



Condensed Consolidated Interim Financial Statements
(unaudited)

Three and Nine Months Ended September 30, 2022 and
2021

SABINA GOLD & SILVER CORP.

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

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 58,648	\$ 25,571
Short-term investments	22,000	-
Accounts receivable	911	526
Exploration supplies	3,544	5,647
Construction supplies	18,652	-
Prepaid expenses and deposits	2,512	578
	<u>106,267</u>	<u>32,322</u>
Marketable securities	270	64
Property and equipment (note 4)	282,485	155,134
Mineral properties (note 5)	518,508	408,399
Construction financing asset (note 13)	10,968	-
Hackett silver royalty	34,754	34,754
Other assets (note 6)	15,261	13,304
Total assets	\$ 968,513	\$ 643,977
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 53,189	\$ 9,992
Flow-through share premium liability (note 10)	-	1,896
Current portion of lease obligations	294	425
Current portion of loan obligations (note 7)	4,092	28,733
	<u>57,575</u>	<u>41,046</u>
Community funding obligation	4,080	2,072
Lease obligations	-	186
Loan obligations (note 7)	8,839	9,966
Construction financing liability (note 13)	469	-
Provision for site reclamation	5,134	5,134
Deferred income tax liability (note 12)	48,264	37,029
Total liabilities	124,361	95,433
Equity:		
Share capital (note 8)	888,360	621,249
Contributed surplus	31,326	30,181
Deficit	(75,534)	(102,886)
Total equity	844,152	548,544
Total liabilities and equity	\$ 968,513	\$ 643,977

Nature of operations (note 1)
Subsequent event (note 8)

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 Income (Loss) and Comprehensive Income (Loss)

(unaudited)

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Expenses:				
Administration and general	\$ 230	\$ 158	\$ 742	\$ 495
Depreciation	114	114	342	342
Insurance	135	130	438	261
Listing, transfer and shareholder	133	187	1,194	738
Professional services	1,786	1,155	6,759	2,029
Salaries	656	1,421	1,877	2,401
Share-based payments (note 9)	355	352	1,685	1,499
Travel	46	31	107	33
	3,455	3,548	13,144	7,798
Loss from operating activities	(3,455)	(3,548)	(13,144)	(7,798)
Net finance income:				
Interest income (expense)	630	(6)	1,351	107
Financing expense	(183)	-	(1,289)	-
Unrealized gain on change in fair value of construction financing obligations (note 13)	29,427	-	50,889	-
Amortization of flow-through premium (note 10)	-	1,563	1,896	5,058
Unrealized loss on change in fair value of marketable securities	(18)	(18)	(146)	(8)
Gain on disposition of assets	-	-	372	87
Foreign exchange (loss) gain	(98)	135	790	135
	29,758	1,674	53,863	5,379
Income (loss) before income taxes	26,303	(1,874)	40,719	(2,419)
Deferred income tax expense (note 12)	(7,256)	(518)	(13,367)	(2,951)
Income (loss) and comprehensive income (loss)	\$ 19,047	\$ (2,392)	\$ 27,352	\$ (5,370)
Income (loss) per share				
Basic	\$ 0.03	\$ (0.01)	\$ 0.06	\$ (0.02)
Diluted	\$ 0.03	\$ (0.01)	\$ 0.06	\$ (0.02)
Weighted average number of common shares outstanding				
Basic	548,652,386	348,066,975	454,200,674	341,355,007
Diluted	549,117,387	348,066,975	455,004,217	341,355,007

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)

(Presented in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Share capital:				
Balance, beginning of period	\$ 888,053	\$ 609,217	\$ 621,249	\$ 570,462
Shares issued for cash	-	-	271,570	39,229
Share issue costs	(34)	(139)	(7,897)	(2,402)
Prepaid share subscription	-	6,184	-	6,184
Stock options exercised for cash	-	-	252	-
Fair value of warrants transferred to share capital	332	-	332	-
Fair value of options transferred to share capital	-	-	472	805
Fair value of restricted share units transferred to share capital	-	-	250	373
Deferred income tax effect of share issuance costs	9	38	2,132	649
Balance, end of period	888,360	615,300	888,360	615,300
Contributed surplus:				
Balance, beginning of period	31,183	29,414	30,181	29,014
Fair value of share-based payments included in operating expenses	355	352	1,685	1,499
Fair value of share-based payments capitalized to mineral properties	120	133	514	564
Fair value of warrants transferred to share capital	(332)	-	(332)	-
Fair value of options transferred to share capital	-	-	(472)	(805)
Fair value of restricted share units transferred to share capital	-	-	(250)	(373)
Balance, end of period	31,326	29,899	31,326	29,899
Deficit:				
Balance, beginning of period	(94,581)	(97,835)	(102,886)	(94,857)
Income (loss) for the period	19,047	(2,392)	27,352	(5,370)
Balance, end of period	(75,534)	(100,227)	(75,534)	(100,227)
Total equity	\$ 844,152	\$ 544,972	\$ 844,152	\$ 544,972

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)

(Presented in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Cash provided by (used in) operating activities:				
Income (loss) for the period	19,047	(2,392)	27,352	(5,370)
Adjustments for:				
Depreciation	114	114	342	342
Deferred income tax expense	7,256	518	13,367	2,951
Net interest (income) expense	(447)	6	(62)	(107)
Unrealized gain on change in fair value of construction financing obligations (note 13)	(29,427)	-	(50,889)	-
Unrealized foreign exchange loss	83	134	392	134
Unrealized loss on change in fair value of marketable securities	18	18	146	8
Gain on disposition of assets	-	-	(372)	(87)
Amortization of flow-through premium liability	-	(1,563)	(1,896)	(5,058)
Share-based payments	355	352	1,685	1,499
	(3,001)	(2,813)	(9,935)	(5,688)
Accounts receivable	3,008	107	45	(811)
Exploration supplies	295	(2,989)	546	(3,544)
Prepaid expenses and deposits	(554)	(208)	(1,934)	(482)
Accounts payable and accrued liabilities	2,832	1,628	1,943	491
	2,580	(4,275)	(9,335)	(10,034)
Net interest (paid) received	(41)	25	(368)	373
Net cash provided by (used in) operating activities	2,539	(4,250)	(9,703)	(9,661)
Cash flows provided by (used in) investing activities:				
Expenditures on mineral properties	(39,426)	(21,611)	(78,030)	(36,663)
Expenditures on property and equipment	(82,904)	(20,452)	(133,144)	(34,318)
Community funding deposit account (note 6)	(5)	(1)	(8)	(4)
Reclamation deposits (note 6)	-	-	(1,854)	(2,141)
Equipment finance deposits (note 6)	-	(1,166)	-	(1,166)
Other deposits (note 6)	-	-	-	(225)
Net proceeds (purchases) of short-term investments	18,000	-	(22,000)	21,000
Proceeds on disposition of assets	-	-	20	-
Net cash used in investing activities	(104,335)	(43,230)	(235,016)	(53,517)
Cash flows provided by (used in) financing activities:				
Shares issued, net of share issue costs (note 8)	(34)	(139)	263,925	36,827
Prepaid share reserve	-	6,184	-	6,184
Lease obligation payments	(106)	(105)	(317)	(304)
Loan obligation funding (note 7)	1,449	38,320	1,449	41,485
Loan obligation payments (note 7)	(890)	(2,514)	(28,239)	(2,575)
Standby fee payments (note 13)	(1,499)	-	(1,916)	-
Gold stream deposit (note 13)	42,894	-	42,894	-
Net cash provided by financing activities	41,814	41,746	277,796	81,617
Net increase (decrease) in cash and cash equivalents	(59,982)	(5,734)	33,077	18,439
Cash and cash equivalents, beginning of period	118,630	48,159	25,571	23,986
Cash and cash equivalents, end of period	58,648	42,425	58,648	42,425

Supplemental cash flow information (note 14)

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

(unaudited)

(Tabular amounts presented in thousands of Canadian dollars, except for share amounts)

For the three and nine months ended September 30, 2022 and 2021

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 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 has sufficient funds to execute the Company’s operating and construction plan beyond the end of the next twelve months. Furthermore, completion of the project financing during Q1 2022 (note 13) is anticipated to provide the Company sufficient funds to execute its construction plan to build the Goose Mine. On September 7, 2022, Sabina announced it had made a formal construction decision to build the Goose Mine. As a result, the Company reclassified the costs incurred with respect to the Goose Mine from exploration and evaluation assets to development assets. The Company performed an impairment assessment upon reclassification, concluding that the recoverable amount exceeded its carrying amount.

The Company has completed a feasibility study for the Goose Mine at its Back River Project, which demonstrates positive economics and has advanced the environmental assessment on the project. 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. Additionally, certain global developments have resulted in additional risk factors that have the potential to introduce uncertainty in the Company’s future operations. During the construction phase of the Goose Mine at Back River, changes in general economic conditions, the financial markets, inflation and interest rates and in the demand and market price for our costs, such as diesel fuel, steel, concrete, electricity and other forms of energy, mining equipment, and fluctuations in exchange rates are factors of particular note. As at the date of these financial statements, the duration of the business disruptions and related financial impact of COVID-19 as well as the impact of any additional risk factors to the Company’s future operations cannot be reasonably estimated.

2. Basis of presentation

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, inclusive of the new accounting policy for derivatives as described in note 3 of these condensed consolidated interim 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 7, 2022.

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

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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.

d) Significant 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 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, share-based payments, and the fair values of derivatives and other financial liabilities. 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) Fair values of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgment to select a method of valuation and make estimates of specific model inputs that are based on conditions, including market, existing at the end of each reporting period. Refer to note 13 for further details on the methods and assumptions associated with the measurement of the construction financing assets and liabilities.

f) New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted the Company's interim financial statements.

3. New significant accounting policies

Derivatives

Derivative instruments, including embedded derivatives, are recorded at fair value through profit or loss and, accordingly, are recorded on the statement of financial position at fair value. Unrealized gains and losses on derivatives are recorded in profit or loss for the year. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

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4. Property and equipment

Cost	Pre-development infrastructure and equipment	Exploration camp and equipment	Office and equipment	Total
Balance at January 1, 2022	\$ 165,219	\$ 24,776	\$ 2,283	\$ 192,278
Additions	132,629	-	-	132,629
Balance at September 30, 2022	\$ 297,848	\$ 24,776	\$ 2,283	\$ 324,907
Accumulated depreciation				
Balance at January 1, 2022	\$ (13,372)	\$ (22,301)	\$ (1,471)	\$ (37,144)
Current depreciation	(4,675)	(261)	(342)	(5,278)
Balance at September 30, 2022	\$ (18,047)	\$ (22,562)	\$ (1,813)	\$ (42,422)
Carrying value				
At January 1, 2022	\$ 151,847	\$ 2,475	\$ 812	\$ 155,134
At September 30, 2022	\$ 279,801	\$ 2,214	\$ 470	\$ 282,485

At September 30, 2022, the company has purchase commitments of \$10.1 million related to pre-development infrastructure and equipment.

5. Mineral properties

Summary - by property	September 30, 2022	December 31, 2021
Back River (Nunavut)	\$ 513,820	\$ 403,711
Wishbone (Nunavut)	4,688	4,688
	\$ 518,508	\$ 408,399

The following is a detailed continuity of costs incurred at Back River:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Back River (Nunavut)				
Balance, beginning of period	\$ 482,045	\$ 391,655	\$ 403,711	\$ 373,764
Additions:				
Surface access rights	2,005	1	3,168	584
Drilling and camp support	140	180	2,662	3,757
Detailed engineering and pre-development activities	27,242	25,070	99,264	36,897
Environmental and permitting	1,027	1,195	2,490	2,052
Geology and geophysics	1,020	505	1,300	785
Management and administration	(4)	49	250	140
Property maintenance	138	55	200	68
Share-based payments (note 9)	120	133	514	564
Depreciation	87	87	261	319
	31,775	27,275	110,109	45,166
Balance, end of period	\$ 513,820	\$ 418,930	\$ 513,820	\$ 418,930

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6. Other assets

	September 30, 2022	December 31, 2021
Reclamation deposits	\$ 11,687	\$ 9,834
Community funding deposit account	2,080	2,072
Deposits on equipment financing loans	1,269	1,173
Deposits to secure corporate credit card facility	225	225
	\$ 15,261	\$ 13,304

During the nine months ended September 30, 2022, the Company increased its reclamation deposits by \$1.9 million (2021 - \$2.1 million).

7. Loan obligations

The Company financed certain pre-development activities and mobile equipment with the combination of a senior secured facility and equipment financing loans. Details are as follows:

	Senior secured facility	Equipment financing loans	Total
Balance at January 1, 2022	\$ 25,356	\$ 13,343	\$ 38,699
Loan obligation funding	-	1,449	1,449
Principal payments	(25,764)	(2,475)	(28,239)
Effect of foreign exchange	408	614	1,022
Balance at September 30, 2022	\$ -	\$ 12,931	\$ 12,931
Current portion	-	4,092	4,092
Non-current portion	-	8,839	8,839
Balance at September 30, 2022	\$ -	\$ 12,931	\$ 12,931

On August 1, 2022, Sabina acquired a piece of mobile equipment through a financing loan with a supplier, with the loan secured by the underlying mobile equipment. The loan is denominated in Canadian dollars, bears interest at a fixed rate of 5.7%, and has a term of 4 years.

On August 30, 2021, Sabina entered a US\$20 million senior secured credit facility (the "Facility"), which was funded with an advance of \$25.4 million (US\$20 million) on September 17, 2021. The Facility had a term of one year and fixed interest 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 had a minimum nine-months interest payable on termination. The loan was secured by most of the Company's assets, excluding Hackett and Wishbone as well as the equipment acquired under financing loans. On May 6, 2022, Sabina repaid the Facility with a payment of \$25.8 million (US\$20.8 million), which was inclusive of the minimum nine-months interest of \$1.0 million (US\$0.8 million) that was payable on early repayment.

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8. Share capital

At September 30, 2022, 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:

	2022		2021	
	# of shares	\$	# of shares	\$
Issued and outstanding as at January 1	356,333,336	621,249	326,564,790	570,462
Shares issued for cash	191,698,764	271,570	20,117,640	39,229
Share issue costs	-	(7,897)	-	(2,402)
Prepaid share reserve	-	-	-	6,184
Issued on exercise of warrants	5,000,000	-	-	-
Issued on exercise of stock options	254,563	252	1,177,878	-
Issued on settlement of restricted share units	148,332	-	206,667	-
Fair value of warrants exercised	-	332	-	-
Fair value of options exercised	-	472	-	805
Fair value of restricted share units settled	-	250	-	373
Deferred income tax effect of share issue costs	-	2,132	-	649
Issued and outstanding at September 30	553,434,995	888,360	348,066,975	615,300

The first tranche of the Orion Mine Finance ("Orion") and Wheaton Precious Metals Corp. ("Wheaton") financings (note 13) closed on February 11, 2022, resulting in the issuance of 46,209,769 common shares of the Company to Orion and 12,322,605 common shares of the Company to Wheaton for gross proceeds of \$76.1 million.

The second tranche of the Orion and Wheaton financings closed on March 7, 2022, resulting in the issuance of 16,905,354 common shares of the Company to Orion and 4,508,094 common shares of the Company to Wheaton for gross proceeds of \$27.8 million. Concurrently, the first tranche of the Zhaojin International Mining Co., Ltd. ("Zhaojin") financing also closed, resulting in the issuance of 8,784,310 common shares of the Company resulting in gross proceeds of \$11.4 million. Zhaojin's payment to Sabina in March 2022 included the additional cash of \$1.7 million representing Zhaojin's funding for the second tranche. Given that shareholder approval was required for the second tranche, this \$1.7 million is classified as restricted cash at March 31, 2022, and was subsequently reclassified to cash following shareholder approval on May 25, 2022.

On March 30, 2022, the Company completed a bought deal prospectus financing of 71,000,000 common shares at a price of \$1.55 per common share for gross proceeds of \$110.1 million. In conjunction, the underwriters exercised their over-allotment option to purchase up to an additional 15% or 10,650,000 Common Shares at \$1.55 per share for total gross proceeds (including the over-allotment) of \$126.6 million. Costs associated with this financing totaled \$6.7 million, resulting in net proceeds of \$119.9 million.

The third tranche of the Orion and Wheaton financings closed on May 31, 2022, resulting in the issuance of 9,617,569 common shares of the Company to Orion and 2,564,685 common shares of the Company to Wheaton for gross proceeds of \$15.8 million. Concurrently, the second tranche of Zhaojin's financing also closed, resulting in the issuance of 1,338,565 common shares of the Company resulting in gross proceeds of \$1.7 million.

On June 13, 2022, the Company completed a private placement financing of 7,797,831 common shares to Zhaojin at a price of \$1.55 per common share for gross proceeds of \$12.1 million. These shares were issued as part of Zhaojin's election to participate in the bought deal prospectus financing that was completed on March 30, 2022. Costs associated with this financing totaled \$0.2 million, resulting in net proceeds of \$11.9 million.

On September 26, 2022, following a positive production decision for the Back River Project, the remaining 5 million share purchase warrants were exercised for \$nil cash consideration (note 9(d)). This resulted in the transfer of \$0.3 million from contributed surplus to share capital, which corresponds to the fair value of the contingent consideration of 5 million shares as part of the purchase price accounting when Back River was acquired on June 9, 2009.

On October 24, 2022, subsequent to period end, the Company completed a private placement financing of 3,566,283 flow-through common shares at a price of \$1.45 per share for gross proceeds of \$5.2 million.

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9. Share-based payments

a) Share purchase options

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

	2022		2021	
	Number of options	Average exercise price	Number of options	Average exercise price
Outstanding as at January 1	11,267,750	\$ 1.55	10,964,250	\$ 1.36
Exercised during the period	(656,250)	1.25	(1,886,500)	0.79
Forfeited or expired during the period	(1,390,250)	1.43	-	-
Granted during the period	2,510,000	1.59	2,685,000	1.79
Outstanding at September 30	11,731,250	1.59	11,762,750	1.55
Not vested at September 30	(3,655,000)	1.60	(3,812,500)	1.52
Exercisable as at September 30	8,076,250	\$ 1.59	7,950,250	\$ 1.56

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 nine months ended September 30, 2022, a total of 656,250 options were exercised (2021 – 1,886,500 options), of which 200,000 options were exercised for cash (2021 – none) and 456,250 options (2021 – 1,886,500 options) were exercised as SARs, resulting in the issuance of 54,563 common shares (2021 – 1,177,878 common shares).

During the nine months ended September 30, 2022, the Company granted 2,510,000 options (2021 – 2,685,000) at a weighted average exercise price of \$1.59 per option (2021 – \$1.79 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 by year of expiry:

Year	Number of options	Average exercise price
2023	2,365,000	\$ 2.06
2024	2,130,000	1.25
2025	2,246,250	1.21
2026	2,495,000	1.78
2027	2,495,000	1.59
Outstanding at September 30, 2022	11,731,250	1.59
Not vested at September 30, 2022	(3,655,000)	1.60
Exercisable at September 30, 2022	8,076,250	\$ 1.59

Employee compensation cost

During the three months ended September 30, 2022, the Company recorded \$0.4 million (2021 - \$0.4 million) in share-based payment costs for stock options, of which \$0.3 million (2021 - \$0.3 million) is presented as an operating expense the statement of income (loss) and \$0.1 million (2021 - \$0.1 million) is capitalized to mineral property costs.

During the nine months ended September 30, 2022, the Company recorded \$1.6 million (2021 - \$1.6 million) in share-based payment costs for stock options, of which \$1.2 million (2021 - \$1.1 million) is presented as an operating expense the statement of income (loss) and \$0.4 million (2021 - \$0.5 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 for stock options granted during the nine months ended September 30, 2022 are as follows: a risk-free interest rate of 1.80% (2021 – 0.95%); a dividend yield of 0% (2021 – 0%); an expected volatility of 53% (2021 – 60%) and expected lives of stock options of 5 years (2021 – 5 years).

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The weighted average fair value of options granted during the nine months ended September 30, 2022 was \$0.77 per option (2021 - \$0.91 per option). The expected volatility is estimated by considering historic average share price volatility.

b) Restricted share units

	2022		2021	
	Number of RSUs	Average price	Number of RSUs	Average price
Outstanding as at January 1	188,333	\$ 1.64	-	\$ -
Granted during the period	275,000	1.63	320,000	1.79
Settled in shares during the period	(148,332)	1.68	(206,667)	1.81
Outstanding as at September 30	315,001	\$ 1.61	113,333	\$ 1.77

During the nine months ended September 30, 2022, the Company granted 275,000 RSUs (2021 – 320,000) at a grant price of \$1.63 per RSU (2021 – \$1.79 per RSU) which vest over 3 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).

Employee compensation cost

During the three months ended September 30, 2022, the Company recorded \$94 thousand (2021 - \$44 thousand) in share-based payment costs for RSUs, of which \$77 thousand (2021 - \$37 thousand) is presented as an operating expense the statement of income (loss) and \$17 thousand (2021 - \$7 thousand) is capitalized to mineral property costs.

During the nine months ended September 30, 2022, the Company recorded \$0.4 million (2021 - \$0.5 million) in share-based payment costs for RSUs, of which \$346 thousand (2021 - \$424 thousand) is presented as an operating expense the statement of income (loss) and \$75 thousand (2021 - \$31 thousand) is capitalized to mineral property costs.

c) Deferred share units

On June 29, 2022, the Company made an initial grant of deferred share units (“DSUs”) to Directors as part of its compensation program for key management personnel. DSUs 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 retirement or death of the Director. The option to settle the DSUs in common shares or cash is at the Company’s election, and the Company intends to settle the DSUs with common shares issued from treasury.

DSUs 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 DSUs with common shares.

	2022	
	Number of DSUs	Average price
Outstanding as at January 1	-	\$ -
Granted during the period	150,000	1.07
Settled in shares during the period	-	-
Outstanding at September 30	150,000	\$ 1.07

Employee compensation cost

During the three months ended September 30, 2022, the Company recorded \$nil (2021 - \$nil) in share-based payment costs for DSUs.

During the nine months ended September 30, 2022, the Company recorded \$161 thousand (2021 - \$nil) in share-based payment costs for DSUs, which is presented as an operating expense the statement of income (loss).

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 (“Dundee”), the Company agreed to provide future equity consideration in the event certain milestones related to the

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project were met. The remaining consideration of 5 million warrants for \$nil consideration was exercised following a positive production decision for the Back River Project, with the shares issued to Dundee on September 26, 2022.

10. Flow-through premium liability

	2022		2021	
January 1	\$	1,896	\$	5,058
Amortization		(1,896)		(3,495)
September 30	\$	-	\$	1,563

In October 2021, the Company completed a private placement flow-through financing of 7,200,821 flow-through common shares at a price of \$1.87 per common share for gross proceeds of \$13.5 million, which must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2022. The flow-through premium liability of \$3.0 million set up from this financing has been amortized as the funds are spent on qualifying expenditures. At September 30, 2022, the Company had incurred all of the \$13.5 million of eligible flow through expenditures related to this financing.

11. Related parties

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Salaries and benefits	\$ 496	\$ 454	\$ 1,437	\$ 1,369
Severance	-	979	-	979
Share-based payments	329	351	1,639	1,492
	\$ 825	\$ 1,784	\$ 3,076	\$ 3,840

12. Income taxes

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

	September 30, 2022		December 31, 2021	
Deferred tax assets/(liabilities)				
Tax loss carry forwards	\$	71,177	\$	58,785
Financing costs		2,800		1,511
Provision for closure and reclamation		1,386		1,386
Other		115		4
Flow-through share effect on mineral properties		(67,381)		(65,102)
Mineral properties		(20,768)		(21,195)
Property and equipment		(21,177)		(12,418)
Construction financing obligations		(14,416)		-
Net deferred tax liabilities	\$	(48,264)	\$	(37,029)

Sabina has tax loss carry forwards at September 30, 2022 of approximately \$263.6 million expiring from 2031 to 2042 (December 31, 2021 – \$217.7 million).

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The income tax expense differs from the expected amount calculated using statutory income tax rates as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Income (loss) before income taxes	\$ 26,303	\$ (1,874)	\$ 40,719	\$ (2,419)
Canadian federal and provincial tax rates	27.0%	27.0%	27.0%	27.0%
Expected income tax (expense) recovery	(7,102)	506	(10,994)	653
Share-based payments and other permanent differences	(155)	307	(88)	942
Flow-through renunciation	-	(1,331)	(2,279)	(4,541)
Other	1	-	(6)	(5)
Deferred income tax expense	\$ (7,256)	\$ (518)	\$ (13,367)	\$ (2,951)

13. Construction financing obligations

On February 7, 2022, the Company completed a construction financing package totaling approximately US\$530 million in aggregate (the "Financing"). It is anticipated that the Financing will fund construction and development of the Goose Mine at Sabina's 100% owned Back River Project in Nunavut, Canada (the "Project").

The Financing is comprised of:

- US\$225 million senior secured debt facility with Orion Mine Finance ("Orion");
- US\$75 million gold prepay facility with Orion;
- Gold metal offtake agreement with Orion;
- US\$125 million gold stream arrangement with Wheaton Precious Metals Corp. ("Wheaton");
- US\$95 million private placement of Sabina common shares with both Orion and Wheaton to be subscribed over three tranches (note 8); and
- US\$10 million private placement of Sabina common shares with Zhaojin International Mining Co., Ltd. ("Zhaojin") to be subscribed over two tranches (note 8).

In connection with the Financing, Sabina executed final documentation with Orion Fund III (Mt) LLC, a limited liability company managed by Orion with respect to: (i) the provision of a senior secured project finance debt facility in the principal amount of US\$225 million and a gold prepay facility in the amount of US\$75 million, (ii) an offtake agreement to purchase 100% of the annual refined gold production from the Project, and (iii) the purchase, on a private placement basis, of US\$75 million of Sabina common shares.

Concurrently, Sabina executed final documentation with Wheaton with respect to: (i) a definitive precious metal purchase agreement under which Wheaton will pay Sabina an upfront payment of US\$125 million to acquire payable gold production from the Goose property of the Project (the "Stream Arrangement"), and (ii) the purchase, on a private placement basis, of US\$20 million of Sabina common shares.

Credit Facility – Orion

- US\$225 million senior secured debt facility;
 - To be funded in four equal tranches of US\$56.25 million and available from the date the gold prepay facility is fully drawdown until December 31, 2024;
 - Interest rate of LIBOR + 5.0-8.0%, based on the timing of the drawdown, with the base rate transitioning to SOFR following the cessation of LIBOR as a standard international banking benchmark rate;
 - Principal and accrued interest is repayable in 20 quarterly instalments commencing on September 30, 2025 until the maturity at June 30, 2030; and
 - Standby fees are payable on a quarterly basis and are calculated at 1% of the undrawn balance of the facility, with total standby fees payable capped at US\$4.5 million over the term of the facility.
- US\$75 million gold prepay facility;
 - To be funded to two equal tranches of US\$37.5 million and available subsequent to the Stream Arrangement being drawn; and
 - Delivery period will commence September 30, 2025 for a total of 15 quarters at 7,250 oz of refined gold per quarter.
- Gold metal offtake agreement;
 - Applies to sales on 100% of the refined gold production on 5 million ounces of refined gold delivered from the Project. The quantity reduces to 20% thereafter; and

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- Orion to pay Sabina for refined gold based at ~99% of prevailing market prices.

Stream Arrangement - Wheaton

- Applies only to the Goose property and not to any other properties on Back River Gold district;
- US\$125 million upfront payment (the "Deposit") for 4.15% of the gold production from the Project dropping to 2.15% after delivery of 130,000 ounces and dropping to 1.5% after delivery of 200,000 ounces;
- The Deposit is to be paid in four equal installments of US\$31.25 million during construction, based on the remaining capital to be spent prior to the senior debt facility and the gold prepay facility being drawn; and
- Wheaton will make ongoing payments equal to 18% of the spot gold price, until the Deposit has been reduced to zero, thereafter increasing to 22% of the spot gold price upon delivery.

Equity Financings

- Orion agreed to subscribe for 72,732,692 shares of Sabina at a price of C\$1.30 for aggregate proceeds of approximately \$95 million (US\$75 million).
- Wheaton agreed to subscribe for 19,395,384 shares of Sabina at a price of C\$1.30 for aggregate proceeds of approximately \$25 million (US\$20 million).
- The private placement to Orion and Wheaton was completed in three tranches. The final tranche, which is subject to approval of Sabina shareholders pursuant to the policies of the TSX, closed in Q2 2022.
- The private placement to Zhaojin was completed in two tranches.
- Prior to the advance of funding under the Orion credit facilities and the Wheaton stream arrangement, Sabina is to fund US\$95 million in additional third-party equity investment and repay the US\$20 million senior secured facility (note 7) in accordance with its terms. This funding was completed by way of a bought deal prospectus financing that closed on March 30, 2022 (note 8).

The Company has recorded a construction financing asset and liability in the statement of financial position and related financial statement impacts in the statements of income (loss) as follows:

	Orion		Wheaton		TOTAL
	Debt facility	Gold prepay	Gold offtake	Gold stream	
Fair value, February 7, 2022	\$ 6,455	\$ (82,679)	\$ (26,089)	\$ -	\$ (102,313)
Financing deferred (gain)/loss	(6,455)	82,679	26,089	-	102,313
Fair value adjustments					
3-months ended March 31, 2022	-	(30,713)	-	(16,688)	(47,401)
3-months ended June 30, 2022	-	27,257	-	41,606	68,863
3-months ended September 30, 2022	-	11,920	-	17,507	29,427
	-	8,464	-	42,425	50,889
Standby fees paid	1,900	-	-	-	1,900
Prepayment	-	-	-	(42,894)	(42,894)
Foreign exchange	604	-	-	-	604
Balance, September 30, 2022	\$ 2,504	\$ 8,464	\$ -	\$ (469)	\$ 10,499

Construction financing asset (Orion)	\$ 10,968
Construction financing liability (Wheaton)	(469)
TOTAL	\$ 10,499

Wheaton made its initial prepayment of \$42.9 million (US\$31.25 million) to the Company on September 28, 2022.

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Accounting implications of the construction financing obligations

Management has determined that the gold prepay obligation and the gold stream obligation are accounted for as derivative instruments which are measured at fair value through profit and loss. They are re-measured at fair value at each statement of financial position date, with changes in the fair value being recorded in the statement of income (loss).

Debt facility

- The senior secured debt facility is a loan commitment until such time as the Company draws upon the facility, at which point it will be accounted for at amortized cost. The initial fair value of the debt facility loan commitment of \$6.5 million was calculated using the Hull-White model and is a level 3 fair value measurement which is not revalued at each subsequent reporting period.

Gold prepay obligation

- The Company has determined that the gold prepay obligation is a derivative instrument linked to gold commodity prices and interest rates. The Company has measured the gold prepay obligation in its entirety at fair value through profit and loss. The gold prepay obligation will be re-measured at fair value at each statement of financial position date, with changes in the fair value being recorded in profit and loss. The fair value of the gold prepay obligation is a level 3 fair value measurement and is calculated using a Monte-Carlo simulation as the value of the gold prepayment obligation is linked to the gold price and the Company has the option to satisfy its obligation by delivering gold quantities outstanding prior to the final scheduled delivery date. As at February 7, 2022, the fair value of the gold prepay obligation was a liability of \$82.7 million. For the three and nine months ended September 30, 2022, the change in fair value of the gold prepay obligation was a gain of \$11.9 million (2021 – \$nil) and a gain of \$8.5 million (2021 – \$nil), respectively.

Gold offtake

- The initial fair value of the offtake agreement commitment was calculated using the estimated future gold production and the future gold prices and is a level 3 fair value measurement. The initial \$26.1 million fair value is primarily due to the present value of the discounted gold price and is not revalued at each subsequent reporting period.

Stream obligation

- The Company has determined that the stream obligation is a derivative instrument linked to gold commodity prices and interest rates. There is no initial fair value amount to record as it was determined that the terms of the contract at inception represented market rates. The Company has measured the stream obligation in its entirety at fair value through profit and loss. The stream obligation will be re-measured at fair value at each statement of financial position date, with changes in the fair value being recorded in profit and loss. The fair value of the stream obligation was calculated using the estimated future gold deliveries and the future gold prices and is a level 3 fair value measurement. For the three and nine months ended September 30, 2022, the change in fair value of the stream obligation was a gain of \$17.5 million (2021 – \$nil) and a gain of \$42.4 million (2021 – \$nil), respectively.

The various components of the construction financing package were calculated using the following assumptions:

	September 30, 2022	June 30, 2022	March 31, 2022	February 7, 2022
Credit spread				
Gold prepay facility with Orion	8.9%	9.0%	6.7%	9.0%
Gold stream with Wheaton	8.9%	9.0%	6.7%	7.1%

The initial fair value of the debt facility, gold prepay and gold offtake gave rise to a financing deferred loss (gain) on recognition of \$102.3 million. The deferred loss (gain) is due to the difference between the credit spread used in the valuation and the implied rate in each contract, where the following table provides specific insight as to the deferred loss (gain) by instrument:

Instrument	Asset/Liability	Explanation
Senior debt facility	Asset	The asset represents that the interest rate is lower than the risk free rate plus credit spread of 9.0%.
Gold prepay	Liability	The liability represents the higher liability from a lower credit spread than implied in the transaction.
Gold offtake	Liability	The liability represents the present value of the discounted gold price from the market gold price.

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The fair values of the debt facility, gold prepay and gold offtake were not determined using a valuation that only uses data from observable markets, hence the loss (gain) on recognition has been deferred and will be recognized in income as follows:

Instrument	Basis of amortization
Senior debt facility	Included as part of the calculation of the effective interest rate
Gold prepay	Units of delivery
Gold offtake	Units of production

The gold stream agreement with Wheaton had no gain/loss as the credit spread is the implied rate in the agreement.

14. Supplemental cash flow information

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Change in accounts payable and accrued liabilities related to mineral property costs	\$ (9,863)	\$ 5,443	\$ 29,296	\$ 7,616
Change in accounts payable and accrued liabilities related to the purchase of property and equipment	(10,894)	(712)	11,905	3,233
Marketable securities received on the disposition of assets	-	-	352	87
Depreciation capitalized to property and equipment (note 4)	1,558	1,171	4,675	3,513
Depreciation capitalized to mineral property costs (note 5)	87	87	261	319
Share-based payments capitalized to mineral property costs (note 9)	120	133	514	564
Fair value of warrants transferred to share capital upon exercise (note 8)	332	-	332	-
Fair value of stock options transferred to share capital upon exercise (note 8)	-	-	472	805
Fair value of restricted share units transferred share capital upon settlement (note 8)	-	-	250	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 for the three and nine months ended September 30, 2022. The MD&A was prepared as of November 7, 2022 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, 2022 and the audited consolidated financial statements for the year ended December 31, 2021, 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 becoming an intermediate gold producer through the exploration and development of its mineral resource properties on the Company's 100% owned Back River Gold District ("Back River". The Company is in the process of construction and development of its first mine on the district, the Goose Mine ("Goose Mine" or the "Project"). The Company also owns a silver royalty on the Hackett River project. Both projects are located in Nunavut, Canada.

As noted in the Risks and Uncertainty section of this MD&A, certain global developments have resulted in additional risk factors that have the potential to introduce uncertainty in the Company's future operations. During the construction phase of the Goose Mine at Back River, changes in general economic conditions, the financial markets, inflation and interest rates and in the demand and market price for our costs, such as diesel fuel, steel, concrete, electricity and other forms of energy, mining equipment, and fluctuations in exchange rates are factors of particular note. Advancements of the Goose Mine development at Back River are progressing. Of the \$610 million capital estimate for the Project according to the 2021 Updated Feasibility Study ("UFS"), \$218 million was identified as direct equipment and material purchases. At as November 7, 2022, Sabina has procured, or has committed agreements to procure, approximately 90% of these identified purchases, with a target of 95% of all packages to be committed to by the end of November 2022. Inflationary escalation on committed procurement to date has averaged 15% since March of 2021, with approximately 20% escalation on purchases in 2022.

Q3 2022 Highlights:

- The Company ended the quarter with cash and cash equivalents and short-term investments of \$80.6 million.
- On September 7, 2022, the Board of Directors of the Company made a formal construction decision for the Goose Mine resulting in the issuance of 5 million shares to Dundee Precious Metals ("DPM") on September 26, 2022, and a \$2 million payment to Kitikmeot Inuit Association ("KIA") for the regional wealth creation program subsequent to period end on October 31, 2022.
- In relation to the US\$125 million gold stream facility with Wheaton Precious Metals Corp. ("Wheaton"), the Company received its first draw of \$42.9 million (first of four equal draws of US\$31.25 million) on September 28, 2022. The proceeds of the stream will be used to continue development and construction of the Company's Goose Mine.
- During the quarter, the Company engaged in the following activities:
 - Advanced various initiatives related to project execution, including various sealifts of critical supplies to the port facility from both the eastern and western shipping corridors, including a bulk fuel delivery of 9 million litres of diesel, internal quality checks related to the various engineering design packages, and activities related to the finalization of the performance guarantee with FLSmidth regarding key equipment for the Goose Mine processing flowsheet. All pre-development activities are now completed for full construction to commence in 2023. All major equipment and materials required for initial construction have been either procured, marshalled at our east and west transportation hubs, delivered or are in transit to the Company's Port Facility in Bathurst Inlet. In addition, the underground ramp has been progressed to our first ore access sublevel and will be sufficiently completed to enable underground drilling of the Umwelt zone in Q4 2022.

- Completed a summer exploration field program at George, which consisted of re-logging of select historic drill core sections and targeted field evaluations to build a revised structural map that will provide critical controls on gold mineralization.
- For the three and nine months ended September 30, 2022, the Company reported net income of \$19.0 million or \$0.03 per share and net income of \$27.4 million or \$0.06 per share, respectively. The reported net income is driven primarily by the unrealized gains on the change in fair value of the construction financing obligations, with after-tax amounts of \$21.5 million and \$37.1 million for the three and nine months ended September 30, 2022, respectively.

Results of Operations

Back River, Nunavut (100% ownership)

The Back River District is located approximately 520 km northeast 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 Development

During Q3 2022, Goose Mine development activities were focused on:

- On-site construction work, including completion of plant site preparation, construction of water management structures, pre-stripping of the Echo pit, advancement of the Umwelt underground ramp, and fuel pipeline testing (in accordance with Transport Canada requirements), to ensure the storage tank and pipeline at the Port Facility were ready for receipt of approximately 9 million litres of bulk diesel which was successfully received in September 2022;
- Preparation for and successful offloading of multiple sealifts at the Port Facility from the eastern and western shipping consolidation points, which contained materials and equipment required for the 2023 Project construction, including:
 - the balance of the phase 1 permanent camp complex (280 person);
 - construction offices and equipment;
 - bulk construction materials (cement, rebar and all building envelope structural steel);
 - select discipline construction materials (piping, electrical cable, tanks, chutes, conveyors, etc.);
 - building overhead cranes, emulsion plant, and main generators;
 - ancillary buildings, additional fuel storage capacity, and mining fleet spares; and
 - additional winter ice road equipment and mining equipment;
- Conducting internal quality checks (including clash detection, and interface checks between the various equipment packages) to ensure completeness of the engineering design, and concurrently ensure purchase orders are raised for the outstanding procurement identified by the review;
- Working towards finalization of the performance guarantee document in collaboration with FLSmith as well as development of spare parts requirements, consumables and storage and preservation requirements for the respective FLSmith supplied equipment packages; and
- Procured all major equipment for initial construction, including generators, a fuel injection system, radiator systems, and heat exchanger for the power plant.

Back River Project Exploration

With the Goose Mine currently being advanced through construction, exploration efforts are now focused on the George property, which is viewed as the second most advanced of the five designated project areas within Sabina's Back River Gold District. George, located approximately 60 km north of the Goose Mine, is host to 20 km of prospective iron formation with current resources of 7.1 M tonnes at 5.34 g/t Au for 1.2 M oz in the Indicated category and an additional 5.4 M tonnes at 6.12 g/t au for 1.1 M oz in the Inferred category. All deposits are open to depth.

The George Project hosts an all-season stand-alone exploration camp with capacity for 60 people, which forms the base of operations for project work. George had not been worked for almost 10 years, while Sabina focused on advancing the Goose Mine towards production. The opening of George camp and this year's field program continues the phased strategy for pipeline growth in the Back River Gold District.

During Q3 2022, Sabina completed a regional geology program at George, with a five-week helicopter supported field program. Field activities were comprised of re-logging of select historic drill core sections, mapping, and rock and till sampling, all for evaluation and modeling of drill targets outside of the current George resource areas.

To the end of Q3 2022, underground operations have advanced the underground ramp to 1,035 meters from the portal, with total cumulative development of 1,356 meters inclusive of underground support infrastructure such as remucks, sumps and cut-outs. Towards the end of Q3 2022 work had started on the access towards the main ventilation raise and the 9160 sublevel. The 9160 sublevel is the main access for mining of the V2 Zone (the upper portions of the high-grade corridor at the Umwelt Underground resource), as well as providing longer term ventilation to the deeper mining areas. In November 2022 Sabina commenced its first exploration drilling program from an underground platform on the Back River property, which is expected to be completed in December 2022.

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

Environment, Social Responsibility and Governance ("ESG")

As the Company evolves into a gold producer, it is committed to strong governance policies with a long-term view to maximize returns and mitigate economic risk. To this end, the Company is focused on mandates that: minimize potential negative impacts to the environment and people; transform the gold at the Back River Project into mutual economic success and sustainability; and provide accountability on all levels.

In 2020, the Company began formally reporting on its ESG commitments and achievements by publishing its inaugural Sustainability Report. Given the nature of the Company's operations, the Sustainability Report is updated every two years until activities increase and more data is available to report on. During 2022 the Company continued to advance towards finalizing its next Sustainability Report, which is expected to be published in Q4 2022.

Summary of Results

Quarterly income (loss) is impacted by the timing and quantum of unrealized gains (losses) in the change in fair value of the construction financing obligations, share-based payments, the amortization of flow-through share premium liability, and associated tax impacts.

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

	2022	2022	2022	2021	2021	2021	2021	2020
	Q3	Q2	Q1*	Q4	Q3	Q2	Q1	Q4
Total assets	\$ 968,513	\$ 959,059	\$ 886,808	\$ 643,977	\$ 642,828	\$ 597,526	\$ 589,960	\$ 555,134
Income/(loss)	19,047	49,015	(40,710)	(2,659)	(2,392)	(1,597)	(1,381)	(1,186)
Per share	\$ 0.03	\$ 0.09	\$ (0.10)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

* The Company completed its analysis of the construction financing package in Q2 2022 resulting in the gold prepay and gold stream being accounted for as derivative instruments. The Company measures these obligations at fair value through profit and loss. They are re-measured at fair value at each statement of financial position date, with changes in the fair value being recorded in profit and loss.

The Company's previously reported results for the three months ended March 31, 2022 and as at March 31, 2022 did not include the change in fair value of the gold prepay and gold stream. As such, the previously reported Q1 2022 net loss of \$5.4 million has been restated. As a result, the Q1 2022 net loss has been increased by \$35.3 million to \$40.7 million and the Q1 2022 net loss per share has been increased by (\$0.09) to (\$0.10) to reflect the unrealized loss on the change in fair value of construction financing obligations. Additionally, the previously reported March 31, 2022 total liabilities of \$105.7 million have been restated. As a result, the March 31, 2022 total liabilities have been increased by \$35.3 million to \$141.0 million to reflect the unrealized loss on the change in fair value of construction financing obligations. Refer to note 13 of the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2022.

Overall Performance

For the three months ended September 30, 2022, the Company's reported net income was \$19.0 million compared with a net loss of \$2.4 million during the comparative quarter in 2021, the increase driven primarily by unrealized gains in the change in fair value of the construction financing obligations, net of tax.

For the nine months ended September 30, 2022, the Company's net income was \$27.4 million compared with a net loss of \$5.4 million during the comparative period, the increase driven primarily by unrealized gains in the change in fair value of the construction financing obligations, net of tax, partially offset by lower amortization of flow-through premium liability.

Operating expenses for the nine months ended September 30, 2022 were \$13.1 million compared to \$7.8 million in the comparative period in 2021. Period-over-period (favourable)/unfavourable variances are summarized below:

Expense	Variance (\$ millions)	Description
Administration and general	0.2	Increases in rent and IT sustainment costs in 2022.
Insurance	0.2	Higher cost in 2022 due to increase in insurance rates combined with increases in coverage for additional activities.
Listing, transfer and shareholder	0.5	Additional listing fees associated with the 2022 prospectus financing.
Professional services	4.7	Additional advisory fees associated with the process to secure construction financing.
Salaries and severance	(0.5)	No severance in 2022, with that decrease in the current year partially offset by the increase in headcount related to growth of the Company as it ramps up development of the Back River Project.
Share-based payments	0.2	Increase in the number of options granted in 2022 combined with an increase in expense associated with the vesting of restricted share units ("RSUs").

For the nine months ended September 30, 2022, net finance income was \$53.9 million compared to \$5.4 million in the comparative period in 2021. The increase of \$48.5 million was due primarily to unrealized gains in the change in fair value of the construction financing obligations of \$50.9 million, partially offset by \$3.2 million less amortization of flow-through premium liability.

For the nine months ended September 30, 2022, deferred tax expense was \$13.4 million compared to \$3.0 million in the comparative period in 2021 as a result of the tax expense from the higher pre-tax operating income in the current period, driven primarily by the higher net finance income.

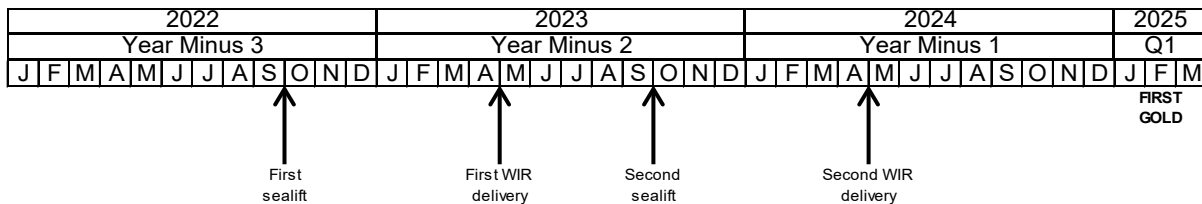
Mineral property expenditures for the nine months ended September 30, 2022 were \$108.1 million compared to \$45.2 million in 2021. Period-over-period increases/(decreases) are summarized below:

Mineral Property Expenditures	Variance (\$ millions)	Description
Surface access rights	2.6	\$2 million increase related to regional wealth creation program funding obligation triggered by Sabina’s construction decision for the Goose Mine in Q3 2022 combined with an increase of \$0.5 million in the annual fee to KIA following the announcement of the construction financing package in Q1 2022.
Drilling and camp support	(1.1)	Smaller drilling campaign in 2022 vs. the prior year.
Detailed engineering and pre-development activities	62.4	Increase in pre-development activities in preparation for full construction.
Environmental and permitting	0.4	Additional activities related to community relations and water monitoring
Geology and geophysics	0.5	Increase in site activities at George related to the regional field program during Q3 2022.

Outlook

Sabina’s strategic plan is focused on exploring and developing its primary asset, the 100% owned Back River Gold District, with the objective of becoming a mid-tier gold producer with the Goose Mine. The UFS, released in February 2021, demonstrates the positive economics of the Goose Mine on a greater scale and over a longer 15-year mine life than the previous study.

With the completion of its US\$530 million construction financing package, combined with the \$127 million bought deal prospectus equity financing and Zhaojin International Mining Co., Ltd. (“Zhaojin”) exercising its participation right for \$12 million related to the bought deal prospectus financing, the Company will continue to advance on its target for first gold in Q1 2025.



The Project execution schedule is driven by the seasonality of shipping to the Port Facility combined with the logistics of construction and transport by way of Winter Ice Road (“WIR”). The UFS execution schedule contemplates that the first seasonal sealift of construction materials would be completed by September of the year approximately 27 months prior to first gold and the second seasonal sealift completed by September of the year approximately 15 months prior to first gold. From delivery of that first seasonal sealift to the Port Facility, the Company estimates that the Goose Mine would be approximately 30 months to commercial production, inclusive of a 3-month commissioning and ramp up period.

Liquidity and Capital Resources

The Company had cash and cash equivalents and short-term investments of \$80.6 million at September 30, 2022 compared to \$25.6 million at December 31, 2021. During the first nine months of 2022, Sabina completed equity financings with total gross proceeds of \$271.6 million.

On February 8, 2022, the Company announced the completion of a construction financing package totaling approximately US\$530 million in aggregate (the "Financing"). The Financing will fund construction and development of the Goose Mine at Sabina's Back River Project.

The Financing is comprised of:

- US\$225 million senior secured debt facility with Orion;
- US\$75 million gold prepay facility with Orion;
- Gold metal offtake agreement with Orion;
- US\$125 million gold stream arrangement with Wheaton; and
- US\$95 million private placement of Sabina common shares with both Orion and Wheaton to be subscribed over three tranches; and
- US\$10 million private placement of Sabina common shares to Zhaojin to be subscribed over two tranches.

In connection with the Financing, Sabina executed final documentation with Orion Fund III (Mt) LLC, a limited liability company managed by Orion with respect to: (i) the provision of a senior secured project finance debt facility in the principal amount of US\$225 million and a gold prepay facility in the amount of US\$75 million, (ii) an offtake agreement purchase 100% of the annual refined gold production from the Project, and (iii) the purchase, on a private placement basis, of US\$75 million of Sabina common shares.

Concurrently, Sabina executed final documentation with Wheaton with respect to: (i) a definitive precious metal purchase agreement under which Wheaton will pay Sabina an upfront payment of US\$125 million to acquire payable gold production from the Project (the "Stream Arrangement"), and (ii) the purchase, on a private placement basis, of US\$20 million of Sabina common shares.

Credit Facility – Orion

- US\$225 million senior secured debt facility;
 - To be funded in four equal tranches and available from the date the gold prepay facility is fully drawdown until December 31, 2024;
 - Interest rate of LIBOR + 5.0-8.0%, based on the timing of the drawdown, with the base rate transitioning to SOFR following the cessation of LIBOR as a standard international banking benchmark rate;
 - Principal and accrued interest is repayable in 20 quarterly instalments until maturity at June 30, 2030; and
 - Standby fees are payable on a quarterly basis and are calculated at 1% of the undrawn balance of the facility, with total standby fees payable capped at US\$4.5 million over the term of the facility.
- US\$75 million gold prepay facility;
 - To be funded to two equal tranches and available subsequent to the Stream Arrangement being drawn;
 - Delivery period commences September 30, 2025 for 15 quarters at 7,250 oz of gold per quarter.
- Gold metal offtake agreement;
 - Applies to sales on 100% of the refined gold production on 5 million ounces of gold delivered from the Project. The quantity reduces to 20% thereafter; and
 - Orion to pay Sabina for refined gold based at ~99% of prevailing market prices.

Stream Arrangement - Wheaton

- Applies only to the Goose property and not to any other properties on Back River Gold district;
- US\$125 million upfront payment (the "Deposit") for 4.15% of the gold production from the Project dropping to 2.15% after delivery of 130,000 ounces and dropping to 1.5% after delivery of 200,000 ounces;
- The Deposit is to be paid in four equal installments during construction, based on the remaining capital to be spent prior to the senior debt facility and the gold prepay being drawn; and
- Wheaton will make ongoing payments equal to 18% of the spot gold price, until the Deposit has been reduced to zero, thereafter increasing to 22% of the spot gold price upon delivery.

On September 28, 2022, Wheaton advanced to Sabina the first draw of \$42.9 million (US\$31.25 million).

Equity Financings

- Orion agreed to subscribe for 72,732,692 shares of Sabina at a price of C\$1.30 for aggregate proceeds of approximately \$95 million (US\$75 million).
- Wheaton agreed to subscribe for 19,395,384 shares of Sabina at a price of C\$1.30 for aggregate proceeds of approximately \$25 million (US\$20 million).
- The private placement to Orion and Wheaton was completed in three tranches.
 - The first tranche closed on February 11, 2022, resulting in the issuance of 46,209,769 common shares of the Company to Orion and 12,322,605 common shares of the Company to Wheaton for gross proceeds of \$76.1 million.
 - The second tranche closed on March 7, 2022, resulting in the issuance of 16,905,354 common shares of the Company to Orion and 4,508,094 common shares of the Company to Wheaton for gross proceeds of \$27.8 million.
 - The third tranche, which was approved by Sabina's shareholders on May 25, 2022, closed on May 31, 2022, resulting in the issuance of 9,617,569 common shares of the Company to Orion and 2,564,685 common shares of the Company to Wheaton for gross proceeds of \$15.8 million.
- The private placement to Zhaojin was completed in two tranches.
 - The first tranche closed on March 7, 2022, resulting in the issuance of 8,784,310 common shares of the Company for gross proceeds of \$11.4 million.
 - The second tranche closed on May 31, 2022, resulting in the issuance of 1,338,565 common shares of the Company resulting in gross proceeds of \$1.7 million.
- Prior to the advance of funding under the Orion credit facilities and the Wheaton stream arrangement, Sabina to fund at least US\$95 million in additional third-party equity investment and repay the previously announced US\$20 million Sprott bridge loan in accordance with its terms.
 - This funding was completed by way of a bought deal prospectus financing for 81,650,000 common shares at a price of \$1.55 per common share for gross proceeds of \$126.6 million that closed on March 30, 2022. This was further supplemented by Zhaojin exercising its right to participate in the financing, with the Company completing a private placement financing of 7,797,831 common shares to Zhaojin at a price of \$1.55 per common share for gross proceeds of \$12.1 million.
 - On May 6, 2022, Sabina repaid the US\$20 million Sprott bridge loan with a payment of US\$20.8 million, which was inclusive of the minimum nine-months interest that was payable on early repayment.

Based on the financings completed during the first 9 months of 2022, the Company has sufficient funds to execute its operating and construction plan beyond the end of 2023. Subsequent to period end on October 24, 2022, the Company completed a private placement financing of 3,566,283 flow-through common shares at a price of \$1.45 per share for gross proceeds of \$5.2 million.

Contractual Obligations

<i>(all figures in \$ millions)</i>	TOTAL	Less than 1 year	1-3 years
Loan obligations	\$ 12.9	\$ 4.1	\$ 8.8
Lease obligations	0.3	0.3	-
Accounts payable and accrued liabilities	53.2	53.2	-
Community funding obligation	4.1	4.1	-
Purchase commitments	10.1	10.1	-
TOTAL	\$ 80.6	\$ 71.8	\$ 8.8

Financial Instruments

The fair values of the Company's financial instruments consisting of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accruals, and loan obligations approximate their carrying values because of their short terms to maturity. The fair values of the Company's reclamation security 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 fair value of the gold prepay obligation with Orion is calculated using a Monte-Carlo simulation. The fair value of the gold stream obligation with Wheaton is calculated using the estimated future gold deliveries and the future gold prices.

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 \$5.1 million. The Company has issued total security deposits of \$11.7 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 2021 annual MD&A as well as note 3 of the annual 2021 audited consolidated financial statements and note 3 of the Q3 2022 condensed consolidated interim financial statements for detailed discussions 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, 2022 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 7, 2022, there were 557,001,278 common shares outstanding and there were options and warrants outstanding to purchase an aggregate of 11,731,250 common shares as well as 315,001 RSUs and 150,000 deferred share units that the Company expects to settle with common shares issued from treasury.

Risks and Uncertainties

Certain global developments have resulted in additional risk factors that have the potential to introduce uncertainty in the Company's future operations, particularly during the construction phase of the Goose Mine, namely:

- Changes in general economic conditions, the financial markets, inflation and interest rates and in the demand and market price for our costs, such as diesel fuel, steel, concrete, electricity and other forms of energy, mining equipment, and fluctuations in exchange rates, particularly with respect to the value of the U.S. dollar and Canadian dollar.
- Uncertainties resulting from the war in Ukraine, and the accompanying international response including economic sanctions levied against Russia, which has disrupted the global economy, created increased volatility in commodity markets (including oil and gas prices), and disrupted international trade and financial markets, all

of which have an ongoing and uncertain effect on global economics, supply chains, availability of materials and equipment and execution timelines for project development.

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, 2021. 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 development and 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. By their nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, undue reliance should not be placed on forward-looking information. Sabina's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur or, if any of them do so, what benefits Sabina will derive there from. Sabina disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable law