



SABRE GOLD MINES CORP. (FORMERLY "ARIZONA GOLD CORP.")
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Sabre Gold Mines Corp. (formerly "Arizona Gold 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. (formerly "Arizona Gold Corp.")

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars) - Unaudited

	As at September 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash	\$ 174,079	\$ 3,111,475
Accounts receivable and prepaid expenses (note 4)	325,128	496,550
Marketable securities (note 5)	1,245,875	8,126,670
Total current assets	1,745,082	11,734,695
Non-current assets		
Restricted investments (note 3)	1,496,915	1,078,595
Long term receivable	279,018	279,018
Investments	144,093	144,093
Property, plant and equipment (note 7)	8,740,782	8,383,615
Right-of-use assets (note 6)	200,250	62,218
Mineral properties (note 8)	44,875,020	39,711,211
Total assets	\$ 57,481,160	\$ 61,393,445
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,122,894	\$ 4,877,991
Other loans payable	-	198,030
Lease liability (note 9)	101,039	17,913
Total current liabilities	2,223,933	5,093,934
Non-current liabilities		
Deferred revenue (note 10)	19,542,941	16,778,370
Promissory notes payable (note 11)	5,621,036	5,217,565
Convertible promissory notes payable (note 12)	9,495,424	8,264,078
Derivative financial liabilities (note 13)	14,503	50,698
Lease liability (note 9)	82,713	17,833
Deferred tax liabilities	30,264	30,264
Decommissioning liabilities (note 14)	2,123,694	2,221,965
Total liabilities	39,134,508	37,674,707
Equity		
Share capital (note 15)	176,664,167	176,664,167
Other reserve	18,460,123	15,835,793
Share-based payments reserve (note 16)	2,673,584	3,447,557
Warrant reserve (note 17)	267,595	2,060,153
Accumulated other comprehensive income	1,531,003	(656,650)
Deficit	(181,249,820)	(173,632,282)
Total equity	18,346,652	23,718,738
Total liabilities and equity	\$ 57,481,160	\$ 61,393,445

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)

Subsequent events (note 22)

Approved on behalf of the Board:

(Signed) "William Sheriff" Director

(Signed) "Claudio Ciavarella " Director

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

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars) - Unaudited

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating expenses				
Exploration and evaluation expenditures	\$ 188,221	\$ 416,408	\$ 594,726	\$ 416,408
General and administrative	36,445	60,858	116,311	90,522
Depreciation (notes 6 and 7)	103,436	15,067	276,839	15,067
Consulting fees and salaries (note 19)	41,500	62,500	200,820	202,441
Professional fees	12,265	4,837	369,821	327,194
Business development	57,081	88,586	193,658	59,107
	(438,948)	(648,256)	(1,752,175)	(1,110,739)
Finance charges	(378,736)	(331,659)	(1,078,924)	(997,266)
Accretion expense	(28,761)	(28,761)	(85,346)	(98,013)
Fair value adjustment of derivative financial liabilities	15,769	6,693	36,195	83,800
Gain on disposal of subsidiary	-	-	20,250	-
Realized (loss) gain on sale of marketable securities	(463)	-	166,293	-
Change in fair value of marketable securities	(1,163,300)	(1,458,690)	(2,714,776)	(1,458,690)
Share-based payments	-	-	-	(471,645)
(Loss) gain on foreign exchange	(1,469,516)	(441,545)	(2,209,055)	542,270
Loss before income taxes	\$ (3,463,955)	\$ (2,902,218)	\$ (7,617,538)	\$ (3,510,183)
Income tax recovery - deferred	-	-	-	44,471
Net loss for the period	\$ (3,463,955)	\$ (2,902,218)	\$ (7,617,538)	\$ (3,465,812)
Other comprehensive income (loss)				
Foreign currency translation	(1,980,771)	24,073	(2,187,653)	(363,931)
Total comprehensive loss for the period	\$ (5,444,727)	\$ (2,878,145)	\$ (9,805,192)	\$ (3,805,670)
Basic and diluted net loss per share (note 18)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
Weighted average number common shares outstanding	632,916,250	413,010,061	632,916,250	375,689,111

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 Cash Flows

(Expressed in Canadian Dollars) - Unaudited

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating activities		
Net loss for the period	(7,617,538)	(2,265,416)
Adjustments for:		
Depreciation	276,840	15,067
Accretion expense	85,346	66,329
Accrued interest	1,068,705	497,731
Gain on disposal of other assets	(20,250)	(8,177)
Share-based payments	-	471,645
Fair value adjustment on derivative liability	(36,195)	(63,863)
Realised gain on sale of marketable securities	(166,293)	-
Change in fair value of marketable securities	2,714,776	-
Unrealised foreign exchange differences	1,755,958	1,080,449
Deferred tax recovery	-	(44,471)
Changes in non-cash working capital items:		
Accounts receivables	43,155	(47,519)
Prepaid expenses and other receivables	128,267	105,727
Accounts payable and accrued liabilities	(2,755,097)	(686,461)
Net cash provided by (used) in operating activities	(4,522,326)	(878,959)
Investing activities		
Addition to mineral properties	(2,448,888)	(7,459,783)
Proceeds from sale of marketable securities	4,332,312	-
Net cash used in investing activities	\$1,883,424	(\$7,459,783)
Financing activities		
Payment of surety bond	(331,709)	-
Deferred revenue	-	7,663,331
Cash acquired due to Golden Predator acquisition	-	29,202
Right of use lease payments	(49,173)	(22,802)
Net cash provided by financing activities	(\$380,882)	\$7,669,731
Effect of exchange rate changes on cash	82,388	(756,368)
Net increase/(decrease) in cash	(2,937,396)	(1,425,379)
Cash, beginning of period	3,111,475	6,232,448
Cash, end of period	\$174,079	\$4,807,069

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 Shares	Share Capital	Reserves			Accumulated other comprehensive income (loss)	Deficit	Total
			Contributed surplus and other reserves	Shared based payments reserve	Warrant reserves			
Balance, June 30, 2021	346,062,553	\$ 149,125,159	\$ 14,965,156	\$ 2,529,610	\$ 2,225,360	\$ 671,474	\$ (169,273,813)	\$ \$242,9476
Acquisition of Golden Predator Mining Corp	286,853,697	27,297,019	-	87,545	204,831	-	-	27,589,395
Share issue costs	-	241,989	-	-	-	-	-	241,989
Expiration of warrants	-	-	370,039	-	(370,039)	-	-	-
Expiration of stock options	-	-	500,598	(500,598)	-	-	-	-
Share based payments	-	-	-	1,331,000	-	-	-	1,331,000
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,328,124)	(4,358,469)	(5,686,593)
Balance, December 31, 2021	632,916,250	\$ 176,664,167	\$ 15,835,793	\$ 3,447,557	\$ 2,060,152	\$ (656,650)	\$ (173,632,282)	\$ \$23,718,737
Expiration of warrants	-	-	1,792,557	-	(1,792,557)	-	-	-
Expiration of stock options	-	-	831,773	(831,773)	-	-	-	-
Share based payments	-	-	-	57,800	-	-	-	57,800
Net loss and comprehensive income for the period	-	-	-	-	-	2,187,653	(7,617,538)	(5,429,885)
Balance, September 30, 2022	632,916,250	\$ 176,664,167	\$ 18,460,123	\$ 2,673,584	\$ \$267,595	\$ \$1,531,003	\$ (181,249,820)	\$ \$18,346,652

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

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

Notes to the Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars) - Unaudited

1. Nature of operations and going concern

Sabre Gold Mines Corp. (formerly "Arizona Gold 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 December 17, 2020, the Company changed its name from Kerr Mines Inc. to Arizona Gold Corp.

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 September 30, 2022, the Company had negative working capital of \$(478,851), (December 31, 2021 - \$6,640,761). The Company has incurred losses in previous periods and has not yet achieved profitable operations, with a current loss of \$7,617,538 for the nine months ended September 30, 2022 (Nine months to September 30, 2021 - loss of \$3,465,812) 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

These 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 September 30, 2022, 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.

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

Notes to the Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars) - Unaudited

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 November 8, 2022, 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 period ended December 31, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the period ending December 31, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

Change of year-end

During the six months ended December 31, 2021 the Company approved a change of its year end from June 30th to December 31st. The Company's transition period is the six months ended December 31, 2021. The comparative periods are the three and nine months ended September 30, 2021.

New and revised standards and interpretations

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

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments are effective for reporting periods beginning on or after January 1, 2022.

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.

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

Notes to the Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars) - Unaudited

3. Restricted investments

	As at September 30, 2022	As at December 31, 2021
Short-term cashable account ⁽¹⁾	\$ 1,485,415	\$ 1,067,095
Restricted cash ⁽²⁾	11,500	11,500
	\$ 1,496,915	\$ 1,078,595

(1) Pursuant to the term of the surety bond disclosed in (note 20) the Company provided cash collateral of \$1,485,415 or US\$1,083,729 (December 31, 2021 - \$1,067,095 or US\$841,690) which is held with the Intact Insurance in the name of the Company to cover a portion of the decommission liabilities related to the Copperstone Mine (note 14).

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

4. Accounts receivable

	As at September 30, 2022	As at December 31, 2021
Accounts receivable ⁽¹⁾	\$ 200,000	\$ 200,000
Prepaid expenses	78,090	206,357
HST receivable	47,038	90,193
Current	325,128	496,550
Long term receivable ⁽¹⁾	279,018	279,018
Total	\$ 604,146	\$ 775,568

(1) Accounts receivable and long term receivable are the cash payments from Azarga Metals Corp. ("Azarga") for the sale of Marg property (note 9). The long term receivable of \$350,000 is due in November 2023 and was discounted to present value of \$279,018 by using the discount rate of 12%.

5. Marketable securities

Marketable securities consist of common shares of publicly traded companies.

Balance, June 30, 2021	\$ -
Marketable securities acquired from Golden Predator	10,445,380
Acquired from Azarga Metals Corp (note 8)	208,799
Disposals	(1,792,510)
Change in fair value of marketable securities	(734,999)
Balance, December 31, 2021	\$ 8,126,670
Disposals	(4,154,820)
Change in fair value of marketable securities	(2,725,975)
Balance, September 30, 2022	\$ 1,245,875

During the nine months ended September 30, 2022, the Company had a realized gain on sale of marketable securities of \$166,293 (nine months ended September 30, 2021 - \$nil), (note 22).

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

Notes to the Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars) - Unaudited

6. Right-of-use assets

Balance, June 30, 2021	\$	42,146
Additions		41,143
Depreciation for the period		(22,614)
Foreign exchange movements		1,543
Balance, December 31, 2021	\$	62,218
Depreciation for the period		(58,596)
Additions		193,618
Foreign exchange movements		3,010
Balance, September 30, 2022	\$	200,250

7. Property, plant and equipment

Cost	Buildings	Mine and Mill Equipment	Surface Vehicles	Computer Equipment	Mill	Total
Balance, June 30, 2021	\$2,493,249	\$ 441,395	\$ 948,521	\$ 57,881	\$5,209,602	\$ 9,150,648
Additions	153,067	-	-	-	412,623	565,690
Disposals	-	-	(686,825)	-	-	(686,825)
Foreign exchange differences	57,131	10,114	21,735	1,326	119,374	209,680
Balance, December 31, 2021	\$2,703,447	\$ 451,509	\$ 283,431	\$ 59,207	\$5,741,599	\$ 9,239,193
Foreign exchange differences	207,000	36,646	23,004	4,806	432,522	703,978
Balance, September 30, 2022	\$2,910,447	\$ 488,155	\$ 306,435	\$ 64,013	\$6,174,121	\$ 9,943,171

Accumulated Depreciation	Buildings	Mine and Mill Equipment	Surface Vehicles	Computer Equipment	Mill	Total
Balance, June 30, 2021	\$ -	\$ 395,778	\$ 718,235	\$ 57,881	\$ -	\$ 1,171,893
Depreciation for the period	20,117	46,662	62,701	-	79,099	208,579
Disposals	-	-	(551,748)	-	-	(551,748)
Foreign exchange differences	-	9,069	16,458	1,326	-	26,853
Balance, December 31, 2021	\$ 20,117	\$ 451,509	\$ 245,645	\$ 59,207	\$ 79,099	\$ 855,578
Depreciation for the period	65,042	-	40,852	-	179,527	285,422
Foreign exchange differences	-	36,646	19,938	4,806	-	61,389
Balance, September 30, 2022	\$ 85,159	\$ 488,155	\$ 306,435	\$ 64,013	\$ 258,626	\$ 1,202,389

Carrying value	Buildings	Mine and Mill Equipment	Surface Vehicles	Computer Equipment	Mill	Total
Balance, June 30, 2021	\$2,493,249	\$ 45,617	\$ 230,286	\$ -	\$5,209,602	\$ 7,978,754
Balance, December 31, 2021	\$2,683,330	\$ -	\$ 37,785	\$ -	\$5,662,500	\$ 8,383,615
Balance, September 30, 2022	\$2,825,287	\$ -	\$ -	\$ -	\$5,915,495	\$ 8,740,782

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

Notes to the Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars) - Unaudited

8. Mineral properties

	Copperstone	Brewery Creek	Marg	Grew Creek	Gold Dome	Total
Balance, June 30, 2020	\$ 15,477,021	\$ -	\$ -	\$ -	\$ -	\$15,477,021
Acquired from Golden Predator	-	18,888,576	737,817	192,500	4,830	19,823,723
Expenditures capitalized	5,123,284	-	-	25,000	-	5,148,284
Disposals	-	-	(737,817)	-	-	(737,817)
Balance, December 31, 2021	\$ 20,600,305	\$ 18,888,576	\$ -	\$ 217,500	\$ 4,830	\$39,711,211
Expenditures capitalized	5,163,809	-	-	-	-	5,163,809
Balance, September 30, 2022	\$ 25,764,114	\$ 18,888,576	\$ -	\$ 217,500	\$ 4,830	\$44,875,020

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.

(a) Copperstone Gold Mine, Arizona

The Company holds a 100% leasehold interest in the Copperstone Project. 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 6%. 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 year ended June 30, 2021, the Company entered into an agreement to acquire a 3% royalty from TOMCL, which will reduce the aggregate Royalty on the Copperstone Mine from 6% to 3%. The purchase agreement entered into between the Company's subsidiary, Bonanza Explorations Inc. ("Bonanza"), and TOMCL provides for the buyback of a 3% Royalty held by TOMCL for US\$2,500,000 which expired January 31, 2022. The Company and TOMCL are currently in discussion regarding a further extension and amendments (note 22).

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, 2021, the Company had received the first two tranches amounting to \$16,448,400 (US\$12 million). The remaining tranche of US\$6 million will be advanced subject to certain closing conditions inclusive of the acquiring the 3% gross production royalty (note 10) from TOMCL and ensuring sufficient capital to complete the restart of production in accordance with the updated development and mine plan.

As of December 1, 2020 the Company has commenced capitalizing the related expenditures. Amounts capitalized in the period includes 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 September 30, 2022 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.

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

Notes to the Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars) - Unaudited

(b) Brewery Creek, Yukon

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 4). 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.

(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) Kerr-Addison Royalty, Ontario

The Company owns a 1% NSR in the Kerr-Addison property owned by Gold Candle Ltd, who have the right to buy back half of the royalty for a payment of \$500,000 in cash (note 22).

(g) 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.

(h) Ser Project, Yukon

The Company owns a 100% interest in the 376-claim SER gold project located in the Yukon (note 22).

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

Notes to the Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars) - Unaudited

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 \$581 (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.

	Total
Balance, June 30, 2021	\$ 28,258
Additions	21,408
Interest expense	1,109
Lease payments	(16,032)
Foreign exchange movements	1,003
Balance, December 31, 2021	35,746
Additions	193,618
Interest expense	8,758
Lease payments	(56,484)
Foreign exchange movements	2,114
Balance, September 30, 2022	\$ 183,752

Allocated as:	As at September 30, 2022	As at December 31, 2021
Current	\$ 101,039	\$ 17,913
Long-term	82,713	17,833
	\$ 183,752	\$ 35,746

The following table presents the contractual undiscounted cash flows for lease obligation as at September 30, 2022:

Less than one year	\$ 115,924
More than one year	88,204
Total undiscounted lease obligation	\$ 204,128

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

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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 September 30, 2022, the Company had received the first two tranches amounting to \$16,448,400 (US\$12 million). The remaining tranche of US\$6 million will be advanced subject to certain closing conditions inclusive of the acquiring the 3% gross production royalty from TOMCL and ensuring sufficient capital to complete the restart of production in accordance with the updated development and mine plan.

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 determined the amortization of deferred revenue on a per unit basis to be equal to the expected total deliveries of gold ounces over the term of the Purchase Agreement.

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. An interest expense of \$1,334,931 was recorded during the nine months ended September 30, 2022 (nine months ended September 30, 2021 - \$755,132).

The following are components of deferred revenue as at September 30, 2022:

Advance received	\$ 16,448,400
Accrued interest	3,094,541
Total	\$ 19,542,941

11. Promissory note payable

The following table summarizes the debt component:

Balance, June 30, 2021	\$ 4,962,107
Accrued interest	255,458
Balance, December 31, 2021	5,217,565
Accrued interest	403,471
Balance, September 30, 2022	\$ 5,621,036

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

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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 \$0.90 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 \$0.065 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 (note 22).

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 \$0.16 per share, subject to early conversion in the event the volume-weighted average trading price of the common shares exceeds \$0.30 for twenty consecutive trading days (note 22).

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").

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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.

The following table summarizes the debt component:

	Kerr debenture I	Kerr debenture II	Promissory Convertible Note	Total
Balance, June 30, 2021	\$ 3,457,112	\$ 1,602,887	\$ 2,607,289	\$ 7,667,288
Accrued interest	183,222	89,231	141,535	413,988
Accretion expense	8,708	20,501	28,314	57,523
Foreign exchange	85,674	39,605	-	125,279
Balance, December 31, 2021	\$ 3,734,716	\$ 1,752,224	\$ 2,777,138	\$ 8,264,078
Accrued interest	294,706	143,526	223,540	661,772
Accretion expense	12,919	30,417	42,010	85,346
Foreign exchange	325,639	158,589	-	484,228
Balance, September 30, 2022	\$ 4,367,980	\$ 2,084,756	\$ 3,042,688	\$ 9,495,424

13. Derivative financial liabilities

The following table summarizes the derivative financial liabilities:

	Kerr debenture I	Kerr debenture II	Seabridge	Total
Balance, June 30, 2021	\$ 20,204	\$ 84,447	\$ -	\$ 104,651
Acquired from Golden Predator	-	-	9,874	9,874
Fair value adjustment	(14,856)	(40,533)	(8,438)	(63,827)
Balance, December 31, 2021	\$ 5,348	\$ 43,914	\$ 1,436	\$ 50,698
Fair value adjustment	(4,841)	(29,918)	(1,436)	(36,195)
Balance, September 30, 2022	\$ 507	\$ 13,996	\$ -	\$ 14,503

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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, June 30, 2021	\$ 2,190,294
Accretion expense for the year	55,723
Foreign exchange differences	50,076
Adjustment	(74,128)
Balance, December 31, 2021	2,221,965
Accretion expense for the period	118,310
Foreign exchange differences	159,997
Adjustment	(376,578)
Balance, September 30, 2022	\$ 2,123,694

Copperstone:

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

- Total undiscounted amount of future retirement costs was estimated to be \$2,036,723 (US\$1,630,261) to which the Company has provided cash collateral as disclosed in (note 3).
- Risk-free rate at 2.37%.
- Expected timing of cash outflows required to settle the obligation is for the full amount to be paid in 2027.
- Inflation over the period up to 2027 was estimated to be 2.38% per annum.

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 (note 22).

b) Common shares issued

	Number of common shares	Amount
Balance, June 30, 2021	346,062,553	\$ 149,125,159
Purchase of Golden Predator ⁽ⁱ⁾	284,515,638	27,297,019
Shares issued for acquisition related costs ⁽ⁱⁱ⁾	2,338,059	241,989
Balance, December 31, 2021 and September 30, 2022	632,916,250	\$ 176,664,167

- On September 2, 2021, the Company acquired all of the outstanding common shares of Golden Predator. Part of consideration paid is 284,515,638 with a fair value of \$27,297,019.
- In conjunction with the acquisition of Golden Predator a success fee was paid to Sabre Gold's financial advisors who elected to take a portion of the fee in shares of the Company.

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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 nine months ended September 30, 2022 and 2021:

	Number of Stock options	Weighted Average Exercise price
Balance, December 31, 2020	21,700,000	\$ 0.170
Cancelled	(5,201,500)	(0.255)
Issued ⁽ⁱ⁾ (ii)	8,157,750	0.202
Balance, September 30, 2021	24,656,250	\$ 0.171
Balance, December 31, 2021	39,613,000	\$ 0.132
Cancelled ^(iv)	(9,200,500)	(0.161)
Issued ⁽ⁱⁱⁱ⁾	1,500,000	0.100
Balance, September 30, 2022	31,912,500	\$ 0.122

- (i) On January 4, 2021, the Company issued 500,000 stock options to an Officer of the Company with an exercise price of \$0.140. Half the options vested immediately and the second half will vest on June 30, 2021. The fair value of these options at the date of grant of \$56,000 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of \$0.140; 114% expected volatility; risk free interest rate of 0.39%; and an expected dividend yield of 0%.
- (ii) On March 29, 2021, the Company issued 1,000,000 stock options to an Officer of the Company with an exercise price of \$0.140. The options vested immediately. The fair value of these options at the date of grant of \$81,138 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five-year expected average life; share price of \$0.140; 91.29% expected volatility; risk free interest rate of 0.97%; and an expected dividend yield of 0%.
- (iii) On May 1, 2022, the Company issued 1,000,000 stock options to an Officer of the Company with an exercise price of \$0.100. The options vested immediately. The fair value of these options at the date of grant of \$57,800 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five-year expected average life; share price of \$0.100; 93.71% expected volatility; risk free interest rate of 2.81%; and an expected dividend yield of 0%.
- (iv) During the nine months ended September 30, 2022, 9,200,500 options were cancelled and \$831,773 was transferred from Share based payments reserve to other reserve.

During the nine months ended September 30, 2022, \$nil was expensed to share based payments (nine months ended September 30, 2021 - \$28,000) and \$57,800 was capitalized as mineral properties (nine months ended September 30, 2021 - \$109,138).

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The following table reflects the actual stock options issued and outstanding as of September 30, 2022:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
January 12, 2023	0.30	0.28	2,000,000	2,000,000
April 1, 2023	0.15	0.50	330,000	330,000
May 28, 2023	0.18	0.66	33,000	33,000
December 31, 2023	0.15	1.25	49,500	49,500
January 29, 2024	0.14	1.33	500,000	500,000
April 15, 2024	0.13	1.54	800,000	800,000
November 5, 2024	0.14	2.10	2,200,000	2,200,000
April 18, 2025	0.13	2.55	5,100,000	5,100,000
January 3, 2026	0.14	3.26	500,000	500,000
October 21, 2026	0.10	4.06	18,000,000	18,000,000
December 17, 2026	0.10	4.22	900,000	900,000
May 1, 2027	0.10	4.59	1,500,000	1,500,000
	0.12	3.31	31,912,500	31,912,500

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17. Warrant reserve

The following table reflects the continuity of warrants for the nine months ended September 30, 2022 and the six months ended December 31, 2021:

	Number of warrants	Amount
Balance, December 31, 2020 and June 30, 2021	69,156,95	\$ 0.21
Balance, December 31, 2021	57,899,186	\$ 0.21
Cancelled	(46,266,686)	0.21
Balance, September 30, 2022	11,632,500	\$ 0.20

The following table reflects the actual warrants issued as of September 30, 2022:

Number of warrants outstanding	Grant date fair value (\$)	Exercise price (\$)	Expiry date
742,500	11,849	0.24	April 1, 2023
9,240,000	192,981	0.21	May 20, 2023
1,000,000	49,020	0.15	November 28, 2023
650,000	13,745	0.13	November 28, 2023
11,632,500	267,595	0.20	

During the nine months ended September 30, 2022, 46,266,686 warrants were cancelled and \$1,792,557 was transferred from share based payments reserve to other reserve.

18. Loss per share

For the three and nine months ended September 30, 2022, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$3,463,955 and \$7,617,538 (three and nine months ended September 30, 2021 - \$2,902,218 and \$3,465,812 respectively) and the weighted average number of common shares outstanding of 632,916,250 (three and nine months ended September 30, 2021 - 443,010,061 and 375,689,111 respectively) 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.

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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) Loans from related parties

The Company has entered into a series of financial transactions with related parties as detailed below.

	As at September 30, 2022	As at December 31, 2021
Loans from related parties		
Deferred revenue (note 10)	\$ 19,542,941	\$ 16,778,370
Promissory note payables (note 11)	5,621,036	5,127,565
Convertible promissory note payables (note 12)	9,495,424	8,264,078
Derivative financial liabilities (note 13)	14,503	50,698
Total	\$ 34,673,904	\$ 30,220,711

(b) The Company entered into the following transactions with related parties:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Braydon Capital Corporation ⁽ⁱ⁾	\$ 177,931	\$ 149,925	\$ 515,241	\$ 305,320
Trans Oceanic Minerals Corporation Ltd ⁽ⁱⁱ⁾	192,561	155,395	507,442	328,408
Star Royalties ⁽ⁱⁱⁱ⁾	484,426	-	1,334,931	-
Faraday Copper Corp	-	-	17,506	-
NevGold Corp	11,226	-	36,850	-
Individuals related to a director of the Company	-	-	20,250	-
A Director ^(iv)	-	53,035	-	60,079
Total	\$ 866,144	\$ 358,355	\$ 2,475,220	\$ 693,807

- i) During the three and nine months ended September 30, 2022, the Company accrued interest to Braydon for the promissory note payable (note 11 and note 22).
- ii) During the three and nine months ended September 30, 2022, the Company accrued interest to TOMCL for the convertible promissory notes payable (note 12 and note 22).
- iii) During the three and nine months ended September 30, 2022, the Company accrued interest to Star Royalties for deferred revenue (note 10).
- iv) The director is a partner in a law firm that provided legal services to the Company, the individual concerned ceased to be a director as of September 2, 2021.

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

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Salaries and benefits	\$ 48,960	\$ 72,157	\$ 194,035	\$ 124,080
Consulting fees	125,000	125,000	375,000	279,512
Share based payments	-	14,000	38,533	197,662
Total	\$ 173,960	\$ 211,157	\$ 607,568	\$ 601,254

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

20. Commitments and contingencies

- a) The Company has placed a surety bond of an insurance company in connection with the Copperstone property as required by the US Bureau of Land Management. Cash collateral of \$1,485,415 (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.

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21. Segmented information

As at September 30, 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.

Nine Months Ended September 30, 2022	Canada	USA	Total
Revenues	\$ -	\$ -	\$ -
Net loss	\$ (7,617,538)	\$ -	\$ (7,617,538)

Nine Months Ended September 30, 2021

	Canada	USA	Total
Revenues	\$ -	\$ -	\$ -
Net loss	\$ (821,888)	\$ -	\$ (821,888)

Three Months Ended September 30, 2022

	Canada	USA	Total
Revenues	\$ -	\$ -	\$ -
Net loss	\$ (3,463,955)	\$ -	\$ (3,463,955)

Three Months Ended September 30, 2021

	Canada	USA	Total
Revenues	\$ -	\$ -	\$ -
Net loss	\$ (244,921)	\$ -	\$ (244,921)

As at September 30, 2022

	Canada	USA	Total
Total assets	\$ 20,671,950	\$ 36,809,210	\$ 57,481,160
Non-current assets	\$ 20,235,609	\$ 35,500,469	\$ 55,736,079

As at December 31, 2022

	Canada	USA	Total
Total assets	\$ 44,091,524	\$ 17,301,921	\$ 61,393,445
Non-current assets	\$ 32,822,043	\$ 16,836,707	\$ 49,658,750

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22. Subsequent Events

(a) SER project option agreement

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.

(b) Sale of marketable securities

On November 2, 2022 the Company sold marketable securities to a Director of the company for the sum of \$400,000. A further sale of marketable securities for an additional sum of \$400,000 will take place at a later date as yet to be determined.

(c) Share consolidation

Effective November 9, 2022 the Company will implement a 1:10 share consolidation, that was previously approved at the AGM on December 17, 2021.

(d) Kerr-Addison Net Smelter Royalty

In a press release dated October 24, 2000, the Company announced the sale of the 1% NSR on the Kerr-Addison Mine claims owned by Gold Candle Ltd to two Directors.

The consideration of US\$7.4 million is derived from the retirement of the 4.5% Gross Production Royalty on the Copperstone Mine currently owned by TOMCL and the retirement of outstanding long-term debt in the amount of US\$3.65 million dollars which is currently owned by TOMCL and Braydon both of these entities are owned by Directors of the Company.

In conjunction with the retirement of the debt, the due date for the remaining debt will also be extended to December 31, 2024.