 2,030	\$ 96,048
Additions	933	-	2	935
Balance at March 31, 2020	\$ 70,346	\$ 24,605	\$ 2,032	\$ 96,983
Accumulated depreciation				
Balance at January 1, 2020	\$ (4,620)	\$ (21,214)	\$ (581)	\$ (26,415)
Accumulated depreciation	(933)	(123)	(102)	(1,158)
Balance at March 31, 2020	\$ (5,553)	\$ (21,337)	\$ (683)	\$ (27,573)
Carrying value				
At January 1, 2020	\$ 64,793	\$ 3,391	\$ 1,449	\$ 69,633
At March 31, 2020	\$ 64,793	\$ 3,268	\$ 1,349	\$ 69,410

SABINA GOLD & SILVER CORP.

Notes to Condensed consolidated interim financial statements
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5. Mineral properties

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

Summary - by property	March 31, 2020	December 31, 2019
Back River (Nunavut)	\$ 354,186	\$ 351,403
Wishbone (Nunavut)	4,680	4,680
	\$ 358,866	\$ 356,083

During the three months ended March 31, 2019, the Company recorded a write-down of \$5.7 million on its Red Lake properties.

The following is a detailed continuity of cumulative exploration and evaluation costs incurred at Back River:

	Three months ended	
	March 31, 2020	March 31, 2019
Back River (Nunavut)		
Balance, beginning of period	\$ 351,403	\$ 335,786
Additions:		
Surface access rights	520	509
Drilling and camp support	769	140
Detailed engineering and pre-development activities	328	1,397
Environmental and permitting	645	628
Geology and geophysics	202	189
Management and administration	60	54
Property maintenance	55	12
Share-based payments (note 7(a))	81	311
Depreciation	123	151
	2,783	3,391
Balance, end of period	\$ 354,186	\$ 339,177

6. Share capital and other components of equity

At March 31, 2020, the authorized share capital of the Company was comprised of an unlimited number of common shares without par value. The number of issued and outstanding common shares is as follows:

	2020		2019	
	# of shares	\$	# of shares	\$
Issued and outstanding as at January 1	296,639,414	518,150	288,134,292	506,637
Issued for cash, net of share issuance costs	-	(24)	-	(13)
Issued on exercise of stock options	258,503	95	653,223	-
Fair value of options exercised	-	65	-	761
Deferred income tax effect of share issue cost	-	6	-	4
Issued and outstanding at March 31	296,897,917	518,292	288,787,515	507,389

SABINA GOLD & SILVER CORP.

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7. Share-based payments

a) Share purchase options

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

	2020		2019	
	Number of options	Average exercise price	Number of options	Average exercise price
Outstanding as at January 1	13,138,500	\$ 1.20	13,091,500	\$ 1.14
Exercised during the period	(270,000)	0.43	(653,223)	0.84
Forfeited or expired during the period	(275,000)	1.58	(1,136,027)	0.98
Granted during the period	-	-	2,565,000	1.24
Outstanding at March 31	12,593,500	1.21	13,867,250	1.18
Not vested at March 31	(1,387,500)	1.27	(2,630,417)	1.53
Exercisable as at March 31	11,206,000	\$ 1.20	11,236,833	\$ 1.10

As permitted under the Company's Stock Option Plan, an option holder may choose to exercise options as stock appreciation rights ("SARs") with no cash proceeds. In such a case, the difference between the number of options exercised and the number of shares issued is included in forfeited or expired options in the table above.

During the three months ended March 31, 2020, a total of 270,000 options were exercised (2019 – 1,729,250 options), of which 220,000 were exercised for cash proceeds of \$0.1 million (2019 – nil for proceeds of \$nil). The remaining balance of 50,000 options (2019 – 1,729,250 options) were exercised as SARs, resulting in the issuance of 38,503 common shares (2019 – 653,233 common shares).

During the three months ended March 31, 2020, the Company granted no options. This compares to the three months ended March 31, 2019, when the Company granted 2,565,000 options with a weighted average exercise price of \$1.24 per option and a term of 5 years and vest over 3 years (25% at date of grant and 25% at each of the next three anniversary dates). Subsequent to quarter end on April 2, 2020, the Company granted 2,430,000 options with at an exercise price of \$1.17 per option and a term of 5 years.

The following table summarizes the outstanding options as at March 31, 2020 by year of expiry:

Year	Number of options	Average exercise price
2020	4,727,000	\$ 0.62
2021	190,000	0.91
2022	2,081,500	1.32
2023	3,120,000	2.00
2024	2,475,000	1.25
Outstanding at March 31, 2020	12,593,500	1.21
Not vested at March 31, 2020	(1,387,500)	1.27
Exercisable at March 31, 2020	11,206,000	\$ 1.20

Employee compensation cost

During the three months ended March 31, 2020, the Company recorded \$0.2 million (2019 - \$0.8 million) in share-based payment costs for stock options that vested in the period, of which \$0.1 million (2019 - \$0.5 million) is presented as an operating expense in the consolidated statement of comprehensive loss and \$0.1 million (2019 - \$0.3 million) is capitalized to mineral property costs.

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b) Share purchase warrants

During 2018 the Company issued 4 million common share purchase warrants at an exercise price of \$1.93 per share. The warrants may not currently be exercised and are subject to vesting conditions associated with financings. If the warrants vest, they may be exercised for 5 years after vesting, subject to an acceleration provision.

c) Back River share consideration

In connection with the original asset purchase dated June 9, 2009 to acquire the Back River assets from Dundee Precious Metals ("DPM"), the Company agreed to provide future equity consideration in the event certain milestones related to the project were met. At March 31, 2020, the remaining consideration consists of 5 million common shares of the Company, which would be issuable upon a positive production decision for the Back River Project.

8. Flow-through premium liability

		2020	2019
January 1	\$	1,014	\$ -
Amortization		(201)	-
March 31	\$	813	\$ -

In December 2019, the Company completed a private placement flow-through financing of 2,137,000 flow-through common shares at \$2.34 per share for gross proceeds of \$5.0 million, which must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2020. At March 31, 2020, the Company had incurred \$1.0 million flow-through eligible expenditures and had \$4.0 million of expenditures yet to be incurred.

9. Related parties

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

	Three months ended	
	March 31, 2020	March 31, 2019
Salaries and benefits	\$ 498	\$ 542
Stock-based compensation, non-cash	114	439
	\$ 612	\$ 981

10. 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 the following deferred tax assets and liabilities:

	March 31, 2020	December 31, 2019
Deferred tax assets/(liabilities)		
Tax loss carry forwards	\$ 40,766	\$ 39,384
Financing costs	1,240	1,364
Provision for closure and reclamation	781	781
Other	8	8
Flow-through share effect on mineral properties	(56,138)	(55,874)
Mineral properties	(17,025)	(16,470)
Property and equipment	(2,674)	(2,227)
Net deferred tax liabilities	\$ (33,042)	\$ (33,034)

Sabina has tax loss carry forwards at March 31, 2020 of approximately \$151.0 million expiring from 2031 to 2040 (December 31, 2019 – \$145.9 million).

SABINA GOLD & SILVER CORP.

Notes to Condensed consolidated interim financial statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three months ended March 31, 2020 and 2019

The income tax expense differs from the expected amount calculated using the combined Canadian federal and provincial statutory income tax rates as follows:

	Three months ended March 31,	
	2020	2019
Loss before income taxes	\$ (802)	\$ (7,024)
Canadian federal and provincial tax rates	27.0%	27.0%
Expected income tax recovery	217	1,896
Share based compensation and other permanent differences	32	(128)
Flow-through renunciation	(265)	-
Other	-	(22)
Income tax recovery/(expense)	\$ (16)	\$ 1,746

11. Supplemental cash flow information

	Three months ended March 31,	
	2020	2019
Change in accounts payable and accrued liabilities related to mineral property costs	\$ (376)	\$ 379
Change in accounts payable and accrued liabilities related to the purchase of property and equipment	(222)	438
Change in accounts payable and accrued liabilities related to the reclassification of community funding obligation	(2,060)	-
Addition to property and equipment related to right of use asset and lease obligation	-	560
Depreciation capitalized to mineral property costs (note 5)	123	151
Depreciation capitalized to property and equipment (note 4)	933	420
Share-based payments capitalized to mineral property costs (note 7(a))	81	311
Fair value of stock options allocated to share capital upon exercise (note 6)	65	761

This Management's Discussion and Analysis ("MD&A") 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 three months ended March 31, 2020. The MD&A was prepared as of May 8, 2020 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2020 and the audited consolidated financial statements for the year ended December 31, 2019, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures are in Canadian dollars unless otherwise stated.

Overview

Sabina is an emerging precious metals company focused on the objective of becoming an intermediate gold producer through the exploration and development of its mineral resource properties. The Company's flagship assets are its 100% owned Back River gold project ("Back River Project") (feasibility study completed in September 2015, environmental assessment completed in December 2017 and social license obtained in May 2018), and its silver royalty on the Hackett River project, both located in Nunavut, Canada.

The Company continues to closely assess and monitor the COVID-19 situation as it develops and has undertaken a number of measures to mitigate associated risks, including establishing procedures and protocols to safeguard employees. Given the highly uncertain nature of this situation, the Company is not able to reliably estimate the duration and severity of this pandemic nor the potential impact it could have on the Company's operating activities and financial position.

Q1 2020 Highlights:

- The Company had cash and cash equivalents and short-term investments of \$21.1 million at March 31, 2020.
- During the quarter, project development activities were focused around the negotiation of an engineering, procurement, construction ("EPC") contract, which envisaged a fixed price for the delivery of all components of the processing plant. However, as a result of factors impacting the business model of the service provider (CIMIC Group Limited, the parent company of Sedgman Canada), a modified EPC structure was proposed with two components: a fixed, lump sum price for engineering and procurement of all equipment and materials; and a target price for construction and commissioning with a fixed fee. Ultimately management elected to delay negotiation given the increased uncertainty of the impact on financial markets and global supply chain due to the COVID-19 pandemic.
- During the quarter, the Company prepared for its 6,500 meter spring drill program by opening its Goose camp in early March. The program is planned to target expansion and definition of the high grade corridor at the Umwelt underground deposit with a focus on the up-plunge portion that extends from the current limits of the Vault zone towards the lower limits of the Umwelt open pit.
- On March 17, 2020, as a result of the COVID-19 pandemic, Sabina elected to defer the planned drilling at Goose until later in 2020 and safely shut down the site. Drilling supplies that were transported to site in March remain there and will be available for programs later this year. Additionally, given market disruptions largely driven by global impacts of the evolving COVID-19 pandemic, the Company has elected to temporarily decelerate its project development activities until the environment becomes more stable and better information becomes available.
- For the three months ended March 31, 2020, the Company reported a net loss of \$0.8 million or \$0.00 per share.

Results of Operations

Back River, Nunavut (100% ownership)

The Back River Project is located approximately 520 km NE of Yellowknife and 70 km south of Bathurst Inlet, and is comprised of 48 Federal Mineral Leases and 18 Federal Mining Claims covering approximately 55,000 hectares. It is divided into the Goose, George, Boot, Boulder, Del and Bath properties, with the Goose property hosting the Goose Main,

Llama, Echo and Umwelt gold deposits, and the George property (located approximately 50 km northwest of Goose) hosting six known gold deposits.

Back River Project Exploration

The priority focus for exploration advancement at Back River during 2020 is a 6,500 meter drilling program targeting expansion and definition of the high grade corridor at the Umwelt underground with a focus on the up plunge portion of the deposit that extends from the current limits of the Vault zone towards the lower limits of the Umwelt open pit. This drilling would encompass approximately 10 holes up plunge towards the proposed pit as well as an optional 2-3 holes within the Vault zone and other structural targets within the Umwelt gold system.

The Goose site opened in early March 2020 with drilling expected to commence shortly thereafter. However, as a result of the COVID-19 pandemic, management elected to defer its drill program until later in 2020.

Additional exploration work for 2020 is expected to include continued exploration modelling of the Nuvuyak discovery, Llama Extension zone and an extensive project wide target pipeline. A planned airborne geophysical survey and summer field work program are expected in support of new discovery potential.

Umwelt Vault Zone

One hole totaling 569 meters, located approximately 180 meters north (or up-plunge) of the high-grade Vault zone, was drilled in the 2019 spring program. Drill hole 19GSE569 returned 14.97 g/t gold over 21.75m, including 28.94 g/t gold over 5.20m. The purpose of this hole was to build on previous high-grade results (including Vault) by continuing to demonstrate continuity within a high-grade corridor in the Umwelt underground. Additional opportunity remains up and down plunge for further optimization. This high grade corridor within the Umwelt underground will be a priority for drilling in 2020 given the zones potential to positively impact mine economics.

Nuvuyak Gold Zone (Goose Main Trend)

Drilling in 2018 resulted in the discovery of a new large-scale gold zone named "Nuvuyak", highlighted by discovery hole 18GSE545 which returned 11.58 g/t over 39.50m (See news release August 20, 2018). With continued drilling in 2019, the Nuvuyak target has been tested over an approximate strike length of 350 metres. The target shows strong internal gold endowment and geologic similarities to other gold deposits including Llama, Umwelt and Goose Main. The Nuvuyak discovery remains open and untested in all directions.

Llama Extension

The Llama Extension zone has now been drilled over 500 meters down plunge of the currently defined Llama underground resource. Two drill holes were completed into the target in 2019 including drill hole 19GSE563 tested a 150-meter undrilled gap area between the resource and the upper portions of the Llama Extension and returned values that confirm continuity of the gold structure with 5.48 g/t Au over 4.95m including 31.38 g/t Au over 0.60m and 3.84 g/t Au over 5.60m including 15.27 g/t Au over 0.85m. Multiple high-grade intercepts from drilling completed in 2017 and 2018, including drill hole 17GSE516B which returned 9.48 g/t Au over 38.55m and drill hole 18GSE530 which returned 15.67 g/t Au over 23.25m highlight the potential for high-grade mineral zones within the broader >500 meter extension target area.

Back River Project Development

On September 14, 2015, the Company completed and announced results of its 3,000 tonne per day ("tpd") feasibility study ("3KFS") on its Back River Project. Base case economics in Canadian dollars were based on a gold price of US\$1,150 per ounce and an exchange rate of 0.80 (US\$:C\$). The 3KFS highlights include:

- An after-tax internal rate of return of 24.2%;
- A net present value of \$480 million based on a 5% discount rate;
- Life-of-mine ("LOM") after-tax net cash flow of \$782 million on gross revenues of \$3.2 billion;
- Payback period of 2.9 years (from start of operations);
- Annual LOM gold production of 198,000 ounces, 244,000 ounces per year in the first 8 years;
- Most of production from open pit mining (72% LOM) with no underground production scheduled until year 3;
- Initial capital estimate of \$415 million and sustaining capital estimate of \$185 million;

- Total LOM cash costs of US\$534 per ounce of payable gold (including third party royalties, refining and transport);
- LOM all-in sustaining cash costs of US\$598 per ounce (including sustaining capital);
- A total of 12.4 million tonnes of ore to be milled over 11.8 years;
- LOM average grade of 6.3 g/t gold and metallurgical recoveries of 93%;
- Base case assumptions of delivered diesel price of \$0.91 per litre for power generation; and
- LOM open pit strip ratio of 10.5:1.

On October 29, 2015, the Company completed and filed its NI 43-101 compliant technical report on the Back River Project entitled "Technical Report for the Initial Project Feasibility Study on the Back River Gold Property, Nunavut, Canada" dated October 28, 2015 on www.sedar.com.

During 2017, project activities were focused around the completion of basic engineering and certain value engineering initiatives. This work was tasked to SCGT (process, infrastructure, and overall project assembly), Golder and Associates (geotechnical, waste/water management, closure), Nor-Ex Ice Engineering (WIR design), Kitnuna BBE Expediting (logistics and transportation) and Nuna West Mining Ltd. and Matrix Kitikmeot Ltd. (early construction works at the MLA and Goose project site).

Project activities in 2018 were focused around several key areas:

- Detailed engineering, including selection of the major vendor for the supply of the majority of the gold plant and developing an updated integrated project execution schedule;
- Pre-development activities at the Port Facility, including the completion of earthworks for the camp pad, construction laydown areas, freight storage pad, shoreline landing pads, desalination pad, and gravel airstrip;
- Procurement of key pieces of equipment and supplies, including a Hercules flight campaign early in the year and two sealifts in the second half of the year, the latter utilizing different sea routes to utilize the logistics of supply route options from the east and west.

Project activities in 2019 were focused around several key areas:

- Construction of the WIR, which started at the Port Facility and advanced south to the Goose site. The 172 kilometer road was completed in late April, at which time the haulage of equipment and materials from the Port Facility to the Goose site commenced and was completed May 11;
- Due diligence review of different mineral processing plants currently in operation for their application to the Back River Project, with the Company selecting FLSmidth as the major vendor of process plant equipment;
- Construction of one 10 million litre tank and one 500,000 litre tank, both of which will be used for bulk diesel storage at the Port Facility; and
- development of an EPC proposal for the bulk of the physical plant at the Goose site, including the process plant, crushing plant and truck shop.

During Q1 2020, negotiation of the EPC contract, which envisaged the delivery of a fixed price for all components of the processing plant, was well advanced. The preliminary EPC contract price had been estimated to be \$196.1 million which compares to an EPCM estimate of \$125.1 million in the 2015 FS. The increase of \$71.0 million (or 57%) resulted from: (a) change of execution strategy (to EPC from EPCM); (b) inflation and escalation costs since 2015 (approximately 12%); and (c) various changes to scope (\$36.8 million). Changes to scope includes facilities and equipment which would provide for lower risk and increased equipment reliability and/or lower operating costs, such as purchase of an oxygen plant rather than a third-party contract service. It also includes the estimated cost of logistics for all process plant materials and equipment which is a transfer of scope to the EPC contractor from owner managed execution.

However, as a result of factors impacting the business model of the service provider (CIMIC Group Limited, the parent company of Sedgman Canada), a modified EPC structure has been proposed. The proposed structure would be comprised of two components: a fixed, lump sum price for engineering and procurement of all equipment and materials; and a target price for construction and commissioning with a fixed fee. The fixed price component would maintain performance and schedule guarantees as initially envisaged for the EPC contract terms.

Due to ongoing market volatility, supply chain disruptions and fluctuation of foreign currency exchange rates, largely driven by global impacts of the evolving COVID-19 pandemic, the Company made the decision to put efforts on advancing the EPC contract on hold. Given the increased uncertainty of impact on financial markets, management considers it prudent to delay the negotiation process for a fixed price contract. The Company intends to continue to assess alternative execution strategies including modified EPC structures. As the EPC is integral to the balance of facility capital cost review, the Company has also put a CAPEX update on hold.

As a result of the ongoing COVID-19 pandemic, the Company has elected to temporarily decelerate its project development activities until the environment becomes more stable and better information becomes available.

Mr. Angus Campbell, P. Geo. and Vice-President, Exploration and Mr. Vincy Benjamin, P.Eng., Director, 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 Community and Social Responsibility

Environmental Assessment and Permitting

Following an extensive environmental assessment process that spanned several years, in December 2017 the Minister of Indigenous and Northern Affairs Canada accepted the recommendation of the Nunavut Impact Review Board ("NIRB") that the Back River Project should proceed to the final licensing phase. This enabled the NWB to commence public review of the Type A and Type B water license applications related to initial development, mine construction and operations at the Back River Project.

Early in 2018 Sabina received the Type B water license, allowing it to proceed with pre-development activities, including infrastructure works at the Port Facility as well as earthworks to establish all weather roads between the deposits, camp sites and the mill site. This was followed by receipt of the Type A water license in November 2018, which represents a key step in the environmental permitting process and will enable all activities at site including mine construction and operations.

Sabina requires additional authorizations or approvals from various federal and territorial departments throughout the construction and operational phases of the Project. These include, but may not be limited to:

Authorization/Approval	Anticipated date of Receipt
MDMER Schedule 2 Listing for Tailing Storage Facility	H2 2020 to H2 2021

In December 2017, Sabina commenced the process under the Metal and Diamond Mines Effluent Regulation ("MDMER") related to operation of the tailings storage facility as contemplated in the 3KFS. Under Schedule 2 of MDMER, waterbodies frequented by fish must be approved and listed in the Regulations if a deleterious material is proposed to be placed in the waterbodies. In March 2019, Environment and Climate Change Canada ("ECCC") commenced its consultation process of Inuit in the area. The Company anticipates that the Schedule 2 process could be successfully completed in approximately 12-24 months following ECCC's completion of the Regulatory Impact Analysis Statement. As such, Sabina expects the Schedule 2 process to be completed well in advance of the initial deposition of tailings associated with any future gold production.

Land Tenure Agreements

The Kitikmeot Inuit Association ("KIA"), which represents the interests of Inuit beneficiaries in the region under the Nunavut Agreement, 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, and was a participant in the project's environmental assessment process.

In April 2018, the Company announced completion of a definitive Framework Agreement ("FA") with KIA, which provides the commercial leases authorizing mine and development and operations. The FA is a comprehensive 20-year agreement which sets out rights and obligations with respect to surface land access on Inuit owned land and includes an Inuit Impact Benefit Agreement ("IIBA") and other obligations required by the Nunavut Agreement. Key ongoing financial provisions include annual payments to KIA, a 1% net smelter royalty on production at Back River, and investments in regional wealth creation initiatives in the Kitikmeot.

Summary of Results

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

	2020	2019	2019	2019	2019	2018	2018	2018
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total assets	\$ 497,541	\$ 500,091	\$ 492,518	\$ 493,048	\$ 490,745	\$ 495,583	\$ 476,609	\$ 472,964
Loss	(818)	(1,349)	(676)	(782)	(5,278)	(1,456)	(1,545)	(565)
Per Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.00)

Quarterly losses are impacted by the timing and quantum of mineral property write-downs, share-based payments, the amortization of flow-through share premiums, and associated tax impacts.

Overall Performance

For the three months ended March 31, 2020, the Company reported a net loss of \$0.8 million compared with \$5.3 million in the comparative quarter of 2019. The difference was largely the result of a mineral property write-down of \$5.7 million on the Company's non-core Red Lake mineral properties in 2019 but also impacted by lower share-based payments and a higher deferred income tax expense in 2020.

Operating expenses in the current quarter were \$1.1 million compared to \$7.3 million in Q1 2019. Period-over-period (favourable)/unfavourable variances are summarized below:

Expense	Variance (\$ millions)	Description
Share-based payments	(0.4)	No option grant in Q1 2020 as compared to the prior year. Options were granted subsequent to quarter-end in April 2020.
Write-down of mineral properties	(5.7)	Write-down of non-material Red Lake mineral properties.

For the three months ended March 31, 2020, net finance income was in-line with the same period in 2019. The decrease in interest income of \$0.2 million in the current period, due primarily to lower cash balances, was offset by a \$0.2 million increase in amortization of flow-through premium.

For the three months ended March 31, 2019, the deferred income tax recovery was \$1.7 million, driven primarily by the mineral property write-down, which accounted for \$1.5 million of the recovery.

Capitalized exploration and evaluation expenditures in the current quarter were \$2.8 million compared to \$3.4 million in Q1 2019. Period-over-period increases/(decreases) are summarized below:

Capitalized Exploration Expenditures	Variance (\$ millions)	Description
Drilling and camp support	0.6	Drilling program in Q1 2020 was set to commence in early March (prior to COVID-19 and deferring the program to later in 2020), whereas in Q1 2019 drilling commenced in early April
Detailed engineering and pre-development activities	(1.1)	Decrease in Q1 2020 driven by a reduction in detailed engineering compared to the prior year. In 2019, work was focused around a variety of engineering initiatives, including camp design, water balance optimization, and plant optimization layout.
Share-based payments	(0.2)	No option grant in Q1 2020 as compared to the prior year. Options were granted subsequent to quarter-end in April 2020

Outlook

The Company's strategic plan is focused on exploring and developing its primary asset, the 100% owned Back River Project, with the objective of becoming a gold producer. In 2015, the Company reported the results of two feasibility studies (6KFS and 3KFS), both of which demonstrated positive project economics. The Company believes that the 3KFS presents the best option for Sabina to initially commence production in the Back River District.

The Company is funded for a 2020 exploration program with the flow-through financing that was completed in December 2019. As described above, the 2020 drill program would target a 600m down plunge portion of the Umwelt underground and the high grade Vault zone. Additional exploration work for 2020 will include continued exploration modelling of recent discoveries and project wide target pipeline along with an airborne geophysical survey and summer field work program.

Additionally, the Company plans to continue to de-risk project construction by: completing/advancing required authorizations in 2020, including certain permit modifications which provide for improvements which have been identified during the 2018 and 2019 pre-development site works; and complete planning for certain pre-development work including strategic procurement and additional pre-development site activities. The Company is also currently investigating the opportunity for potential improvement to project economics by advancing high-grade resources at Umwelt earlier in the mine plan which could also increase annual gold production in the early years of the mine plan. The concept would include early development of an underground ramp to provide access for exploration programs focused on a high-grade portion of the Umwelt deposit, the "Vault Zone", and up-plunge continuation of the high-grade corridor concept that extends along the eastern dyke of the underground deposit.

With respect to project financing, as previously reported, the Company has advanced negotiations for a debt package and believes it could be completed on favourable terms. The Company plans to continue its approach of measured project advancement by continuing to focus on activities that add value and de-risk the project. The Company will continue to be opportunistic and disciplined when exploring financing options. Depending on market sentiment for equity financing and timing for successful completion of project financing, ideally a production decision would be made by October of year three years prior to the targeted date of commencement of production. Given the seasonal access to the Project for freight delivery to the Project Port facilities and logistics of construction and transport by way of WIR, a sealift mobilization of construction materials would be completed by September of the year two years prior to the targeted date of commencement of production. The Company estimates that from delivery of that sealift to the Port, the Project would be 30 months to first gold production. Based on this assumed timeline, the Company estimates that the time from the start of activities to first gold production would be approximately three years.

As noted above, on March 17, 2020, the Company implemented changes to operations due to the COVID-19 pandemic. The Company deferred the planned drilling program, which had been contemplated for a spring start at Goose, until later this year. Drilling supplies that have been transported to site during the month of March will remain at site and will be available for programs later this year. Management believes that the decision to defer drilling is aligned with and in the best interests of all our stakeholders and reflects Sabina's commitment to the safety of our employees. Additionally, the Company elected to temporarily decelerate its project development activities, including negotiation of EPC contract for the processing plant, until the environment becomes more stable and better information becomes available.

The Company has budgeted expenditures of approximately \$15 million for its planned activities in 2020. However, given the impacts of COVID-19, discretionary activities have been reduced or deferred which may result in a reduction of expenditures in 2020.

Liquidity and Capital Resources

The Company had cash and cash equivalents and short-term investments of \$21.1 million at March 31, 2020 compared to \$26.2 million at December 31, 2019.

The Company has forecast its cash requirements for the next fiscal year and believes it has sufficient cash resources and liquidity to sustain its ongoing activities. This assessment is based on the Company's budget, its available cash and short-term investments, and the fact that certain of the Company's expenditures are discretionary in nature and can be deferred as required without significant impact on the Company or its mineral properties. The future exploration and development of the Back River Project will require the Company to raise additional capital through a combination of debt and equity financings.

In December 2019, the Company completed a private placement flow-through financing of 2,137,000 flow-through common shares at \$2.34 per share for gross proceeds of \$5.0 million, which must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2020. At March 31, 2020, the Company had incurred \$1.0 million flow-through eligible expenditures and had \$4.0 million of expenditures yet to be incurred.

Reconciliation of Use of Proceeds for April 4, 2019 and December 20, 2019 Flow-Through Financings

Disclosed Use of Proceeds	Amount	Actual Use of Proceeds	Amount
Exploration programs	\$10.2 million	Used to fund exploration programs in 2019 and three month period ending March 31, 2020; remaining funds are expected to be used for explorations programs during balance of 2020	\$6.2 million
General corporate and working capital purposes	\$3.1 million	Funds for general corporate and working capital purposes	\$3.1 million
Total	\$13.3 million		\$9.3 million

Financial Instruments

The fair values of the Company's financial instruments consisting of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accruals approximate their carrying values because of their short terms to maturity.

Liabilities and Contingencies

To date 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 \$2.9 million. The Company has issued total security deposits of \$7.3 million related to these obligations, with the difference between the provision and the funding representing future planned disturbances.

Off-Balance Sheet Arrangements

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

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

See Critical Accounting Estimates in the Company's 2019 annual MD&A as well as note 3 of the annual 2019 audited consolidated financial statements for a detailed discussion of the areas in which critical accounting estimates are made.

Estimates, judgments, and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Sabina's management is responsible for establishing and maintaining adequate disclosure controls and internal control over financial reporting. Any system of internal controls, no matter how well designed, has inherent limitations. As a result, even those systems determined to be effective can only provide reasonable assurance regarding the preparation and

presentation of our financial statements. There have been no changes in our disclosure controls and internal control over financial reporting during the three months ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Due to inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and implemented, they may not prevent or detect all inaccuracies on a timely basis. 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.

Outstanding Share Data

As at May 8, 2020, there were 298,213,292 common shares outstanding and there were options and warrants outstanding to purchase an aggregate of 21,844,250 common shares.

Risks and Uncertainties

For full details on the risks and uncertainties affecting the Company, please refer to the Company's audited annual consolidated financial statements and notes, annual MD&A and annual information form for the year ended December 31, 2019. These documents may be obtained or viewed on the SEDAR website at www.sedar.com and on the Company's website at www.sabinagoldsilver.com.

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 on the SEDAR website at www.sedar.com and on the Company's website at www.sabinagoldsilver.com.

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" within the meaning of applicable Canadian securities laws (collectively, "Forward Looking Information") concerning the Company's projects, capital, anticipated financial performance, business prospects and strategies and other general matters. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will, may, could or might occur in the future are Forward Looking Information. The words "expect", "anticipate", "estimate", "may", "could", "might", "will", "would", "should", "intend", "believe", "target", "budget", "plan", "strategy", "goals", "objectives", "projection" or the negative of any of these words and similar expressions are intended to identify Forward Looking Information, although these words may not be present in all Forward Looking Information.

Forward-Looking Information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this MD&A including, without limitation, assumptions about: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of its projects and pursue planned exploration; future prices of gold and other metal prices; the timing and results of exploration and drilling programs; the accuracy of any mineral reserve and mineral resource estimates; production costs; the accuracy of budgeted exploration and development costs and expenditures; the price of other commodities such as diesel fuel; future currency exchange rates and interest rates; operating conditions being favourable, including whereby

the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental and third party approvals, licences and permits on favourable terms; obtaining required renewals for existing approvals, licences, permits and Inuit and First Nation agreements and obtaining all other required approvals, licences, permits and Inuit and First Nation agreements on favourable terms; sustained labour stability; stability in financial and capital goods markets; availability of equipment; positive relations with the Kitikmeot Inuit Association and other local groups and the Company's ability to meet its obligations under its agreements with such groups; and the Company's ability to continue to operate in the harsh northern Canadian climate. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the Forward-Looking Information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Forward Looking Information are subject to a number of risks and uncertainties that may cause the actual events or results to differ materially from those discussed in the Forward Looking Information, and even if events or results discussed in the Forward Looking Information are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things:

- the impact of global supply chain and financial market disruptions as a result of the ongoing COVID-19 crisis;
- additional financing requirements;
- the Company's history of losses;
- the Company's negative cash flow;
- the Company's ability to continue as a going concern;
- delays in, or inability to achieve, planned commercial production;
- discrepancies between actual and estimated mineral reserves and mineral resources, between actual and estimated development and operating costs, between actual and estimated metallurgical recoveries and between estimated and actual production;
- fluctuations in the relative values of the U.S. dollar and the Canadian dollar;
- volatility in metals prices;
- fluctuations in fuel prices;
- the ability of the Company to retain its key management employees and skilled and experienced personnel;
- conflicts of interest;
- litigation or other legal or administrative proceedings brought against the Company;
- actual or alleged breaches of governance processes or instances of fraud, bribery or corruption;
- exploration, development and mining risks and the inherently dangerous nature of the mining industry, including environmental hazards, industrial accidents, unusual or unexpected formations, safety stoppages (whether voluntary or regulatory), pressures, mine collapses, cave ins or flooding and the risk of inadequate insurance or inability to obtain insurance to cover these risks and other risks and uncertainties;
- property and mineral title risks including defective title to mineral claims or property;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company does or may carry out business in the future;
- equipment shortages and the ability of the Company to acquire the necessary access rights and infrastructure for its mineral properties;
- environmental regulations and the ability to obtain and maintain necessary approvals and permits, including environmental approvals and water use licenses;
- extreme competition in the mineral exploration industry;
- delays in obtaining, or a failure to obtain, permits and authorizations necessary for current or future operations or failures to comply with the terms of such permits and authorizations; and
- the ability to execute agreements with the Kitikmeot Inuit Association.

The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the Forward-Looking Information contained herein. There can be no assurance that Forward-Looking Information will prove to be accurate, as results and future events could differ materially from those anticipated in such information. Accordingly, investors should not place undue reliance on Forward-Looking Information. 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.