



Condensed Consolidated Interim Financial Statements
(unaudited)

Three and Nine Months Ended September 30, 2021 and
2020

SABINA GOLD & SILVER CORP.

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

	September 30, 2021	December 31, 2020
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 42,425	\$ 23,986
Short-term investments	-	21,000
Accounts receivable	1,030	485
Exploration supplies	6,961	3,417
Prepaid expenses and deposits	819	337
	51,235	49,225
Marketable securities	153	74
Property and equipment (note 3)	119,761	82,871
Mineral properties (note 4)	423,617	378,451
Hackett silver royalty	34,754	34,754
Other assets (note 5)	13,308	9,759
Total assets	\$ 642,828	\$ 555,134
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,241	\$ 4,901
Flow-through share premium liability (note 9)	-	5,058
Current portion of lease obligations	424	411
Current portion of loan obligations (note 6)	28,159	-
	44,824	10,370
Community funding obligation	2,070	2,066
Lease obligations	294	611
Loan obligations (note 6)	10,898	-
Provision for site reclamation	3,315	3,315
Deferred income tax liability (note 11)	36,455	34,153
Total liabilities	97,856	50,515
Equity:		
Share capital (note 7)	615,300	570,462
Contributed surplus	29,899	29,014
Deficit	(100,227)	(94,857)
Total equity	544,972	504,619
Total liabilities and equity	\$ 642,828	\$ 555,134

Nature of operations (note 1)
Subsequent events (note 7)

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Expenses:				
Administration and general	\$ 158	\$ 62	\$ 495	\$ 108
Depreciation	114	100	342	303
Insurance	130	57	261	140
Listing, transfer and shareholder	187	194	738	746
Professional services	1,155	87	2,029	395
Salaries and severance	1,421	441	2,401	1,412
Share-based payments (note 8)	352	216	1,499	754
Travel	31	-	33	59
	<u>3,548</u>	<u>1,157</u>	<u>7,798</u>	<u>3,917</u>
Loss from operating activities	(3,548)	(1,157)	(7,798)	(3,917)
Net finance income:				
Interest (expense) income	(6)	218	107	580
Amortization of flow-through premium (note 9)	1,563	1,385	5,058	1,645
Unrealized gain (loss) on change in fair value of marketable securities	(18)	1	(8)	1
Gain on disposition of assets	-	54	87	54
Foreign exchange gain (expense)	135	29	135	(1)
	<u>1,674</u>	<u>1,687</u>	<u>5,379</u>	<u>2,279</u>
Income (loss) before income taxes	(1,874)	530	(2,419)	(1,638)
Deferred income tax expense (note 11)	(518)	(1,538)	(2,951)	(1,359)
Loss and comprehensive loss	\$ (2,392)	\$ (1,008)	\$ (5,370)	\$ (2,997)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares issued and outstanding	348,066,975	325,844,060	341,355,007	309,415,578

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Share capital:				
Balance, beginning of period	\$ 609,217	\$ 569,586	\$ 570,462	\$ 518,150
Shares issued for cash	-	131	39,229	60,943
Share issue costs	(139)	(6)	(2,402)	(3,530)
Prepaid share subscription (note 7)	6,184	-	6,184	-
Fair value of options transferred to share capital	-	304	805	977
Fair value of restricted share units transferred to share capital	-	-	373	-
Flow-through premium transferred to deferred liability (note 9)	-	-	-	(7,476)
Deferred income tax effect of share issuance costs	38	2	649	953
Balance, end of period	615,300	570,017	615,300	570,017
Contributed surplus:				
Balance, beginning of period	29,414	28,944	29,014	28,784
Fair value of share-based payments included in operating expenses (note 8)	352	216	1,499	754
Fair value of share-based payments capitalized to mineral properties (note 8)	133	93	564	388
Fair value of options transferred to share capital	-	(304)	(805)	(977)
Fair value of restricted share units transferred to share capital	-	-	(373)	-
Balance, end of period	29,899	28,949	29,899	28,949
Deficit:				
Balance, beginning of period	(97,835)	(92,663)	(94,857)	(90,674)
Loss for the period	(2,392)	(1,008)	(5,370)	(2,997)
Balance, end of period	(100,227)	(93,671)	(100,227)	(93,671)
Total equity	\$ 544,972	\$ 505,295	\$ 544,972	\$ 505,295

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

SABINA GOLD & SILVER CORP.

Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

(Expressed in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cash provided by (used in) operating activities:				
Loss for the period	\$ (2,392)	\$ (1,008)	\$ (5,370)	\$ (2,997)
Adjustments for:				
Depreciation	114	100	342	303
Deferred income tax expense	518	1,538	2,951	1,359
Interest expense (income)	6	(218)	(107)	(580)
Unrealized foreign exchange (gain)	134	-	134	-
Unrealized (gain) loss on change in fair value of marketable securities	18	(1)	8	(1)
Gain on disposition of assets	-	(54)	(87)	(54)
Amortization of flow-through premium liability	(1,563)	(1,385)	(5,058)	(1,645)
Share-based payments	352	216	1,499	754
	(2,813)	(812)	(5,688)	(2,861)
Accounts receivable	107	(440)	(811)	(516)
Exploration supplies	(2,989)	(169)	(3,544)	(1,101)
Prepaid expenses and deposits	(208)	(505)	(482)	(1,103)
Accounts payable and accrued liabilities	1,628	(469)	491	21
Other deposits (note 5)	-	-	(225)	-
	(4,275)	(2,395)	(10,259)	(5,560)
Net interest received	25	30	373	239
Net cash used in operating activities	(4,250)	(2,365)	(9,886)	(5,321)
Cash flows provided by (used in) investing activities:				
Expenditures on deferred exploration	(21,611)	(5,229)	(36,663)	(9,622)
Expenditures on property and equipment	(20,452)	(3,103)	(34,318)	(3,636)
Community funding deposit account (note 5)	(1)	(2)	(4)	(14)
Reclamation deposits (note 5)	-	-	(2,141)	-
Equipment finance deposits (note 5)	(1,166)	-	(1,166)	-
Net proceeds of short-term investments	-	-	21,000	(26,000)
Proceeds on disposition of assets	-	20	-	20
Net cash used in investing activities	(43,230)	(8,314)	(53,292)	(39,252)
Cash flows provided by (used in) financing activities:				
Shares issued, net of share issue costs	(139)	126	36,827	57,413
Prepaid share reserve (note 7)	6,184	-	6,184	-
Loan obligation funding	38,320	-	41,485	-
Loan obligation payments	(2,514)	-	(2,575)	-
Lease obligation payments	(105)	(94)	(304)	(320)
Net cash provided by financing activities	41,746	32	81,617	57,093
Net increase (decrease) in cash and cash equivalents	(5,734)	(10,647)	18,439	12,520
Cash and cash equivalents, beginning of period	48,159	44,402	23,986	21,235
Cash and cash equivalents, end of period	\$ 42,425	\$ 33,755	\$ 42,425	\$ 33,755

Supplemental cash flow information (note 12)

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 and nine months ended September 30, 2021 and 2020

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 on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Management has forecasted its cash requirements for the next twelve months and based on its operating cash requirements, required flow through spending and current debt obligations, the Company will be required to raise additional equity or debt and/or refinance its existing loan obligations in order to fund its operations. Management is aware, in making its going concern assessment, that these conditions represent material uncertainties which may cast significant doubt upon the Company’s ability to continue as a going concern.

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 on the project. The Company has not yet determined if 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.

The Company may experience continuing and additional business interruptions, expenses and delays relating to COVID-19, which could have a material adverse impact on the Company’s business, operating results, financial condition and the market for its securities. As at the date of these financial statements, the duration of the business disruptions and related financial impact of COVID-19 cannot be reasonably estimated.

These financial statements do not include any adjustments to carrying values of asset amounts and liabilities, reported expenses and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

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 November 9, 2021.

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, being marketable securities, 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.

SABINA GOLD & SILVER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

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 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 judgment is applied in the determination of the Company's ability to continue as a going concern (note 1) and in assessing if there are indicators of impairment with respect to its mineral properties and associated property and equipment and the Hackett silver royalty. Significant areas requiring the use of management estimates relates to the determination of the recoverable amount of an asset if an impairment indicator exists, the provision for site reclamation, and share-based payments (note 8). 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. Property and equipment

Cost	Pre-development infrastructure and equipment	Exploration camp and equipment	Office and equipment	Total
Balance at January 1, 2021	\$ 87,404	\$ 24,776	\$ 2,283	\$ 114,463
Additions	41,064	-	-	41,064
Balance at September 30, 2021	\$ 128,468	\$ 24,776	\$ 2,283	\$ 155,527
Accumulated depreciation				
Balance at January 1, 2021	\$ (8,682)	\$ (21,895)	\$ (1,015)	\$ (31,592)
Accumulated depreciation	(3,513)	(319)	(342)	(4,174)
Balance at September 30, 2021	\$ (12,195)	\$ (22,214)	\$ (1,357)	\$ (35,766)
Carrying value				
At January 1, 2021	\$ 78,722	\$ 2,881	\$ 1,268	\$ 82,871
At September 30, 2021	\$ 116,273	\$ 2,562	\$ 926	\$ 119,761

During the nine months ended September 30, 2021, pre-development capital additions were \$41.1 million (2020 – \$11.5 million), comprised mainly of various mining and construction equipment, camp complex buildings, construction costs for earthworks at Goose and the Port Facility, and capitalized depreciation of \$3.5 million (2020 – \$2.8 million).

SABINA GOLD & SILVER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

4. Mineral properties

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

Summary - by property	September 30, 2021	December 31, 2020
Back River (Nunavut)	\$ 418,930	\$ 373,764
Wishbone (Nunavut)	4,687	4,687
	\$ 423,617	\$ 378,451

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Back River (Nunavut)				
Balance, beginning of period	\$ 391,655	\$ 355,555	\$ 373,764	\$ 351,403
Additions:				
Surface access rights	1	2	584	525
Drilling and camp support	180	4,669	3,757	5,574
Detailed engineering and pre-development activities	25,070	2,388	36,897	3,068
Environmental and permitting	1,195	673	2,052	1,664
Geology and geophysics	505	489	785	819
Management and administration	49	74	140	193
Property maintenance	55	72	68	135
Share-based payments (note 8)	133	93	564	388
Depreciation	87	132	319	378
	27,275	8,592	45,166	12,744
Balance, end of period	\$ 418,930	\$ 364,147	\$ 418,930	\$ 364,147

5. Other assets

	September 30, 2021	December 31, 2020
Reclamation deposits	\$ 9,834	\$ 7,693
Community funding deposit account	2,070	2,066
Deposits on equipment financing loans	1,179	-
Deposits to secure corporate credit card facility	225	-
	\$ 13,308	\$ 9,759

During the nine months ended September 30, 2021, the Company increased its reclamation deposits by \$2.1 million (2020 - \$nil).

During the nine months ended September 30, 2021, the Company placed deposits of \$1.2 million with a creditor as part of equipment financing loans (2020 - \$nil).

SABINA GOLD & SILVER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

6. Loan obligations

The Company has financed certain pre-development activities and mobile equipment by entering into loan obligations during the nine months ended September 30, 2021.

	Senior secured facility	Equipment financing loans	Total
Balance at January 1, 2021	\$ -	\$ -	\$ -
Loan obligation funding	25,442	16,043	41,485
Principal payments	-	(2,575)	(2,575)
Effect of foreign exchange	40	107	147
Balance at September 30, 2021	\$ 25,482	\$ 13,575	\$ 39,057

Minimum loan payments as at September 30, 2021 are as follows:

	Senior secured facility	Equipment financing loans	Total
Total minimum loan payments	\$ 26,872	\$ 14,782	\$ 41,654
Less amount representing interest	(1,390)	(1,207)	(2,597)
Present value of net minimum loan payments	25,482	13,575	39,057
Less current portion of loan obligations	(25,482)	(2,677)	(28,159)
Non-current portion of loan obligations	\$ -	\$ 10,898	\$ 10,898

The table below sets out total minimum loan payments by year:

	Senior secured facility	Equipment financing loans	Total
2021	\$ -	\$ 225	\$ 225
2022	26,872	3,944	30,816
2023	-	4,041	4,041
2024	-	4,041	4,041
2025	-	2,531	2,531
Total minimum loan payments	\$ 26,872	\$ 14,782	\$ 41,654

a) Senior secured facility

On August 30, 2021, Sabina entered a US\$20 million senior secured credit facility (the "Facility"), which was funded with an advance of US\$20 million on September 17, 2021. The Facility has a term of one year and bears interest at a fixed rate of 5.25%, with the principal and capitalized interest due in full any time before or on the earlier of the maturity date (September 17, 2022) and the closing date of certain future non-equity financings. The Facility has a minimum nine-months interest payable on termination. The loan is secured by most of the Company's assets, excluding Hackett, Wishbone and Red Lake as well as the equipment acquired under financing loans (note 6(b)).

b) Equipment financing loans

During 2021, Sabina acquired a variety of mobile equipment through equipment financing loans with two suppliers, which included the phase 1 open pit mining fleet and certain underground equipment required to develop the underground exploration ramp. The loans are secured by the equipment they relate to.

The loans for the phase 1 open pit mining fleet are denominated in US dollars, bear interest at a floating rate of 3-month LIBOR plus 4.25%, and have terms of 4 years.

The loans for the underground equipment are denominated in Canadian dollars, bear interest at fixed rates between 3.0% and 4.2%, and have terms of 4 years.

c) Foreign currency risk

The foreign denominated loan obligations result in foreign currency risk for the Company as the future cash repayments of the Company's US\$27.4 million in loan obligations measured in Canadian dollars, being the Company's functional currency,

SABINA GOLD & SILVER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

will fluctuate because of changes in the US dollar exchange rate. A 5% strengthening (weakening) of the US dollar foreign exchange rate at September 30, 2021 would have increased (decreased) net loss by approximately \$1.3 million.

7. Share capital

At September 30, 2021, 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:

	2021		2020	
	# of shares	\$	# of shares	\$
Issued and outstanding as at January 1	326,564,790	570,462	296,639,414	518,150
Shares issued for cash	20,117,640	39,229	27,395,165	60,718
Share issue costs	-	(2,402)	-	(3,530)
Prepaid share reserve	-	6,184	-	-
Issued on exercise of stock options	1,177,878	-	2,075,742	225
Issued on settlement of restricted share units	206,667	-	-	-
Fair value of options exercised	-	805	-	977
Fair value of restricted share units vested	-	373	-	-
Deferred income tax effect of share issue cost	-	611	-	953
Flow-through share premium liability (note 9)	-	38	-	(7,476)
Issued and outstanding at September 30	348,066,975	615,300	326,110,321	570,017

On October 8, 2021, subsequent to period end, the Company completed a private placement financing of 892,903 common shares at a price of \$1.50 per common share for gross proceeds of \$1.3 million.

On October 1, 2021, subsequent to period end, the Company completed a private placement financing of 7,200,821 flow-through common shares at a price of \$1.87 per share for gross proceeds of \$13.5 million. Prior to period end, the Company received cash of \$6.2 million for shares to be issued as part of this private placement, with the funds recorded as a prepaid share subscription within share capital.

On March 16, 2021, the Company completed a bought deal prospectus financing of 18,000,000 common shares at a price of \$1.95 per common share for gross proceeds of \$35.1 million. On March 22, 2021, the Company completed a concurrent private placement for 2,117,640 common shares at a price of \$1.95 per common share for gross proceeds of \$4.1 million. Costs associated with the financings totalled \$2.1 million, resulting in net proceeds of \$37.1 million.

On June 3, 2020, the Company completed a financing of 15,400,000 common shares at \$2.00 per share and 9,113,083 flow-through common shares at a weighted average price of \$2.65 per share for gross proceeds of \$54.9 million. On the same date, the Company completed a concurrent private placement financing of 2,882,082 common shares at \$2.00 per share for gross proceeds of \$5.8 million. Costs associated with both financings totalled \$3.5 million.

SABINA GOLD & SILVER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

8. Share-based payments

a) Share purchase options

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

	2021		2020	
	Number of options	Average exercise price	Number of options	Average exercise price
Outstanding as at January 1	10,964,250	\$ 1.36	13,138,500	\$ 1.20
Exercised during the period	(1,886,500)	0.79	(3,032,500)	0.58
Forfeited or expired during the period	-	-	(1,135,000)	1.52
Granted during the period	2,685,000	1.79	2,530,000	1.21
Outstanding at September 30	11,762,750	1.55	11,501,000	1.33
Not vested at September 30	(3,812,500)	1.52	(3,102,500)	1.23
Exercisable as at September 30	7,950,250	\$ 1.56	8,398,500	\$ 1.37

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.

During the nine months ended September 30, 2021, a total of 1,886,500 options were exercised (2020 – 3,032,500 options), of which none were exercised for cash (2020 – 440,000 options for cash proceeds of \$0.2 million). The entire balance of 1,886,500 options (2020 – 2,592,500 options) were exercised as SARs, resulting in the issuance of 1,177,878 common shares (2020 – 1,635,742 common shares). The weighted average share price on the date of exercise of the options exercised during the nine months ended September, 30, 2021 was \$2.11 (2020 – \$1.62).

During the nine months ended September 30, 2021, the Company granted 2,685,000 options (2020 – 2,530,000) at a weighted average exercise price of \$1.79 per option (2020 – \$1.21 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).

The following table summarizes the outstanding options as at September 30, 2021 by year of expiry:

Year	Number of options	Average exercise price
2022	1,861,500	\$ 1.30
2023	2,490,000	2.07
2024	2,290,000	1.25
2025	2,436,250	1.21
2026	2,685,000	1.79
Outstanding at September 30, 2021	11,762,750	1.55
Not vested at September 30, 2021	(3,812,500)	1.52
Exercisable at September 30, 2021	7,950,250	\$ 1.56

Employee compensation cost:

During the nine months ended September 30, 2020, the Company recorded \$1.6 million (2020 - \$1.1 million) in share-based payment costs for stock options that vested in the period, of which \$1.1 million (2020 - \$0.8 million) is presented as an operating expense in the consolidated statement of loss and comprehensive loss and \$0.5 million (2020 - \$0.4 million) is capitalized to mineral property costs.

Inputs for measurement of grant date fair values:

The grant date fair values of share options were measured based on the Black-Scholes option pricing model. The weighted average inputs used in the measurement of the grant date fair values at for stock options granted during the nine months ended September 30, 2021 are as follows: a risk-free interest rate of 0.95% (2020 – 0.60%); a dividend yield of 0% (2020 – 0%); an expected volatility of 60% (2020 – 62%) and expected lives of stock options of 5.0 years (2020 – 5.0 years).

SABINA GOLD & SILVER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

The weighted average fair value of options granted during the nine months ended September 30, 2021 was \$0.91 per option (2020 - \$0.67 per option). The expected volatility is estimated by considering historic average share price volatility.

b) Restricted share units

During 2021, the Company granted restricted share units ("RSUs") to officers and directors as part of its compensation program for key management personnel. RSUs do not require the payment of any monetary consideration to the Company. Instead, they represent the right to receive common shares, or a payment representing common shares, following the attainment of vesting criteria determined at date of grant, notably a requirement that an individual remains eligible for awards for a specified period of time. The option to settle the RSUs in common shares or cash is at the Company's election, and the Company intends to settle the RSUs with common shares issued from treasury.

RSUs are share-based payments, which are measured at the grant date fair value and amortized over their applicable vesting periods. The offset to the recorded cost is to contributed surplus, and ultimately any amounts in contributed surplus are transferred to share capital upon settlement of the RSUs with common shares.

	2021	
	Number of RSUs	Average price
Outstanding as at January 1	-	\$ -
Granted during the period	420,000	1.71
Settled in shares during the period	(206,667)	1.81
Outstanding at September 30	213,333	\$ 1.62

During the nine months ended September 30, 2021, the Company granted 420,000 RSUs (2020 – nil) at a weighted average grant price of \$1.71 per RSU as follows:

- 270,000 RSUs (2020 – nil) at a weighted average grant price of \$1.65 per RSU, which vest over 2 years (one-third one month following date of grant and one-third at each of the first and second anniversaries of the date of grant); and
- 150,000 RSUs (2020 – nil) at a grant price of \$1.82 per RSU, which vested immediately.

Employee compensation cost

During the nine months ended September 30, 2021, the Company recorded \$455 thousand (2020 - \$nil) in share-based payment costs for RSUs, of which \$424 thousand (2020 - \$nil) is presented as an operating expense in the consolidated statement of loss and comprehensive loss and \$31 thousand (2020 - \$nil) is capitalized to mineral property costs

c) Share purchase warrants

During 2018 the Company issued 4 million common share purchase warrants at an exercise price of \$1.93 per share. On August 30, 2021, the warrants were cancelled. The warrants were subject to vesting conditions associated with future financings and ultimately never vested.

d) 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 September 30, 2021, 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.

9. Flow-through premium liability

	2021	2020
January 1	\$ 5,058	\$ 1,014
Financing	-	7,476
Amortization	(5,058)	(1,645)
September 30	\$ -	\$ 6,845

In June 2020, the Company completed a bought deal flow-through financing of 9,113,083 flow-through common shares at a weighted average price of \$2.65 per share for gross proceeds of \$24.2 million, which must be used to incur Canadian

SABINA GOLD & SILVER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2021. The flow-through premium liability of \$7.5 million set up from this financing will be amortized over the period in which the funds are spent on qualifying expenditures. At September 30, 2021, the Company had incurred eligible flow-through expenditures of \$24.2 million related to this financing.

10. Related parties

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries and benefits	\$ 454	\$ 448	\$ 1,369	\$ 1,395
Severance	979	-	979	-
Share-based payments	351	211	1,492	771
	\$ 1,784	\$ 659	\$ 3,840	\$ 2,166

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 the following deferred tax assets and liabilities:

	September 30, 2021	December 31, 2020
Deferred tax assets/(liabilities)		
Tax loss carry forwards	\$ 56,016	\$ 48,029
Financing costs	1,695	1,600
Provision for closure and reclamation	895	895
Other	8	1
Flow-through share effect on mineral properties	(63,745)	(59,204)
Mineral properties	(21,024)	(19,367)
Property and equipment	(10,300)	(6,107)
Net deferred tax liabilities	\$ (36,455)	\$ (34,153)

Sabina has tax loss carry forwards at September 30, 2021 of approximately \$207.5 million expiring from 2031 to 2041 (December 31, 2020 – \$177.9 million).

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Income (loss) before income taxes	\$ (1,874)	\$ 530	\$ (2,419)	\$ (1,638)
Canadian federal and provincial tax rates	27.0%	27.0%	27.0%	27.0%
Expected income tax (expense)/recovery	506	(143)	653	442
Share-based payments and other permanent differences	307	315	942	239
Flow-through renunciation	(1,331)	(1,710)	(4,541)	(2,052)
Other	-	-	(5)	12
Income tax (expense)/recovery	\$ (518)	\$ (1,538)	\$ (2,951)	\$ (1,359)

SABINA GOLD & SILVER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

12. Supplemental cash flow information

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Change in accounts payable and accrued liabilities related to mineral property costs	\$ 5,443	\$ 3,136	\$ 7,616	\$ 2,349
Change in accounts payable and accrued liabilities related to the purchase of property and equipment	(712)	5,537	3,233	5,315
Change in accounts payable and accrued liabilities related to the reclassification of community funding obligation	-	-	-	(2,060)
Marketable securities received on the disposition of assets	-	34	87	34
Depreciation capitalized to mineral property costs (note 4)	87	132	319	378
Depreciation capitalized to property and equipment (note 3)	1,171	933	3,513	2,799
Share-based payments capitalized to mineral property costs (note 8)	133	93	564	388
Fair value of stock options allocated to share capital upon exercise (note 7)	-	304	805	976
Fair value of restricted share units allocated to share capital upon settlement (note 7)	-	-	373	-

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 and at, and for the three and nine months ended September 30, 2021. This MD&A was prepared as of November 9, 2021 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2021 and the audited consolidated financial statements for the year ended December 31, 2020, 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. For the purposes of preparing the MD&A, the materiality of information is considered. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Materiality is evaluated with reference to all relevant circumstances, including potential market sensitivity.

Overview

Sabina is an emerging precious metals company focused on becoming an intermediate gold producer through the exploration and development of its mineral resource properties. The Company's flagship asset is its permitted 100% owned Back River gold project ("Back River Project" or the "Project"). The Company also owns a silver royalty on the Hackett River project, both projects are located in Nunavut, Canada.

The Company continues to closely assess and monitor the COVID-19 situation as it evolves and has undertaken measures to mitigate associated risks, including establishing pre-deployment monitoring and testing, and procedures and protocols to safeguard employees while on site.

Q3 2021 Highlights:

- The Company has cash and cash equivalents of \$42.4 million on September 30, 2021.
- On August 30, 2021, Sabina entered a US\$20 million senior secured credit facility, which was funded with an advance of US\$20 million on September 17, 2021. Proceeds from the financing will fund critical path activities while management advances funding initiatives for the Project, potentially including a project debt facility as well as a gold streaming transaction.
- During the quarter, the Company engaged in the following activities:
 - acquired a variety of mobile equipment through equipment financing loans with two suppliers, which included the phase 1 open pit mining fleet and certain underground equipment required to develop the underground exploration ramp.
 - continued advancing underground development of the exploration ramp, following the successful collaring of the 5 meter x 5 meter portal in the prior quarter (Q2 2021). The ramp is driving toward the Umwelt underground, with the objective to provide an underground platform from which to further explore the Umwelt deposit. Cumulative ramp development was 289 meters to the end of Q3 2021.
 - completed detailed engineering and received issued-for-construction drawings for the process plant, as well as completed detailed engineering on the Goose fuel farm design.
 - received multiple sealifts from Sabina's eastern shipping corridor (via carrier Nunavut Eastern Arctic Shipping Inc.) and western shipping corridor (via carrier Marine Transportation Services) at the Port Facility, with all cargo offloaded safely to the laydown area. These shipments included critical path procurement items that were acquired in 2021, including the first phase of the camp accommodation complex, mill building, bulk construction supplies, and mobile equipment. Additionally, the Company received its first shipment of bulk diesel, with 2 million litres transferred without incident from the shoreline pad up to the new 10 million litre bulk storage tank at the Port Facility.

- executed a summer field exploration program at the George site, located 50km north of the Goose site, with field work consisting of mapping and rock sampling for evaluation and modeling of drill targets outside of the current George resource areas.
- For the three and nine months ended September 30, 2021, the Company reported net losses of \$2.4 million or \$0.01 per share and \$5.4 million or \$0.02 per share, respectively.

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 54 Federal Mineral Leases, 16 Federal Mining Claims covering a total of 62,819.64 hectares. It is divided into the Goose, George, Boot, Boulder, Del and Bath properties, with the Goose property hosting the Goose Main, Llama, Nuvuyak, 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 2021 was a spring drill program that totalled 4,482 m and was carried out between April and June. Drilling focussed on testing early-stage exploration target areas as well as the Hook zone.

The early-stage exploration targets have been evolved through updated geological modeling with refined data interpretations derived from the study of historic drill core, recent field mapping and geophysics that includes input from a VTEM survey that was completed in 2020. The targets are predominantly of shallow to moderate depth and success at any of these targets could have the potential to positively impact current mine life economics. Twelve drill holes were completed as part of the spring program to test these targets, with the highlights including a strong intersection of 8.37 g/t over 6.55 m from drillhole 21GSE601 in the Wing zone, the successful discovery of a new mineralizing structure associated with a previously un-drilled electromagnetic anomaly, and the identification of a new iron formation horizon located outside the main Lower Iron Formation ("LIF") horizon.

The Hook zone, which is located along the favorable gold structure that trends between the Goose Main and the Nuvuyak deposits, was tested with five holes (including one abandoned) as part of the spring program. Drilling was focussed on a 300m section of the 700m Hook zone, where favourable geology and significant gold values show a strong potential for mineralization similar to that seen at Goose Main and Nuvuyak. Highlights include hole 21GSE600 which returned 5.42 g/t Au over 28.05 m, including 12.68 g/t Au over 5.30 m, returning the highest gram-meter intercept within the target trend to date. Additional results from this zone included broad mineralizing intercepts including 10.05 g/t over 8.50 m in drill hole 21GSE598B, 1.72 g/t over 10.30 m in drill hole 21GSE599 and 1.67 g/t over 15.55m in drill hole 21GSE590.

Other exploration work included a summer field program executed at the George site, located 50km north of the Goose site. George currently has a mineral resource estimate of 1.2 M oz @ 5.34g/t Au in the Indicated category and an additional 1.1M oz @ 6.12g/t Au in the Inferred category. Field work at George consisted of mapping and rock sampling for evaluation and modeling of drill targets outside of the current George resource areas. This field campaign at George represents the first phase of a return to exploration at the site, with the objective of demonstrating potential for additional discovery and resource growth towards definition of a stand-alone secondary development site for Sabina at Back River.

Back River Project Development

On February 24, 2021, the Company completed and announced the results of its UFS on its Back River Project. Base case economics in Canadian dollars were based on a gold price of US\$1,600/oz and an exchange rate of 1.31 (\$C:\$US). The UFS highlights include:

- An after-tax internal rate of return of 27.7%;
- An NPV_{5%} of \$1.1 billion based on a 5% discount rate;
- Life-of-mine ("LOM") after-tax net cash flow of \$2.0 billion on gross revenues of \$7.0 billion;

- Payback period of 2.3 years (from start of operations);
- A total of 18.7 million tonnes of ore to be milled over 15 years
- Total gold production of 3.35M oz over life-of-mine ("LOM")
- LOM average grade of 6.0 g/t gold and average metallurgical recoveries of 93.4%;
- Annual LOM gold production of 223 koz, including 287 koz per year in the first 5 years;
- Approximately half of mine production to come from open pits;
- Initial capital estimate of \$610 million and LOM sustaining capital and closure costs of \$419 million;
- Total LOM cash costs of US\$679/oz of payable gold (including third party royalties, refining and transport);
- LOM all-in sustaining cash costs of US\$775/oz (including sustaining capital and closure costs);
- Base case assumptions of delivered diesel price of \$0.91 per litre for power generation and \$0.95/L for mobile and stationary equipment; and
- LOM open pit strip ratio of 10.1:1.

On March 4, 2021, 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 March 3, 2021 on www.sedar.com.

Project development work at Goose in 2021 focused on advancement of detailed engineering, procurement, completion of select earthworks at the Port Facility and Goose site and commencing the development of the underground ramp for exploration of the Umwelt deposit.

During Q3 2021, project development activities were focused on:

- Procurement of critical supplies and equipment and preparation for the logistics of getting these items to site, primarily through sealift campaigns that were mobilized and completed in Q3 2021;
- Advancement of the underground exploration ramp driving toward the Umwelt underground, with cumulative development of 289 meters to the end of Q3 2021;
- Completion of detailed engineering and receipt of issued for construction drawings for the process plant, as well as completion of the detailed engineering for the Goose site fuel farm design;
- Completion of the fuel containment berms at the Port Facility, rough grading of the plant site, accommodation pad, fuel farm and laydown pad at the Goose Property, and an emergency pond for the underground decline at the Goose Property; and
- Erection of the 10 million litre bulk fuel tank at the Goose Property.

Procurement items on the sealift included phase one of the accommodation complex (estimated to be 278 rooms); steel and cladding for the process mill building and truck shop; multiplate steel tunnels for crushed ore reclaim; construction equipment required for foundation installation and building erection; secondary cone crusher, crusher screen and grizzly feeder; and phase one of the open pit mining fleet (seven Caterpillar 775G haul trucks plus associated drilling/loading/support equipment). These items will enable Sabina to be well prepared to begin pre-stripping of the Echo open pit once funding is obtained and a production decision is made.

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 Crown-Indigenous Relations and Northern Affairs Canada ("CIRNAC") accepted the recommendation of the Nunavut Impact Review Board ("NIRB") that the Back River Project should proceed to the final licensing phase after the granting of a Project Certificate. This enabled the Nunavut Water Board ("NWB") to commence a review of the Type A water license required for mine construction and operations at the Back River Project. In November 2018 Sabina received the approved Type A water license.

In December 2017, following the granting of the Project Certificate by NIRB, Sabina commenced the process under the Metal and Diamond Mines Effluent Regulation ("MDMER") to operate the tailings storage facility as contemplated in the feasibility study. 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. Sabina received approval to use the primary tailings storage facility in June 2020. This final authorization is a milestone that enables full operations at the first mine at Back River.

In addition to these key authorizations, Sabina holds numerous other approvals from the federal government including CIRNAC land leases (expiry date of 2048), fisheries authorizations from the Department of Fisheries and Oceans Canada (expiry date of 2031), and navigable waters authorizations from Transport Canada (no expiry date). Additionally, despite the mine plan in the UFS being focused on a 3,000 to 4,000 tonne per day operation, permitting was advanced on the basis of the previous 6,000 tonne per day feasibility (excluding the George Property) with eight mining areas, thus providing significant future project flexibility. Sabina anticipates some normal-course regulatory engagement to ensure management plans and associated requirements align with changed activities planned within the UFS.

In mid 2020 various project enhancements were submitted for consideration by interested parties including the Nunavut Planning Commission ("NPC"), NIRB, NWB, Kitikmeot Inuit Association ("KIA"), and federal and territorial governments. These enhancements included the extension of airstrips, use of additional fresh water, modifications to waste management (more specifically tailings and waste rock), land-based work on the winter ice road, and deeper mining at the Umwelt deposit to access the Vault zone. Sabina has received approval from NPC, NIRB and NWB for all of the requested enhancements including reduced closure security payments during the construction and initial operations of the Project. Sabina completed the NWB hearing process in July 2021 and received the Minister's decision in October 2021.

Summary of Results

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

	2021	2021	2021	2020	2020	2020	2020	2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total assets	\$ 642,828	\$ 597,526	\$ 589,960	\$ 555,134	\$ 562,741	\$ 555,049	\$ 497,541	\$ 500,091
Loss	(2,392)	(1,597)	(1,381)	(1,186)	(1,008)	(1,171)	(818)	(1,349)
Per Share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Quarterly losses are impacted by share-based payments, the amortization of flow-through share premium liability, and associated tax impacts.

Overall Performance

For the three months ended September 30, 2021, the Company's net loss was \$2.4 million compared with \$1.0 million during the comparative quarter in 2020, the increase driven primarily by higher operating expenses, partially offset by lower deferred tax expense associated with flow-through share expenditures.

For the nine months ended September 30, 2021, the Company's net loss was \$5.4 million compared with \$3.0 million during the comparative period in 2020, the increase driven primarily by higher operating expenses and deferred tax expense associated with flow-through share expenditures, partially offset by higher net finance income which was driven by the amortization of the Company's flow-through share premium liability.

Operating expenses for the three and nine months ended September 30, 2021 were \$3.5 million and \$7.8 million, respectively, compared to \$1.2 million and \$3.9 million, respectively, in the comparative period in 2020. Period-over-period (favourable)/unfavourable variances are summarized below:

Expense	Quarterly Variance (\$ millions)	Year-to-date Variance (\$ millions)	Description
Administration and general	0.1	0.3	Various cost increases, including higher operating costs for the office lease and additional IT costs.
Insurance	0.1	0.1	Higher cost in 2021 due to increase in insurance rates combined with increases in coverage for additional activities.
Professional services	1.1	1.7	Additional consulting and legal fees associated with debt process.
Salaries and severance	1.0	1.0	One-time charges associated with an executive change.
Share-based payments	0.1	0.7	Higher value of stock options granted in 2021 combined with the impact of the granting restricted share units ("RSUs") for the first time in 2021.

For the three and nine months ended September 30, 2021, net finance income was \$1.7 million and \$5.4 million, respectively, compared to \$1.7 million and \$2.3 million, respectively in the comparative period in 2020. The increase for the nine month period was due primarily to higher amortization of flow-through premium, partially offset by a decrease in net interest income as a result of lower interest income on short term investments combined with interest expense on the new loan obligations.

For the nine months ended September 30, 2021, deferred tax expense was \$1.6 million higher than in the comparative period in 2020 as a result of the impact of greater flow-through share expenditures and tax benefit renunciations in the period.

Capitalized exploration and evaluation expenditures for the nine months ended September 30, 2021 were \$45.2 million compared to \$12.7 million during the comparative period in 2020. Period-over-period increases/(decreases) are summarized below:

Capitalized Exploration and Evaluation Expenditures	Variance (\$ millions)	Description
Drilling and camp support	(1.8)	Decrease given the reduction in the overall size of the drill program in 2021.
Detailed engineering and pre-development activities	33.8	Increase relates to the work associated with the UFS as well as site activities in 2021 related to the portal box cut and driving the underground ramp for exploration.
Environmental and permitting	0.4	Increase related to additional wildlife and water studies.

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 mid-tier gold producer. The UFS, released in February 2021, demonstrates the positive economics of the Project on a greater scale and over a longer 15-year mine life than the previously released feasibility study.

In 2021, based on our current treasury, the Company intends to continue to advance various initiatives, including:

1. Project expansion:
 - Exploration – Winter/spring drilling program at Goose of approximately 4,000 meters, as well as summer field programs to continue exploration modelling at various other discovery areas.
 - Continued advancement of ramp for underground exploration of Umwelt Vault zone.

Subsequent to period end, on October 1, 2021, the Company completed a private placement financing of 7,200,821 flow-through common shares at a price of \$1.87 per flow-through common share for gross proceeds of \$13.5 million. Costs of the financing totalled \$0.8 million, resulting in net proceeds of \$12.7 million.

Subsequent to period end, on October 8, 2021, Zhaojin International Mining Co., Ltd. elected to maintain its 9.9% interest in Sabina, completing a private placement financing of 892,903 common shares at a price of \$1.50 per common share for gross proceeds of \$1.3 million.

Management has forecasted its cash requirements for the next twelve months and based on its operating cash requirements, required flow through spending and current debt obligations, the Company will be required to raise additional equity or debt and/or refinance its existing loan obligations in order to fund its operations. Management is aware, in making its going concern assessment, that these conditions represent material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

Contractual Obligations Table

<i>(all figures \$ millions)</i>	TOTAL	Less than 1 year	1-3 years
Loan obligations	\$39.1	\$28.2	\$10.9
Lease obligations	0.7	0.4	0.3
Accounts payable and Accrued liabilities	16.2	16.2	0.0
Community funding obligation	2.1	0.0	2.1
TOTAL	\$58.1	\$44.8	\$13.3

Reconciliation of Use of Net Proceeds for March 16, 2021 Financing

Disclosed Use of Net Proceeds	Amount	Actual Use of Net Proceeds	Amount
Procurement of mining and construction equipment, site infrastructure facilities, structural steel for process plant building and other structures, winter-ice-road equipment and bulk construction supplies	\$36.2 million	Procurement of various construction equipment, camp complex buildings, other site infrastructure, and bulk construction supplies (including diesel)	\$29.0 million
Completion of select earthworks at Goose site	\$3.5 million	Funds expected to be used during 2021	\$nil
Construction activities related to bulk fuel storage at Port and Goose sites	\$2.8 million	Fuel containment berm at the Port Facility	\$1.9 million
Total	\$42.5 million		\$30.9 million
Less: Unexercised portion of the underwriters' over-allotment option	\$(5.5) million		\$nil
Total	\$37.0 million		\$30.9 million

Reconciliation of Use of Proceeds for June 3, 2020 Financing

Disclosed Use of Proceeds	Amount	Actual Use of Proceeds	Amount
Surface exploration program at Goose	\$5.0 million	Used to fund exploration programs, primarily drilling	\$6.2 million
Surface preparations for decline activities	\$5.3 million	Used to fund the construction of the road to the portal, the portal box cut, the portal laydown, the underground storage pond, and the portal workshop	\$6.7 million
Equipment purchases for decline activities	\$6.5 million	Used to fund the spending on mobile mining equipment, including a jumbo drill and two loaders, as well as transport costs to deliver to site	\$6.6 million
Commencement of decline development	\$12.0 million	Commenced decline activities in Q2 2021	\$10.3 million
Goose site pre-development including earthworks for process plant site pads and roads, extension of airstrip and erection of bulk fuel storage	\$13.0 million	Used to fund construction of the airstrip extension, roads throughout site, pads for both the camp and tank farm, plant site grading, and fuel tank construction	\$12.4 million
Detailed engineering of all planned mine site facilities	\$6.9 million	Used to fund initial spending on detailed engineering and updated feasibility study	\$6.1 million
Procurement of 500-person camp for future mine construction and operation	\$7.0 million	Phase I of the permanent camp	\$6.8 million
General corporate and working capital purposes	\$1.8 million	Funds for general corporate and working capital purposes	\$1.8 million
Total	\$57.5 million		\$56.9 million
Less: Unexercised portion of the underwriters' over-allotment option	\$(0.6) million		\$nil
Total	\$56.9 million		\$56.9 million

Financial Instruments

The fair values of the Company's financial assets 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. The fair values of the Company's reclamation deposits, community funding deposit account, equipment financing loan deposits and deposits to secure a corporate credit card facility are not expected to differ materially from their carrying values given the interest rate being received. The fair value of marketable securities is determined based on quoted market prices.

The Company's financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Any difference between the amounts originally received and the redemption value is recognized in profit and loss over the term to maturity using the effective interest method.

The foreign denominated loan obligations that were funded during the three months ended September 30, 2021 result in foreign currency risk for the Company as the future cash repayments of the Company's US\$27.4 million in loan obligations measured in Canadian dollars, being the Company's functional currency, will fluctuate because of changes in the US dollar exchange rate. A 5% strengthening (weakening) of the US dollar foreign exchange rate at September 30, 2021 would have increased (decreased) net loss by approximately \$1.3 million.

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 \$3.3 million. The Company has issued total security deposits of \$9.8 million related to these obligations, with the difference between the provision and the funding representing future planned disturbances.

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 2020 annual MD&A as well as note 3 of the annual 2020 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 procedures 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 procedures and internal control over financial reporting during the nine months ended September 30, 2021 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 November 9, 2021, there were 356,213,336 common shares outstanding. Additionally, there were options and warrants outstanding to purchase an aggregate of 16,462,750 common shares as well as 188,333 RSUs subject to vesting that the Company expects to settle with common shares issued from treasury.

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, 2020. 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:

- 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.
- Potential future impacts of COVID-19 could include increased costs for additional testing, lower availability of employees and contractors due to quarantine restrictions, reduced flexibility in crew rotations, limitations on numbers of people at site increasing site overhead costs and reducing productivity, higher cost of transporting crews to site if commercial air travel options are reduced, and additional mandated lockdowns which could shutdown or delay site activities, and global supply chain and financial market disruptions.
- 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;
- disruptions in the Company's supply chain, including sealifts and airlifts of equipment and supplies;
- 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.