



SABRE GOLD MINES CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Sabre Gold Mines Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Sabre Gold Mines Corp.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) - Unaudited

	As at March 31, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash	\$ 2,667,822	\$ 348,374
Accounts receivable and prepaid expenses (note 4)	170,720	67,260
Marketable securities (note 5)	109,170	135,022
Total current assets	2,947,712	550,656
Non-current assets		
Restricted investments (note 3)	1,479,565	1,479,250
Investments	144,093	144,093
Property, plant and equipment (note 7)	8,474,174	8,560,244
Right-of-use assets (note 6)	144,950	172,382
Mineral properties (note 8)	46,730,836	42,750,362
Total assets	\$ 59,921,330	\$ 53,656,987
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,385,666	\$ 2,294,278
Promissory notes payable (note 11)	-	5,763,911
Convertible promissory notes payable (note 12)	-	9,689,575
Derivative financial liabilities (note 13)	-	55,554
Lease liability (note 9)	106,495	103,440
Total current liabilities	1,492,161	17,906,758
Non-current liabilities		
Deferred revenue (note 10)	14,405,351	14,327,514
Promissory note payable (note 11)	5,907,205	-
Convertible promissory notes payable (note 12)	6,591,689	-
Derivative financial liabilities (note 13)	135,719	-
Lease liability (note 9)	28,245	56,054
Deferred tax liabilities	30,264	30,264
Decommissioning liabilities (note 14)	2,445,236	2,447,224
Total liabilities	31,035,870	34,767,814
Equity		
Share capital (note 15)	178,391,359	176,664,167
Contributed surplus and other reserves	18,973,893	18,460,123
Share-based payments reserve (note 16)	2,159,814	2,673,584
Warrant reserve (note 17)	435,491	267,595
Accumulated other comprehensive income	1,309,531	1,336,052
Deficit	(172,384,628)	(180,512,348)
Total equity	28,885,460	18,889,173
Total liabilities and equity	\$ 59,921,330	\$ 53,656,987

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Commitments and contingencies (note 20)

Approved on behalf of the Board:

(Signed) "Claudio Ciavarella" Director

(Signed) "Stefan Spears" Director

Sabre Gold Mines Corp.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (Expressed in Canadian Dollars) - Unaudited

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating expenses		
Exploration and evaluation expenditures	\$ (35,424)	\$ 262,241
General and administrative	33,014	47,027
Depreciation (notes 6 and 7)	103,436	81,102
Consulting fees and salaries (note 19(c))	40,500	102,320
Professional fees	145,738	96,839
Business development	48,586	89,969
	(335,850)	(679,498)
Sale of royalty (note 22)	8,665,772	-
Finance charges	(305,404)	(344,915)
Accretion expense	(75,782)	(28,136)
Fair value adjustment of derivative financial liabilities	43,399	(34,590)
Gain on disposal of subsidiary	-	20,250
Realized gain on sale of marketable securities (note 5)	-	175,506
Change in fair value of marketable securities (note 5)	(25,853)	(669,190)
Gain (loss) gain on foreign exchange	161,438	(75,755)
Income (loss) before income taxes	\$ 8,127,720	\$ (1,636,328)
Income tax recovery – deferred	-	-
Net Income (loss) for the period	\$ 8,127,720	\$ (1,636,328)
Other comprehensive income (loss)		
Foreign currency translation	(26,521)	414,674
Total comprehensive income (loss) for the period	\$ 8,101,199	\$ (1,221,654)
Basic and diluted net income (loss) per share (note 18)	\$ 0.12	\$ (0.03)
Weighted average number common shares outstanding	67,703,769	63,291,235

The accompanying notes to the consolidated financial statements are an integral part of these statements

Sabre Gold Mines Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars) - Unaudited

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating activities		
Net income (loss) for the period	\$ 8,127,720	\$ (1,636,328)
Adjustments for:		
Depreciation	103,436	81,102
Accretion expense	75,782	28,136
Accrued interest	305,404	340,583
Gain on disposal of other assets	-	(20,250)
Fair value adjustment on derivative liability	(43,399)	34,590
Realised gain on sale of marketable securities	-	(175,506)
Change in fair value of marketable securities	25,853	669,190
Unrealised foreign exchange differences	33,825	75,755
Changes in non-cash working capital items:		
Accounts receivables	(26,968)	43,149
Prepaid expenses and other receivables	(76,492)	75,782
Accounts payable and accrued liabilities	(908,612)	(2,551,301)
Net cash provided by (used) in operating activities	\$ 7,616,549	(3,035,098)
Investing activities		
Addition to mineral properties	(3,940,204)	(1,127,347)
Proceeds from sale of marketable securities	-	4,257,807
Payment of surety bond	(1,454)	(302,403)
Net cash used in investing activities	\$ (3,941,658)	\$ 2,728,057
Financing activities		
Shares issued, net of costs	674,500	-
Repayment of convertible promissory notes	(2,000,000)	-
Lease liability payments	(29,062)	(9,146)
Net cash used in financing activities	\$ (1,354,562)	\$ (9,146)
Effect of exchange rate changes on cash	(881)	(14,572)
Net increase/(decrease) in cash	2,319,448	(216,187)
Cash, beginning of period	348,374	3,096,903
Cash, end of period	\$ 2,667,822	\$ 2,880,716

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Sabre Gold Mines Corp. (formerly "Arizona Gold Corp.")

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars) - Unaudited

	Number of Common Shares	Share Capital	Reserves			Accumulated other comprehensive income (loss)	Deficit	Total
			Contributed surplus and other reserves	Shared based payments reserve	Warrant reserves			
Balance, December 31, 2021	63,291,235	\$ 176,664,167	\$ 15,835,793	\$ 3,447,557	\$ 2,060,152	\$ (656,650)	\$ (173,632,282)	\$ 23,718,737
Expiration of warrants	-	-	714,963	-	(714,963)	-	-	-
Expiration of stock options	-	-	3,998	(3,998)	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	(414,674)	(1,636,328)	(2,051,002)
Balance, March 31, 2022	63,291,235	\$ 176,664,167	\$ 16,554,754	\$ 3,443,559	\$ 1,345,189	\$ (1,071,324)	\$ (175,268,348)	\$ 21,667,735
Balance, December 31, 2022	63,291,235	\$ 176,664,167	\$ 18,460,123	\$ 2,673,584	\$ 267,595	\$ 1,336,052	\$ (180,512,348)	\$ 18,889,173
Shares issued for interest	4,068,626	1,220,588	-	-	-	-	-	1,220,588
Shares issued in private placement	4,166,626	538,120	-	-	-	-	-	538,120
Share issue costs	-	(31,516)	-	-	-	-	-	(31,516)
Warrants issued with shares	-	-	-	-	167,896	-	-	167,896
Expiration of stock options	-	-	513,770	(513,770)	-	-	-	-
Net loss and comprehensive income for the period	-	-	-	-	-	(26,521)	8,127,720	8,101,199
Balance, March 31, 2023	71,526,487	\$ 178,391,359	\$ 18,973,894	\$ 2,159,814	\$ 435,490	\$ 1,309,531	\$ (172,384,628)	\$ 28,885,460

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

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

1. Nature of operations and going concern

Sabre Gold Mines Corp. ("Sabre Gold" or the "Company") is incorporated under the laws of Canada. The principal business activities are directed towards exploring and developing the Copperstone Mine ("Copperstone") in La Paz County, Arizona, United States and the Brewery Creek Project ("Brewery Creek") in the Yukon, Canada. To date, the Company has not earned significant revenue as all properties are pre-production.

On September 2, 2021, the Company merged with Golden Predator Mining Corp. ("Golden Predator") by exchanging all of the outstanding common shares of Golden Predator for common shares of Sabre Gold on the basis of 1.65 common shares of Sabre Gold per one common share of Golden Predator. On September 8, 2021, the Company changed its name to Sabre Gold Mines Corp. The Company is listed on the Toronto Stock Exchange, trading under the symbol SGLD. The Company's corporate office and principal place of business is located at 200 Burrard Street, Suite 250, Vancouver, British Columbia, V6C 3L6, Canada.

As at March 31, 2023, the Company had working capital of \$1,455,551, (December 31, 2022 - excess of current liabilities over current assets of \$(17,356,102)). The Company has incurred losses in previous periods and has not yet achieved profitable operations, with current income of \$8,127,720 for the three months ended March 31, 2023 (March 31, 2022 - loss of \$1,636,328) and expects to incur future losses in the development of its business and requires additional financing to continue to be able to operate, retain rights to its properties and carry out exploration and development of its properties, all of which casts significant doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared on a going-concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. While the Company expects to be able to obtain sufficient financing to continue as a going concern, it is not possible to predict whether financing efforts will be successful.

As at March 31, 2023, the Company is an emerging North American gold producer advancing the restart of production at its 100-per-cent owned, fully permitted past-producing Copperstone Mine, located in mining-friendly Arizona and the 100-per-cent owned, past-producing Brewery Creek Project in the Yukon, Canada. The Company's current focus is on maximizing the Copperstone Mine's potential by defining and expanding current resources and further optimizing the mine's economics for the purpose of the restart of production.

2. Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS's issued and outstanding as of May 11, 2023, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2022, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

New and revised standards and interpretations

The following accounting standards and implementations are effective for future periods.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

3. Restricted investments

	As at March 31, 2023	As at December 31, 2022
Short-term cashable account ⁽¹⁾	\$ 1,468,065	\$ 1,467,750
Restricted cash ⁽²⁾	11,500	11,500
	\$ 1,479,565	\$ 1,479,250

(1) Pursuant to the term of the surety bond disclosed in (note 20) the Company provided cash collateral of \$1,468,065 or US\$1,083,729 (December 31, 2022 - \$1,467,750 or US\$1,083,729) which is held with Intact Insurance in the name of the Company to cover a portion of the decommission liabilities (note 14).

(2) This is a GIC held on deposit with a major Canadian financial institution as security for the corporate credit cards.

4. Accounts receivable and prepaid expenses

	As at March 31, 2023	As at December 31, 2022
Prepaid expenses	\$ 51,532	\$ 42,696
HST receivable	119,188	24,564
Total	\$ 170,720	\$ 67,260

5. Marketable securities

Marketable securities consist of common shares of publicly traded companies.

Balance, December 31, 2021	\$ 8,126,670
Disposals	(5,295,645)
Change in fair value of marketable securities	(2,696,003)
Balance, December 31, 2022	\$ 135,022
Change in fair value of marketable securities	(25,852)
Balance, March 31, 2023	\$ 109,170

During the three months ended March 31, 2023, the Company had a realized loss on sale of marketable securities of \$nil (three months March 31, 2022 - \$nil).

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

6. Right-of-use assets

Balance, December 31, 2021	\$	62,218
Additions		193,618
Depreciation for the period		(85,818)
Foreign exchange movements		2,364
Balance, December 31, 2021	\$	172,382
Depreciation for the period		(27,401)
Foreign exchange movements		(31)
Balance, December 31, 2022	\$	144,950

7. Property, plant and equipment

Cost	Buildings	Mine and Mill Equipment	Surface Vehicles	Computer Equipment	Mill	Total
Balance, December 31, 2022	\$2,703,447	\$ 451,509	\$ 283,431	\$ 59,207	\$5,741,599	\$ 9,239,193
Foreign exchange differences	174,210	30,841	19,360	4,044	364,008	592,463
Balance, December 31, 2021	\$2,877,657	\$ 482,350	\$ 302,791	\$ 63,251	\$6,105,607	\$ 9,831,656
Foreign exchange differences	(2,213)	(392)	(246)	(51)	(4,624)	(7,526)
Balance, March 31, 2023	\$2,875,444	\$ 481,958	\$ 302,545	\$ 63,200	\$6,100,983	\$ 9,824,131

Accumulated Depreciation	Buildings	Mine and Mill Equipment	Surface Vehicles	Computer Equipment	Mill	Total
Balance, December 31, 2021	\$ 20,117	\$ 451,509	\$ 245,646	\$ 59,207	\$ 79,099	\$ 855,578
Depreciation for the period	84,952	-	40,366	-	238,852	364,170
Foreign exchange differences	-	30,841	16,779	4,044	-	51,664
Balance, December 31, 2022	\$ 105,069	\$ 482,350	\$ 302,791	\$ 63,251	\$ 317,951	\$ 1,271,412
Depreciation for the period	19,909	-	-	-	59,325	79,234
Foreign exchange differences	-	(392)	(246)	(51)	-	(689)
Balance, March 31, 2023	\$ 124,978	\$ 481,958	\$ 302,545	\$ 63,200	\$ 377,276	\$ 1,349,957

Carrying value	Buildings	Mine and Mill Equipment	Surface Vehicles	Computer Equipment	Mill	Total
Balance, December 31, 2021	\$2,683,249	\$ -	\$ 37,785	\$ -	\$5,662,500	\$ 8,383,615
Balance, December 31, 2022	\$2,772,588	\$ -	\$ -	\$ -	\$5,787,656	\$ 8,560,244
Balance, March 31, 2023	\$2,750,466	\$ -	\$ -	\$ -	\$5,723,707	\$ 8,474,174

8. Mineral properties

	Copperstone	Brewery Creek	Grew Creek	Gold Dome	Total
Balance, December 31, 2021	\$20,600,305	\$18,888,576	\$217,500	\$4,830	\$39,711,211
Expenditures capitalized	3,014,151	-	25,000	-	3,039,151
Balance, December 31, 2022	\$23,614,456	\$18,888,576	\$242,500	\$4,830	\$42,750,362
Expenditures capitalized	3,980,474	-	-	-	3,980,474
Balance, March 31, 2023	\$27,594,930	\$18,888,576	\$242,500	\$4,830	\$46,730,836

The Company is engaged in exploring and developing the Copperstone Gold Mine in La Paz County, Arizona, United States and the Brewery Creek property in the Yukon, Canada.

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements Three Months Ended March 31, 2023 and 2022 (Expressed in Canadian Dollars) - Unaudited

(a) Copperstone Gold Mine, Arizona

The Company holds a 100% leasehold interest in the Copperstone Project, which is in the development stage. The landlord is The Patch Living Trust. The current lease expires June 12, 2026. The lease is renewable for one or more ten-year terms at the Company's option under the same terms and conditions. The Company is obligated to pay for all permitting and state lease bonding, insurance, taxes, and is also required to pay an annual lease payment of US\$40,000 to the Patch Living Trust. In addition, the Company is obligated to pay a quarterly production gross royalty equal to 1.5% of the disposition of Metal Products by the Company. Total annual production gross royalty obligations for the Copperstone Mine total %. Of the annual gross production royalty, 4.5% is payable to Trans Oceanic Mineral Company Ltd. ("TOMCL"), a company controlled by Fahad Al Tamimi, a Director of the Company and 1.5% payable to the Patch Living Trust. During the period ended March 31, 2023, the Company bought back a 3% Royalty held by TOMCL for US\$2,500,000 (note 19).

On November 12, 2020, the Company entered into a US\$18 million precious metals delivery and purchase agreement (the "Purchase Agreement") with Star Royalties to finance the restart of underground operations and gold production at the Copperstone Mine in Arizona. As at March 31, 2023, the Company had received the first two tranches amounting to \$16,239,600 (US\$12 million). The remaining tranche of US\$6 million will be advanced subject to certain closing conditions and ensuring sufficient capital to complete the restart of production in accordance with the updated development and mine plan, there is no certainty that the remaining tranche will actually be advanced.

As of December 1, 2020 the Company has commenced capitalizing the related expenditures. Amounts capitalized in the period include drilling services expenses, direct labour costs incurred and other expenses deemed to be recovered in future.

All required property payments were made with respect to the Copperstone Project as of March 31, 2023 and all claims are in good standing. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's ability to retain the rights to certain of its properties is dependent upon the Company continuing to make option payments and meet other commitments.

(b) Brewery Creek, Yukon

The Brewery Creek Project is in the exploration and evaluation stage. The Company owns 100% of the Brewery Creek Project, subject to the following royalties:

- 2% NSR royalty to Wheaton Precious Metals Corp. on the first 600,000 ounces of gold produced, increasing to 2.75% thereafter. The Company can purchase 0.625% of the increased NSR royalty for \$2,000,000;
- 5% net profits interest ("NPI") over a portion of the property; and
- 2.5% NPI to the Tr'ondek Hwech'in First Nation ("THFN") on areas outside the existing mining permits (part of an Amended and Restated Socio and Economic Accord between the Company and THFN).

(c) Marg, Yukon

On November 11, 2021, the Company closed the sale of its 100% interest in the Marg property ("Property Purchase Agreement") with Azarga. The sale consideration included a cash advance of \$50,000 as a non-refundable deposit, 5,219,985 common shares of Azarga valued at \$208,799 based on the market price of \$0.04 per share on the transaction closing date, cash receivable of \$200,000 on the one-year anniversary date of closing and cash receivable of \$350,000 on the two-year anniversary date of the closing (note 5). Sabre Gold will be entitled to a 1% NSR royalty of all metals extracted from the Marg Project. Azarga will have the option to buy back 100% of the NSR for cash consideration of \$1,500,000.

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

(d) Gold Dome, Yukon

The Company owns a 100% interest in the Gold Dome property, consisting of multiple intrusion-related gold targets over 170 km² land package.

(e) Grew Creek, Yukon

The Company owns a 100% interest in the Grew Creek property, subject to a 4% NSR royalty. An annual \$25,000 advance royalty is payable on the property.

(f) Three Aces, Yukon

On May 26, 2020 the Company sold a 100% interest in the Three Aces Project to Seabridge Gold, the agreement provided for additional payments to Sabre Gold of \$1 million upon confirmation of a Three Aces NI-43-101 compliant mineral resource of 2.5 million ounces of gold and a further \$1.25 million upon confirmation of an aggregate mineral resource of 5 million ounces of gold. The agreement also grants Sabre Gold a 0.5% net smelter royalty on the project.

(g) Ser Project, Yukon

On October 12, 2022 Sabre Gold entered into an option agreement to sell a 100% interest in the SER project to Rackla Metals Inc, the terms of the deal include an initial payment of \$50,000 in cash plus in twelve months' time a further payment of \$150,000 in cash and the issuance of \$150,000 worth of common shares of Rackla Metals Inc. Upon exercise of the option, Sabre Gold is entitled to a 2.5% NSR royalty on the SER project.

9. Lease liability

On October 12, 2021, the Company entered into a forty-eight month lease agreement for mobile equipment. The total lease payments of \$25,347 have been discounted at the implicit interest rate of 7% and resulted in a present value of \$22,052. Under the lease agreement, the Company is required to pay a quarterly payment of US\$424.

On June 1, 2022, the Company entered into a twenty-four month lease agreement for office space. The total lease payments of \$218,743 have been discounted at the implicit interest rate of 12% and resulted in a present value of \$193,618.

Balance, December 31, 2021		\$ 35,746
Additions		193,618
Interest expense		13,794
Lease payments		(85,553)
Foreign exchange movements		1,889
Balance, December 31, 2022		159,494
Interest expense		4,300
Lease payments		(29,062)
Foreign exchange movements		8
Balance, March 31, 2023		\$ 134,740

Allocated as:

	As at March 31, 2023	As at December 31, 2022
Current	\$ 106,495	\$ 103,440
Long-term	28,245	56,054
	\$ 134,740	\$ 159,494

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

The following table presents the contractual undiscounted cash flows for lease obligation as at March 31, 2023:

Less than one year	\$	88,910
More than one year		56,468
Total undiscounted lease obligation	\$	145,378

10. Deferred revenue

On November 12, 2020, the Company entered into a US\$18 million precious metals delivery and purchase agreement (the “Purchase Agreement”) with Star Royalties to finance the restart of underground operations and gold production at the Copperstone Mine in Arizona. As at December 31, 2022, the Company had received the first two tranches amounting to \$16,239,600 (US\$12 million). The remaining tranche of US\$6 million will be advanced subject to certain closing conditions and ensuring sufficient capital to complete the restart of production in accordance with the updated development and mine plan, there is no certainty that the remaining tranche will actually be advanced.

The Company recorded the advances received on precious metals delivery as deferred revenue and will recognize the amounts in revenue as performance obligations to metals delivery are satisfied over the term of the Purchase Agreement. The advances received on precious metals delivery is expected to reduce to nil through deliveries of the Company’s own production to Star Royalties.

The Company identified significant financing components related to its streaming arrangements resulting from a difference in the timing of the up-front consideration received and delivery of the promised goods and recognized the interest expenses at the incremental interest rate of 10% (2021 – 10%). During 2022 the Company updated the initial estimates related to the precious metal delivery schedule, which was used for the initial recognition of deferred revenue.

Balance, December 31, 2021	\$	16,778,370
Change in estimates		(3,791,673)
Accrued interest		335,751
Foreign exchange movements		1,005,066
Balance, December 31, 2022		14,327,514
Accrued interest		89,421
Foreign exchange movements		(11,584)
Balance, March 31, 2023	\$	14,405,351

The Company capitalises incremental interest arising on the financing component of deferred revenue to mineral properties as directly attributable to Copperstone project.

11. Promissory note payable

The following table summarizes the debt component:

Balance, December 31, 2021	\$	5,217,565
Accrued interest		546,346
Balance, December 31, 2022		5,763,911
Accrued interest		143,294
Balance, March 31, 2023	\$	5,907,205

The promissory note with principal of \$3,609,763 is payable to Braydon Capital Corporation “Braydon”, a company controlled by Claudio Ciavarella, a Director and Shareholder of the Company. The promissory note bears an interest rate of 8% beginning in September 2017 and has a maturity date of August 22, 2020.

In November 2019, the maturity date was extended to January 20, 2021 and then again to August 22, 2021. In November 2020, the maturity date was extended again to December 31, 2023. The rate of interest payable on the principal of the notes has been increased

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

from 8% to 10% as of November 12, 2020, with interest payable quarterly starting upon the commencement of commercial production.

In March 2023, the maturity date was extended once again to June 30, 2025.

12. Convertible promissory notes payable

Kerr Debenture I

The Company has a convertible promissory note in the amount of US\$2,054,570 (“Kerr Debenture I”) payable to TOMCL. The Kerr Debenture I had a maturity date of August 22, 2019 and an annual interest rate of 8% compounded monthly. The holder has the right to convert any part of the amount owing into common shares of the Company at a conversion price of \$9.00 per common share.

Kerr Debenture II

The Company has a convertible promissory note in the amount of US\$1,000,000 (“Kerr Debenture II”) payable to TOMCL. The Kerr Debenture II had a maturity date of August 22, 2019 and an annual interest rate of 8%, compounded monthly. The holder has the right to convert any part of the amount owing into common shares of the Company at a conversion price of \$0.65 per common share.

Kerr Debenture I and II

Since the convertible promissory note payables are denominated in US dollars but are convertible into common shares based upon a Canadian dollar conversion rate, therefore the fixed for fixed criteria is not met. As such, the conversion feature was classified as a derivative financial liability instead of an equity instrument. The Company has separated the convertible promissory notes payable into two components, with the debentures carried at amortized cost, and the derivative liabilities carried at fair value.

In November 2018, the Kerr Debenture I and II convertible promissory notes were amended by extending the maturity date from August 22, 2019 to August 22, 2020. As a result, the Company extinguished these two convertible promissory notes when they were amended on November 28, 2018 and treated them as two new convertible promissory notes with a maturity date of August 22, 2020. The Company calculated the fair value of the conversion feature and re-allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the derivative liabilities carried at fair value.

In March 2020, the Kerr Debenture I and II convertible promissory notes maturity date were extended to January 20, 2021 and then again to August 22, 2021. As a result, the Company treated them as two new convertible promissory notes with a new maturity date of August 22, 2021. The Company calculated the fair value of the conversion features and re-allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the derivative liabilities carried at fair value.

In November 2020, the Kerr Debenture I and II convertible promissory notes maturity date was extended to December 31, 2023. The rate of interest payable upon the principal of the notes has been increased from 8% to 10% as of November 12, 2020 with the interest payable quarterly starting on the commencement of commercial production. The Company calculated the fair value of the conversion features and re-allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the derivative liabilities carried at fair value.

In March 2023, the Kerr Debenture I and II convertible promissory notes were amended by extending the maturity date from December 31, 2023 to June 30, 2025. As a result, the Company extinguished these two convertible promissory notes when they were amended and treated them as two new convertible promissory notes. The Company calculated the fair value of the conversion feature and re-allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the derivative liabilities carried at fair value (note 13).

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

Promissory Convertible Note

Braydon and TOMCL each provided promissory notes of \$1,000,000 to the Company, bearing interest at 8% beginning in September 2017 and having a maturity date of August 22, 2020. The notes are secured by a general security agreement on the Copperstone Mine. In November, the maturity date was extended to January 20, 2021 and then again to August 22, 2021. In November 2020, the maturity date was extended to December 31, 2023. The rate of interest payable on the principal of the notes has been increased from 8% to 10% as of November 12, 2020, with interest payable quarterly starting upon the commencement of commercial production. The promissory notes were also amended to include a conversion feature providing that the principal amount of the notes can be converted into common shares of Sabre Gold at any time prior to maturity at a price of \$1.60 per share, subject to early conversion in the event the volume-weighted average trading price of the common shares exceeds \$3.00 for twenty consecutive trading days.

The conversion feature of a convertible financial instrument is presumed to be classified as a derivative financial liability unless it meets all the criteria to be recognized as an equity instrument under IAS 32 - Financial Instruments: Presentation. One of the criteria is that the conversion option exchanges a fixed amount of shares for a fixed amount of cash ("fixed for fixed").

The conversion feature of the \$2,000,000 promissory notes was classified as equity since it met the fixed for fixed criteria. The Company used the residual value method to allocate the principal amount between the liability and equity components. The Company calculated the fair value of the debt component as \$1,823,805 using discount rate of 15%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The remaining value of \$176,194, deducted the deferred tax liability of \$46,691, was assigned to the equity component.

In March 2023 the principle amount was repaid in cash and the accrued interest was converted into shares at \$0.30 per share (Notes 15(b) and 19).

The following table summarizes the debt component:

	Kerr debenture I	Kerr debenture II	Promissory Convertible Note	Total
Balance, December 31, 2021	\$ 3,734,716	\$ 1,752,224	\$ 2,777,138	\$ 8,264,078
Accrued interest	405,121	197,299	302,700	905,120
Accretion expense	17,273	40,667	56,166	114,106
Foreign exchange	273,213	133,058	-	406,271
Balance, December 31, 2022	\$ 4,430,323	\$ 2,123,248	\$ 3,136,004	\$ 9,689,575
Accrued interest	81,578	39,730	84,584	205,892
Less repayment of principle	-	-	(2,000,000)	(2,000,000)
Less issuance of shares for interest	-	-	(1,220,588)	(1,220,588)
Less fair value of convertible feature	(47,438)	(131,681)	-	(179,119)
Accretion expense	14,204	44,233	-	58,437
Foreign exchange	25,213	12,279	-	37,492
Balance, March 31, 2023	\$ 4,503,880	\$ 2,087,809	\$ -	\$ 6,591,689

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

13. Derivative financial liabilities

The following table summarizes the derivative financial liabilities:

	Kerr Debenture I	Kerr Debenture I	Seabridge	Total
Balance, December 31, 2021	\$ 5,348	\$ 43,914	\$ 1,436	\$ 50,698
Fair value adjustment	(2,086)	8,378	(1,436)	4,856
Balance, December 31, 2022	\$ 3,262	\$ 52,292	-	\$ 55,554
Fair value adjustment due to amendment	(3,262)	(52,292)	-	(55,554)
Derivative financial liabilities on initial recognition	47,438	131,681	-	179,119
Fair value adjustment	(14,645)	(28,755)	-	(43,400)
Balance, March 31, 2023	\$ 32,793	\$ 102,926	-	\$ 135,719

14. Decommissioning liabilities

The Company's decommissioning liability relates to the cost of removing and restoration of the Copperstone Mine in La Paz County, Arizona. Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and other costs. This estimate depends on the development of environmentally acceptable mine closure plans.

A continuity for asset retirement obligations is as follows:

Balance, December 31, 2021	\$ 2,221,965
Accretion expense for the year	74,578
Foreign exchange differences	154,657
Changes in estimates	(3,976)
Balance, December 31, 2022	2,447,224
Accretion expense for the period	20,288
Foreign exchange differences	(1,988)
Change in estimates	(20,288)
Balance, March 31, 2023	\$ 2,445,236

Copperstone:

The mine closure provision liability is based upon numerous estimates and assumptions, as follows:

- i) Total undiscounted amount of future retirement costs was estimated to be \$3,211,721 (US\$2,371,324) to which the Company has provided cash collateral as disclosed in note 3.
- ii) Risk-free rate at 3.96% (December 31, 2021: 1.27%).
- iii) Expected timing of cash outflows required to settle the obligation is for the full amount to be paid in 2029 (December 31, 2021: 2027).
- iv) Inflation over the period up to 2029 was estimated to be 2.06% per annum (December 31, 2021: 1.82%).

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

15. Share capital

a) Authorized share capital.

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

On November 9, 2022, the Company effected a consolidation of its capital on the basis of ten (10) existing common shares for one (1) new common share. All shares, options, warrants, and per share amounts were adjusted to reflect the consolidation ratio.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2021 and March 31, 2022	63,291,235	\$ 176,664,167
Private placement, net of costs ⁽ⁱ⁾	4,166,238	506,604
Shares issued for interest ⁽ⁱⁱ⁾	4,068,626	1,220,588
Balance, March 31, 2023	71,526,099	\$ 178,391,359

(i) On January 24, 2023, the Company closed a private placement, by issuing 4,166,238 units of the Company (the “Units”) at a price of \$0.17 per Unit for total gross proceeds of \$708,260. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of \$0.30 per share for a period of 24 months from the date of issuance, provided, that if, at any time the common shares trade at a volume weighted average trading price of \$0.45, or greater, per share for a period of 20 consecutive trading days. The Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company. The fair value of the 2,083,119 share purchase warrants was estimated at \$170,140 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 3.64%; volatility 120.83% and an expected life of 24 months. In connection with the private placement, the Company incurred legal and other cost of \$31,516.

(ii) The company repaid interest on the redeemed promissory notes by issuing shares at \$0.30 each.

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

16. Share-based payments reserve

The purpose of the Company's stock option plan is to provide incentives to Directors, Officers, employees and consultants of the Company. The maximum number of common shares reserved for issuance upon exercise of the options is 10% of issued and outstanding shares. The Board of Directors may designate the recipients of options and determine the number of common shares covered by each option, its exercise price (which may not be less than closing market price of the common shares on the trading day prior to the grant) and its expiry date. The term of the options shall not exceed five years from the date of grant.

Option pricing models require the input of highly subjective assumptions as noted above. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table reflects the continuity of stock options for the three months ended March 31, 2023 and the year ended December 31, 2022:

	Number of Stock options	Weighted average exercise price
Balance, December 31, 2021	3,961,300	\$ 1.32
Issued	(33,000)	1.73
Balance, March 31, 2022	3,928,300	\$ 0.92
Balance, December 31, 2022	3,191,250	\$ 1.22
Cancelled	(200,000)	3.00
Balance, March 31, 2023	2,991,250	\$ 0.92

During the three months ended March 31, 2023, \$nil was expensed to share based payments (three months ended March 31, 2022 - \$nil) and \$nil was capitalized as mineral properties (three months ended March 31, 2022 - \$nil).

The following table reflects the actual stock options issued and outstanding as of March 31, 2023:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
April 1, 2023	1.52	0.00	33,000	33,000
May 28, 2023	1.82	0.16	3,300	3,300
December 31, 2023	1.52	0.75	4,950	4,950
January 29, 2024	1.40	0.83	50,000	50,000
April 15, 2024	1.25	1.04	80,000	80,000
April 17, 2024	1.35	1.05	220,000	220,000
April 17, 2024	1.30	1.05	160,000	160,000
April 17, 2024	1.00	1.05	550,000	550,000
April 18, 2025	1.30	2.05	350,000	350,000
January 3, 2026	1.40	2.76	50,000	50,000
October 21, 2026	1.00	3.56	1,250,000	1,250,000
December 17, 2026	1.00	3.72	90,000	90,000
May 1, 2027	1.00	4.09	150,000	150,000
	1.10	2.46	2,991,250	2,991,250

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

17. Warrant reserve

The following table reflects the continuity of warrants for the three months ended March 31, 2023 and the year ended December 31, 2022:

	Number of Warrants	Amount
Balance, December 31, 2021	5,789,919	\$2.10
Cancelled	(2,291,349)	2.10
Balance, March 31, 2022	3,498,570	\$2.10
Balance, December 31, 2022	1,163,250	\$2.04
Issued	2,083,119	0.30
Issued	13,200	0.20
Balance, March 31, 2023	3,259,569	\$0.92

The following table reflects the actual warrants issued as at March 31, 2023

Expiry date	Number of warrants outstanding	Grant date fair value (\$)	Exercise price (\$)
April 1, 2023	74,250	11,849	2.42
May 20, 2023	924,000	192,980	2.12
November 28, 2023	100,000	49,020	1.50
November 28, 2023	65,000	13,745	1.30
January 24, 2023	2,083,119	165,652	0.30
January 24, 2023	13,200	2,244	0.20
Balance, December 31, 2022	3,259,569	435,490	0.92

During the year ended December 31, 2022, 4,626,669 warrants were cancelled and \$1,792,557 was transferred from share based payments reserve to other reserve.

18. Loss per share

For the three months ended March 31, 2023, basic and diluted loss per share has been calculated based on the gain attributable to common shareholders of \$8,127,720 (three months ended March 31, 2022 loss - \$1,636,328) and the weighted average number of common shares outstanding of 67,703,769 (three months ended March 31, 2022 - 63,291,235) for basic and diluted loss per share. Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

19. Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The outstanding balances with related parties were as follows:

	As at March 31, 2023	As at December 31, 2022
Deferred revenue (note 10)	\$ 14,405,351	\$ 14,327,514
Promissory note payables (note 11)	5,907,204	5,763,911
Convertible promissory note payables (note 12)	6,591,689	9,689,575
Derivative financial liabilities (note 13)	135,719	55,554
	\$ 27,039,963	\$ 29,836,554

(b) The income and expense items with related parties were as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Braydon Capital Corporation ⁽ⁱ⁾	\$ 2,134,005	\$ 165,644
Trans Oceanic Minerals Corporation Ltd ⁽ⁱⁱ⁾	5,493,269	174,939
Star Royalties ⁽ⁱⁱⁱ⁾	89,421	411,131
Faraday Copper Corp	-	13,129
NevGold Corp	-	13,129
Individuals related to a director of the Company	-	20,250
	\$ 7,716,695	\$ 798,222

i) During the three months ended March 31, 2023, the Company accrued interest to Braydon for the promissory note payable (note 11), paid a break fee in relation to the sale of the Gold Candle royalty (note 22), repaid the principle of the promissory note and settled the accrued interest by issuing shares.

ii) During the three months ended March 31, 2023, the Company accrued interest to TOMCL for the convertible promissory notes payable (note 12), purchased a 3% net smelter royalty, paid a break fee in relation to the sale of the Gold Candle royalty (note 22), repaid the principle of the promissory note and settled the accrued interest by issuing shares.

iii) During the three months ended March 31, 2023, the Company accrued interest to Star Royalties for deferred revenue (note 10).

(c) Remuneration of Directors and key management personnel, other than consulting fees, of the Company was as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Salaries and benefits	\$ 76,058	\$ 73,255
Consulting fees	97,500	125,000
Share based payments	-	-
	\$ 173,558	\$ 198,255

The Directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

20. Commitments and contingencies

- a) The Company has a surety bond of an insurance company in connection with both the Copperstone property and the Brewery Creek property. Cash collateral of \$1,468,065 (US\$1,083,729) (note 3) is held with Intact Insurance in the name of the Company in a short-term cashable account.
- b) The activities of the Company are subject to environmental laws and regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, endangered species and reclamation of lands disturbed by mining operations. The Company believes it complies with all laws and regulations which currently apply to its activities.
- c) On January 28, 2013, the Company entered into an Exploration Memorandum of Understanding (the “MOU”) with Kaska Nation represented by the Ross River Dena Council and Liard First Nation regarding exploration activity in their traditional territory.
- d) An Amended and Restated Socio-Economic Accord for the Brewery Creek Project was entered into with the Tr’ondëk Hwëch’in First Nation in September 2012. Key aspects of the Socio-Economic Accord include the Company’s commitment in respect of training and scholarships and the annual community legacy project grant, amounting to \$60,000 per annum while the mine is operating.

21. Segmented information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Board of Directors of the Company.

For management purposes, the Company uses the same measurement policies as those used in its financial statements. The CODM evaluates performance of each segment based on net profit (loss).

As at December 31, 2022, the Company’s operations comprise of a mineral exploration and development project in La Paz County, Arizona (“USA”) and a mineral exploration and development project in the Yukon, Canada and a head office in Toronto, Canada.

Three Months Ended March 31, 2023	Canada	USA	Total
Revenues	\$ -	\$ -	\$ -
Net income	\$ 8,148,007	\$ (20,288)	\$ 8,170,720

Three Months Ended March 31, 2022	Canada	USA	Total
Revenues	\$ -	\$ -	\$ -
Net loss	\$ (1,636,328)	\$ -	\$ (1,636,328)

As at December 31, 2022	Canada	USA	Total
Total assets	\$ 21,065,839	\$ 38,855,493	\$ 59,921,332
Non-current assets	\$ 19,781,780	\$ 37,191,839	\$ 56,973,619

As at December 31, 2022	Canada	USA	Total
Total assets	\$ 19,140,118	\$ 34,516,869	\$ 53,656,987
Non-current assets	\$ 19,877,800	\$ 33,228,531	\$ 53,106,331

Sabre Gold Mines Corp.

Notes to the Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars) - Unaudited

22. Sale of royalty

The Company sold the 1% net smelter returns royalty it held on the Kerr-Addison Mine claims owned by Gold Candle Ltd. for cash proceeds of US\$7 million.

In connection with the sale, the Company terminated the previously announced proposed sale of the royalty and paid the agreed upon break fee of US\$500,000 (note 19(b)).