

SABLE RESOURCES LTD.

Condensed Interim Consolidated Financial Statements

September 30, 2018

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

SABLE RESOURCES LTD.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	September 30 2018	December 31 2017
Assets			
Current Assets			
Cash and cash equivalents	6	\$ 3,503,315	\$ 4,171,691
Receivables	7	19,964	98,075
Prepaid expenses and deposits	8	144,691	75,562
		3,667,970	4,345,328
Reclamation deposit	9	50,437	45,437
Equipment	10	54,584	65,501
Mineral property interests	11	5,491,009	559,560
		\$ 9,264,000	\$ 5,015,826
Liabilities			
Current Liabilities			
Payables and accruals	12	\$ 653,984	\$ 415,590
		653,984	415,590
Flow through premium liability	14	74,000	-
Asset retirement obligation	13	88,766	-
		816,750	415,590
Shareholders' equity			
Share capital	14	31,301,714	24,248,990
Contributed surplus	14	2,341,698	1,792,160
Deficit		(25,196,161)	(21,440,914)
		8,447,250	4,600,236
		\$ 9,264,000	\$ 5,015,826

Nature of operations and going concern (Note 1)
Commitments (Note 20)
Subsequent events (Note 21)

Approved by the Board of Directors and authorized for issue on November 15, 2018:

"Tom Obradovich", Director

"Andres Tinajero", Director

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

SABLE RESOURCES LTD.
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Periods ended September 30,	Note	Three months ended,		Nine months ended,	
		2018	2017	2018	2017
Property related expenses					
Exploration expenditures	15	\$ 1,199,228	\$ 953,481	\$ 2,627,586	\$ 1,063,354
Property maintenance	15	10,938	54,405	113,576	111,820
		1,210,166	1,007,886	2,741,162	1,175,174
Other expenses					
General and administrative expenses		184,366	125,862	1,014,085	621,905
Net and comprehensive loss		\$ 1,394,532	\$ 1,133,748	\$ 3,755,247	\$ 1,797,079
Loss per share					
Basic		\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.03
Diluted		\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.03
Weighted average number of common shares outstanding		122,912,569	71,754,290	117,721,837	68,460,540

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

SABLE RESOURCES LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance, December 31, 2016	49,589,457	\$ 18,632,314	\$ 1,063,482	\$ (18,821,871)	\$ 873,925
Comprehensive loss	-	-	-	(1,797,079)	(1,797,079)
Shares issued in acquisition of mineral property interests	1,600,000	235,400	-	-	235,400
Shares issued in exercise of warrants	3,371,666	477,417	-	-	477,417
Shares issued in settlement of debt	1,900,000	285,000	-	-	285,000
Private placements	30,870,500	4,755,575	-	-	4,755,575
Flow -through premium liability	-	(165,000)	-	-	(165,000)
Share issued costs	-	(415,047)	139,928	-	(275,119)
Stock-based compensation	-	-	232,050	-	232,050
Balance, September 30, 2017	87,331,623	\$ 23,805,659	\$ 1,435,460	\$ (20,618,950)	\$ 4,622,169
Comprehensive loss	-	\$ -	\$ -	\$ (821,964)	\$ (821,964)
Shares issued in exercise of warrants	4,433,316	443,332	-	-	443,332
Stock-based compensation	-	-	356,700	-	356,700
Balance, December 31, 2017	91,764,939	\$ 24,248,990	\$ 1,792,160	\$ (21,440,914)	\$ 4,600,236
Comprehensive loss	-	\$ -	\$ -	\$ (3,755,247)	\$ (3,755,247)
Shares issued in acquisition of claims	200,000	52,800	-	-	52,800
Shares issued in acquisition of BlueJoint and WCGG	25,111,110	3,942,444	-	-	3,942,444
Shares issued in exercise of warrants	9,987,515	2,492,054	-	-	2,492,054
Shares issues in exercise of options	200,000	39,426	(58,462)	-	(19,037)
Private placements	2,000,000	600,000	-	-	600,000
Flow -through premium liability	-	(74,000)	-	-	(74,000)
Stock-based compensation	-	-	608,000	-	608,000
Balance, September 30, 2018	129,263,564	\$ 31,301,714	\$ 2,341,698	\$ (25,196,161)	\$ 8,447,250

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

SABLE RESOURCES LTD.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Periods ended September 30,	Note	Three months ended,		Nine months ended,	
		2018	2017	2018	2017
Cash Flows from Operating Activities					
Net loss for period		\$ (1,394,532)	\$ (1,133,748)	\$ (3,755,247)	\$ (1,797,079)
Items not involving cash:					
Amortization		3,639	3,639	10,917	3,639
Stock-based compensation	14	-	-	608,000	232,050
		(1,390,893)	(1,130,109)	(3,136,330)	(1,561,390)
Change in non-cash working capital					
Receivables		10,570	(60,430)	78,111	150,491
Prepays and deposits		(112,057)	11,007	(69,129)	(17,527)
Payables and accruals		85,106	251,014	238,394	148,106
Due to related parties		-	-	-	(181,262)
		(16,381)	201,591	247,376	99,808
Total cash flows from operating activities		(1,407,274)	(928,518)	(2,888,954)	(1,461,582)
Cash Flows from Financing Activities					
Proceeds from issuance of common shares and warrants	14	2,103,288	4,394,582	3,073,017	5,482,707
Settlement of debt		-	-	-	(85,343)
Cash on acquisition of subsidiaries		-	-	191,286	-
Total cash flows from financing activities		2,103,288	4,394,582	3,264,303	5,397,364
Cash Flows from Investing Activities					
Purchase of equipment	10	-	(72,779)	-	(72,779)
Acquisition of mineral claims	11	(347,875)	(31,113)	(895,025)	(377,628)
Acquisition of BlueJoint and WCGG	5	-	-	(143,700)	-
Reclamation deposits		-	-	(5,000)	-
Total cash flows from investing activities		(347,875)	(103,892)	(1,043,725)	(450,407)
Increase (decrease) in period		348,139	3,362,172	(668,376)	3,485,375
Cash, beginning of period		3,155,177	1,382,453	4,171,691	1,065,089
Cash, end of period		\$ 3,503,315	\$ 4,744,625	\$ 3,503,315	\$ 4,550,464

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

1. Corporate Information, Nature of Operations and Going Concern

Corporate Information

Sable Resources Ltd. (the "Company") is incorporated under the Business Corporation Act (British Columbia). The Company is primarily engaged in the acquisition, exploration and development of mineral resource properties.

The address of the Company's corporate office and principal place of business is Suite 900-999 West Hastings Street, Vancouver, B.C., V6C 2W2.

Nature of Operations

The Company has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as mineral property interests is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and future profitable production or proceeds from the disposition of its properties.

Going Concern

While the Company's consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. For the period ended September 30, 2018, the Company reported a net loss of \$3,755,247 and as of that date had an accumulated deficit of \$25,196,161.

The Company's continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Management believes the Company will be successful at securing additional funding, however, there is no assurance that such plans will be successful.

If the Company is unable to obtain adequate additional financing and the continued support of related parties, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

2. Basis of Presentation

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These consolidated financial statements represent the Company's presentation of its results and financial position under IFRS. These accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

applicable at that time. The policies set out below were consistently applied to all presented unless otherwise noted.

These consolidated financial statements were approved and authorized for issue by the Company's board of directors on November 15, 2018.

b) Basis of presentation

These consolidated financial statements were prepared on an accrual basis, are based on historical costs except for financial instruments measured at fair value and are presented in Canadian dollars.

c) Subsidiaries

Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The entities of the Company are as follows:

Name	Location	Ownership	Status	Functional Currency
Sable Resources Ltd.	Canada	Parent	Consolidated	\$CAD
Multinational Mining Inc.	Canada	100%	Consolidated	\$CAD
1988792 Ontario Inc.	Canada	100%	Consolidated	\$CAD
Exploraciones Sable, S.de R.L. de C.V.	Mexico	100%	Consolidated	\$USD
Exploraciones Tres Cordilleras, S.A. de C.V.	Mexico	100%	Consolidated	\$USD
Exploraciones Calalinas, S.A. de C.V.	Mexico	100%	Consolidated	\$USD
Exploraciones Vientos de Sur, S.A. de C.V.	Mexico	100%	Consolidated	\$USD

d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net loss.

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

Statements of comprehensive loss and cash flows for entities whose functional currency is different to the presentation currency are translated into the Company's presentation currency at average exchange rates for the year while their statements of financial position are translated at the year-end exchange rates. Exchange differences arising from the translation are recorded as a component of other comprehensive income (loss). On disposal of a foreign entity, such exchange differences are transferred out of this reserve and are recognized in net income (loss) as part of the gain or loss on sale.

3. Summary of significant accounting policies

a) Accounting policies

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017 which includes information necessary for useful to understanding the Company's business and financial statement presentation. Foremost, the Company's significant accounting policies are presented as Note 3 in the audited financial statements for the year ended December 31, 2017 and have been consistently applied in the preparation of these unaudited condensed interim financial statements.

b) Adoption of new standards

IFRS 15, Revenue from Contracts with Customers

In May 2015, the IASB issued IFRS 15. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. This standard was adopted on January 1, 2018. Using the modified retrospective approach. The adoption of IFRS 15 did not have a material impact on the condensed interim consolidated financial statements and there was no transitional adjustment recorded on adoption.

IFRS 9, Financial Instruments

The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

	IAS 39	IFRS 9
Cash and cash equivalents	Fair value through profit and loss	Fair value through profit and loss
Reclamation deposit	Loans and receivables, measured at amortized costs	Amortized cost
Trade and other payables, amounts due from related parties	Financial liabilities at amortized cost	Financial liabilities at amortized cost

The Corporation adopted IFRS 9 effective January 1, 2018. The Corporation has applied IFRS 9 on a retrospective basis and was not required to restate prior periods. There was no difference between the previous carrying amount and the carrying amount at the date of initial application of IFRS 9.

Financial instruments are recognized on the consolidated statements of financial position on the trade date, the date on which the Corporation becomes a party to the contractual provisions of the financial instrument. The Corporation classifies its financial instruments in the categories below. These categories remain unchanged from the Corporation's audited annual consolidated financial statements and notes thereto for the period ended December 31, 2017.

Financial Assets at Amortized Cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Corporation's other receivables consist of fixed or determined cash flows related solely to principal and interest amounts. The Corporation's intent is to hold these receivables until the related cash flows are collected. Other receivables are recognized initially at fair value, net of any transaction costs incurred, and subsequently measured at amortized cost, using the effective interest method. The Corporation recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial Assets at Fair Value through Profit or Loss ("FVTPL") – Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or at fair value through other comprehensive income. Cash and cash equivalents, marketable securities and long-term investments are classified as FVTPL. These financial assets are initially recognized at their fair value with changes to fair values recognized in the consolidated statements of loss.

Financial Liabilities at Amortized Cost – Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Corporation has opted to measure them at FVTPL. Accounts payable and accrued liabilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest method.

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the consolidated statements of loss. The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss.

4. Future changes in accounting policy

a) IFRS 16, Leases

In 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) has been adopted. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

5. Acquisition of BlueJoint Resources Inc. and Western Canadian Greenfields Group Inc.

On January 29, 2018, the Company acquired all outstanding share capital of BlueJoint Resources Inc. (“BlueJoint”) and Western Canadian Greenfields Group Inc. (“WCGG”) (the “Acquisitions”). BlueJoint holds various mineral applications, including ready to drill targets, throughout Mexico and WCGG holds interests in various mineral claims in British Columbia, Canada. The Company issued 25,111,110 common shares with a deemed value of \$0.16 per share for a gross value of \$3,942,444. The Acquisitions were structured in the form of a three-cornered amalgamation, pursuant to which each of BlueJoint and WCGG amalgamated with a wholly-owned subsidiary of the Company.

The Acquisitions have been treated as asset acquisitions in respect of the mineral property interests held by the respective entities, resulting in the capitalization of the consideration and other related costs. The estimated fair value attributable to mineral property interests was allocated to the acquired assets. The purchase price consideration was allocated as follows:

Fair value of common shares issued	3,942,444
Mineral property interests	3,862,218
Net assets acquired	194,517
Transaction costs	(114,291)
	<hr/>
	3,942,444

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

6. Cash and cash equivalents

The balance consists of cash on deposit with major Canadian banks in general interest-bearing accounts totaling \$3,503,315 (December 31, 2017 - \$4,171,691). Cash equivalents include a \$40,000 (December 31, 2017 - \$40,000) one-year cashable guaranteed investment certificate (GIC) held with the Royal Bank of Canada with interest rate 0.5% maturing June 25, 2019.

7. Receivables

	September 30, 2018	December 31, 2017
Goods and services tax	\$ 16,344	\$ 98,075
Other	3,620	-
	<u>\$ 19,964</u>	<u>\$ 98,075</u>

8. Prepaid expenses and deposits

	September 30, 2018	December 31, 2017
Prepaid expenses	\$ 8,633	\$ 1,833
Deposits	136,058	73,729
	<u>\$ 144,691</u>	<u>\$ 75,562</u>

Deposits consist amounts paid to vendors \$136,058 (December 31, 2017 - \$27,066) and professional fees paid related to a transaction closing in a subsequent period of \$nil (December 31, 2017 - \$46,663).

9. Reclamation deposits

At September 30, 2018, the Company deposited funds totaling \$50,437 (December 31, 2017 - \$45,437) with the Province of British Columbia in relation to disturbance associated with exploration activities at the Baker, Bot and Tulox projects. This deposit is held until the Province is satisfied that the Company completes certain remediation activities. As at September 30, 2018, the underlying disturbance had not occurred.

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

10. Equipment

<u>Cost</u>	<u>Equipment</u>
Balance at January 1, 2017	\$ -
Additions	72,779
Balance at December 31, 2017	\$ 72,779
Balance at September 30, 2018	\$ 72,779
<u>Accumulated amortization</u>	<u>Equipment</u>
Balance at January 1, 2017	\$ -
Amortization	7,278
Balance at December 31, 2017	\$ 7,278
Amortization	10,917
Balance at September 30, 2018	\$ 18,195
Net book value at:	
December 31, 2017	\$ 65,501
September 30, 2018	\$ 54,584

Equipment consists of a trailer purchased for exploration activities at the Baker Project.

11. Mineral property interests

	<u>British Columbia</u>	<u>Mexico</u>	<u>Argentina</u>	<u>Peru</u>	<u>Total</u>
Balance at December 31, 2016	\$ 108,499	\$ -	\$ -	\$ -	\$ 108,499
Cost of Acquisitions	275,877	131,951	43,233	-	451,061
Balance at December 31, 2017	\$ 384,376	\$ 131,951	\$ 43,233	\$ -	\$ 559,560
Cost of Acquisitions	336,642	545,200	85,440	13,183	980,465
BlueJoint and WCGG Acquisitions	108,528	3,753,691	-	-	3,862,218
Change in reclamation estimate	88,766	-	-	-	88,766
Balance at September 30, 2018	\$ 918,311	\$ 4,430,842	\$ 128,673	\$ 13,183	\$ 5,491,009

Exploration and holding costs are expensed in accordance with the Company's accounting policies until the property is likely to generate future economic benefit.

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

British Columbia

a) Baker-Shasta Project

The Baker-Shasta Project (“Baker”) comprises 55 mineral claims, 2 mining leases, several environmental, an exploration and a mining permit, along with camp, milling and tailing infrastructure capable of sustaining a mining operation located in north-central British Columbia. The project contains two past producing small gold-silver mines, the “Baker” and “Shasta”, which have produced mill feed for the Baker milling facilities since 1980 and 1989 respectively. Mining activity last occurred in 2012 at the Shasta mine.

The Company has entered into an Exploration Cooperation and Benefit Agreement with the Tsey Keh Dene and Kwadacha First Nations in relation to exploration activities on the Baker Project. During the period the Company made payments of \$nil (for the year ended December 31, 2017 - \$68,524) in accordance the agreement. The agreement further sets the basis for ongoing consultation, employment and training, contracting opportunities and environmental protection and management related to future exploration activities.

b) Mets Mining Lease

On February 21, 2017, the Company acquired the Mets Mining Lease (“Mets”) in north-central British Columbia in consideration for 1,000,000 common shares at a price of \$0.135 per share for a gross value of \$135,000 and a 1% Net Smelter Royalty which can be purchased at any time for payment of \$500,000.

c) Tulox Project

On March 21, 2017, the Company acquired the Tulox Gold Project (“Tulox”) located in south-central British Columbia in consideration for 200,000 common shares at a price of \$0.18 per share for a gross value of \$35,400 and payment of \$5,000. An additional 500,000 common shares in the capital stock of the Company will be issued as bonus shares in the event the Company completes a NI43-101 technical report on the property that contains a measured and indicated resource of at least 500,000 ounces of gold within five years of the agreement. All common shares in the capital stock of the Company are subject to a hold period of four months plus one day.

d) Bot Project

On April 11, 2017, the Company acquired the Bot Deal Project (“Bot”) located in north-central British Columbia in consideration for 400,000 common shares at a price of \$0.15 per share for a gross value of \$60,000 and payment of \$7,500. An additional 500,000 common shares in the capital stock of the Company will be issued as bonus shares in the event the Company completes a NI43-101 technical report on the property that contains a measured and indicated resource of at least 500,000 ounces of gold within five years of the agreement. All common shares in the capital stock of the Company are subject to a hold period of four months plus one day.

e) WCGG Properties

On January 29, 2018, the Company acquired the Tulameen South, New Bluejay and Sauchi Creek Projects in connection with the acquisition of WCGG. The fair value of the common shares issued assigned to the claims was \$108,528.

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

f) Spences Bridge Regional Program

On September 29, 2018, the Company announced the staking of a 189,197-hectare land packaging of the Spences Bridge Gold Belt in Southern British Columbia. In connection with the staking of claims, the Company formed a strategic alliance with Westhaven Ventures Inc. ("Westhaven") who owns the Shovelnose Project contiguous the Company's claims. In connection with the strategic alliance, the Company entered into an agreement whereby any ground staked by the Company within 5km of Westhaven's existing projects will be subject to a 2.5% net smelter royalty. Additionally, Westhaven has a 30 day right of first refusal for a three-year period for any properties within the same 5km radius.

Mexico

a) Margarita Silver Project

On May 30, 2017, the Company optioned the Margarita Silver Project ("Margarita") located in Chihuahua State, Mexico in consideration for 200,000 common shares in capital stock of the Company and payment of \$50,000. An additional \$500,000, less the 200,000 common shares issued initially, worth of common shares in capital stock will be issued on the first anniversary of the agreement, \$1,000,000 worth of common shares in capital stock on the second anniversary, and \$2,000,000 worth of common shares in capital stock on the third anniversary. The initial share issuance did not occur due to a subsequent amendment to the agreement.

The option agreement was subsequently amended on October 17, 2017, resulting in the initial consideration of \$50,000 due at execution of the agreement and payment of \$30,000 prior to October 23, 2017. The first anniversary payment was amended to either a cash payment or \$470,000 worth of common shares of the Company.

b) BlueJoint Mineral Applications

On January 29, 2018, the Company acquired five mineral applications in Mexico in connection with the acquisition of BlueJoint. Each mineral application contains exploration targets consistent to the Company's exploration methodology. Mineral applications held through a subsidiary of the Company are as follows:

- Caolin Mineral Application
- Carregidora Mineral Application
- Manzana Mineral Application
- Manzana 2 Mineral Application
- Saint Alto Mineral Application

The Company has identified two targets, Vinata and El Escarpe which it is currently advancing towards drilling.

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

Argentina

a) Don Julio Project

On December 6, 2017 the Company entered into an agreement to acquire up to a 100% interest in the Don Julio Project ("Don Julio") located in the San Juan Province of Argentina, subject to a 2% net smelter royalty which one half may be purchase by the Company for US\$2,500,000 anytime after 12 months from which commercial production has been declared for any part of the project. To earn the initial 50% interest of the project the Company must:

- Make payment of US\$25,000 upon signing of the letter of intent (\$31,988 or US\$25,000 equivalent paid during the year ended December 31, 2017).
- Issue 200,000 common shares and make payment of US\$25,000 (\$32,640 or US\$25,000 equivalent paid and shares issued during the current period).
- Issue 200,000 common shares and make payment of US\$100,000 and complete US\$300,000 of exploration work prior to the one-year anniversary of the receipt of an environmental impact assessment permit.
- Issue 200,000 common shares and make payment of US\$150,000 prior to the second anniversary of the permit date.
- Issue 400,000 common shares and make payment of US\$300,000 and complete US\$700,000 of exploration work prior to the third anniversary of the permit date.

To earn additional interest in the project up to 100%, the Company must:

- To earn an additional 10% for 60% ownership in the project; issue 600,000 common shares and make payment of US\$600,000 prior to the fourth anniversary of the permit date.
- To earn an additional 10% for 70% ownership in the project; issue 800,000 common shares, make payment of US\$900,000, and complete an additional US\$1,500,000 of exploration work prior to the fifth anniversary of the permit date.
- To earn an additional 30% for 100% ownership in the project; issue 1,000,000 common shares, make payment of US\$1,900,000, and complete an additional US\$1,500,000 of exploration work prior to the sixth anniversary of the permit date.

Peru

a) Scorpius Project

On September 15, 2018 the Company entered into an agreement to acquire up to a 100% interest in the Scorpius Project ("Scorpius") located in Central Peru, subject to a 1% net smelter royalty which may be purchased by the Company for US\$1,500,000 anytime after 12 months from which commercial production has been declared on any portion of the project. To earn a 100% interest of the project the Company must:

- Make payment of US\$10,000 upon the signing of the letter of intent (\$13,183 or US\$10,000 equivalent paid during current period).
- Make payment of US\$40,000 or issue an equal value of common shares at a fixed exchange rate of CAD\$1.30 for US\$1.00 on the date all necessary permitting to conduct drilling on the project is received.
- Make payment of US\$200,000 or issue an equal value of common shares at a fixed exchange rate of CAD\$1.30 for US\$1.00 on the first anniversary of the permit date.

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

-
- Make payment of US\$250,000 or issue an equal value of common shares at a fixed exchange rate of CAD\$1.30 for US\$1.00 on the second anniversary of the permit date.
 - Make payment of US\$40,000 or issue an equal value of common shares at a fixed exchange rate of CAD\$1.30 for US\$1.00 on the third anniversary of the permit date.
-

12. Payables and accruals

	September 30, 2018	December 31, 2017
Trade payables	\$ 398,863	\$ 156,967
Accruals and other	255,121	258,623
	<u>\$ 653,984</u>	<u>\$ 415,590</u>

13. Reclamation and closure cost obligation

	September 30, 2018	December 31, 2017
Opening balance	\$ 222,500	\$ 222,500
Change in estimate	88,766	-
Reclamation expenditures incurred	-	-
	<u>\$ 311,266</u>	<u>\$ 222,500</u>
Provision for surrendered reclamation bond	<u>\$ (222,500)</u>	<u>\$ (222,500)</u>
	<u>\$ 88,766</u>	<u>\$ -</u>

The Company discounted the estimated costs relating to the reclamation of the Baker-Shasta Project using a real discount rate of 0% since the short-term inflation and risk-free rates are similar. The Company's estimated reclamation costs associated with the Baker-Shasta Project at September 30, 2018 is estimated at \$311,266. During the year ended December 31, 2016, the Company forfeited a cash reclamation bond of \$222,500 to the Ministry of Energy and Mines of British Columbia in connection with a failure to meet certain compliance obligations relating to its Baker Project. Management is in the process of rectifying compliance failures which may result in the refund all or a portion of the bond. Consistent to prior periods, the Company recognizes a provision against closure cost estimates equal to the value of the surrendered bond.

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

14. Share capital and contributed surplus

a) Share Capital

Authorized:

The Company is authorized to issue an unlimited number of common shares.

Issued and outstanding:

	Number of Shares	\$ Value
Balance at December 31, 2016	49,589,457	\$ 18,632,314
Shares issued in acquisition of mineral properties	1,600,000	235,400
Shares issued in exercise of warrants	7,804,982	920,748
Shares issued in settlement of debt	1,900,000	285,000
Shares issued in private placement of flow through shares	2,500,000	335,000
Shares issued in private placement	28,370,500	4,255,575
Share issuance costs	-	(415,047)
Balance at December 31, 2017	91,764,939	\$ 24,248,990
Shares issued in acquisition of mineral properties	200,000	52,800
Shares issued in private placement of flow through shares	2,000,000	526,000
Shares issued for BlueJoint and WCGG Acquisition	25,111,110	3,942,444
Shares issued in exercise of warrants	9,987,515	2,492,054
Shares issues in exercise of options	200,000	39,426
Balance at September 30, 2018	129,263,564	\$ 31,301,714

During the period ended September 30, 2018:

- On January 29, 2018, the Company issued 25,111,110 common shares at a price of \$0.157 per share for a gross value of \$3,942,444 in connection with the acquisition of BlueJoint and WCGG.
- On March 26, 2018, the Company issued 200,000 common shares at a price of \$0.264 per share for a gross value of \$52,800 in connection with the Don Julio Project.
- On March 28, 2018, the Company issued 2,000,000 flow-through units at a price of \$0.30 per unit for a gross value of \$600,000. Each unit was comprised on one common share.

The Company calculates the tax effect of any premium related to the issuance of flow-through shares by reviewing the value of corresponding common shares and warrants issued in connection with the issuance. As a result, the Company recognized a premium of \$74,000 as a flow-through premium liability on the issuance of the flow-through shares. The amount was reduced and will be recognized as other income upon filing the renunciation documents with the Canada Revenue Agency.

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

During the year ended December 31, 2017:

- On February 21, 2017, the Company issued 1,000,000 common shares at price of \$0.135 per share for a gross value of \$135,000 in connection with the acquisition of the Mets Project.
- On April 7, 2017, the Company issued 200,000 common shares at a price of \$0.18 per share for a gross value of \$35,400 in connection with the acquisition of the Tulox Project.
- On May 9, 2017, the Company issued 400,000 common shares at a price of \$0.15 per share for a gross value of \$60,000 in connection with the acquisition of the Bot Project.
- On May 25, 2017, the Company issued 1,900,000 common shares at a price of \$0.15 per share for a gross value of \$285,000 in connection with a debt settlement agreement related to amounts due to related parties.
- On June 29, 2017, the Company issued 2,500,000 flow-through units at a price of \$0.20 per unit for a gross value of \$500,000. Each unit was comprised of one common share and one warrant common share purchase warrant each warrant entitling the holder thereof to purchase a common share at a price of \$0.30 until June 29, 2019.

The Company calculates the tax effect of any premium related to the issuance of flow-through shares by reviewing the value of corresponding common shares and warrants issued in connection with the issuance. As a result, the Company recognized a premium of \$165,000 as a flow-through premium liability on the issuance of the flow-through shares. The amount was reduced and recognized as other income upon filing the renunciation documents with the Canada Revenue Agency which occurred during the year.

- On September 8, 2017, the Company completed a private placement of 28,370,500 units at a price of \$0.15 per share for gross proceeds of \$4,255,575. Each unit was comprised of one common share and one warrant common share purchase warrant entitling the holder thereof to purchase a common share at a price of \$0.25 until September 8, 2019.

The Company paid the agent cash commission of \$235,835, representing 6% of the gross proceeds of the offering and issued 1,572,230 broker warrants with each broker warrant entitling the agent to purchase one common share at a price of \$0.15 until September 8, 2019.

The fair value of the 1,572,230 broker warrants was estimated at \$139,928 using the Black Sholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1%; volatility 92% and an expected life of two years.

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

b) Stock options

The Company has a share option plan whereby officers, directors and certain employees and consultants may be granted options to purchase unissued common shares of the Company. The option exercise price is decided by the Directors of the Company but may not be less than the discounted market price of the Company's shares as defined in the Rules and Policies of the TSX Venture Exchange. The option plan permits the granting of options up to a maximum of 10% of outstanding shares of the Company.

	Number of stock options	Weighted average exercise
Balance at December 31, 2016	2,450,000	\$ 0.10
Options issued during the period	2,550,000	0.15
Options issued during the period	2,200,000	0.17
Cancelled during the period	(650,000)	(0.10)
Balance at December 31, 2017	6,550,000	\$ 0.16
Options issued during the period	3,200,000	0.25
Options exercised during the period	(200,000)	(0.10)
Balance at September 30, 2018	9,550,000	\$ 0.20

During the period ended September 30, 2018:

- On March 26, 2018, the Company granted an aggregate of 3,200,000 options to purchase common shares of the Company exercisable at a price of \$0.245 per share for a period of five years to certain directors, officers, and consultants.

The fair value of the of the 3,200,000 options was estimated at \$608,000 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 1.62%; volatility 106% and an expected life of 5 years. Compensation expense was recognized as general and administration expense during the year.

During the year ended December 31, 2017:

- On May 4, 2017, the Company granted an aggregate of 2,550,000 options to purchase common shares of the Company exercisable at a price of \$0.15 per share for a period of five years to certain directors, officers, and consultants.

The fair value of the 2,550,000 options was estimated at \$298,350 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 1%; volatility 108% and an expected life of 5 years. Compensation expense was recognized as general and administration expense during the year.

- On November 9, 2017, the Company granted an aggregate of 2,200,000 options to purchase common shares of the Company exercisable at a price of \$0.17 per share for a period of five years to certain directors, officers, and consultants.

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

The fair value of the of the 2,200,000 options was estimated at \$290,400 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 1%; volatility 107% and an expected life of 5 years. Compensation expense was recognized as general and administration expense during the year.

At September 30, 2018, the Company had the following stock options outstanding and exercisable:

<u>Expiry date</u>	<u>Number of options outstanding</u>	<u>Number of stock options vested</u>	<u>Weighted average Exercise Price</u>	<u>Weighted average number of years to expiry</u>
October 24, 2021	1,600,000	1,600,000	\$ 0.10	3.07
May 3, 2022	2,550,000	2,550,000	\$ 0.15	3.59
November 9, 2022	2,200,000	2,200,000	\$ 0.17	4.11
March 31, 2023	3,200,000	3,200,000	\$ 0.25	4.49
Balance at September 30, 2018	9,550,000	9,550,000	\$ 0.20	3.92

c) Share Purchase Warrants

Share purchase warrants enable the holders to acquire common shares of the Company upon exercise. Continuity of share purchase warrants issued and outstanding for the period ended September 30, 2018 and the year ended December 31, 2017 as follows:

	<u># of warrants</u>	<u>Weighted average exercise price</u>
Balance at December 31, 2016	10,524,982	\$ 0.12
Share warrants exercised	(7,804,982)	(0.12)
Share warrants issued	32,442,730	0.25
Share warrants expired	(2,720,000)	(0.15)
Balance at December 31, 2017	32,442,730	\$ 0.25
Share warrants exercised	(9,987,515)	(0.25)
Share warrants issued	4,141,950	0.35
Share warrants expired	(2,500,000)	(0.30)
Balance at September 30, 2018	24,097,165	\$ 0.26

At September 30, 2018 the Company had the following share purchase warrants outstanding and exercisable:

<u>Expiry date</u>	<u>Number of warrants outstanding</u>	<u>Weighted average exercise price</u>
September 8, 2019	18,821,600	0.25
September 8, 2019	1,133,615	0.15
September 12, 2021	4,141,950	0.35
Balance at September 30, 2018	24,097,165	\$ 0.26

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

15. Property related expenses

	Three months ended,		Nine months ended,	
	2018	2017	2018	2017
Exploration expenses				
Employee related	57,915	325	241,587	325
Contractors and Consultants	810,589	341,830	1,743,346	451,703
Maintenance	34,493	451,453	38,516	451,453
Fuels and lubes	15,270	15,844	72,017	15,844
Operating supplies	15,860	44,187	39,933	44,187
Freight	1,330	-	1,330	-
Lease and rentals	103,577	23,208	190,593	23,208
Office and G&A	93,555	22,995	193,952	22,995
Amortization and accretion	3,639	50,000	10,917	50,000
Financial and operating	63,000	3,639	95,395	3,639
Total exploration	1,199,228	953,481	2,627,586	1,063,354
Property Maintenance				
Contractors and Consultants	-	53,209	87,407	109,555
Operating supplies	-	1,196	-	2,265
Office and G&A	10,938	-	26,169	-
Total property maintenance	10,938	54,405	113,576	111,820

16. Financial instruments

The Company's financial instruments consist of cash and cash equivalents. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

	Level 1	
	September 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 3,503,315	\$ 4,171,691

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

17. Segmented information

The Company considers itself to operate in a single operating segment, being resource exploration and development. It holds mineral interests in Canada, Mexico, Argentina and Peru.

<u>Period ended September 30, 2018</u>	<u>Canada</u>	<u>Mexico</u>	<u>Argentina</u>	<u>Peru</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Exploration expenditures	304,192	701,634	1,610,102	11,658
Property maintenance	113,576	-	-	-
General and administrative expenses	1,014,084	-	-	-
 <u>As at September 30, 2018</u>				
Total assets	\$ 4,580,757	\$ 4,430,842	\$ 239,218	\$ 13,183
Total liabilities	576,665	238,347	-	1,738
 <u>Period ended September 30, 2017</u>				
Revenues	\$ -	\$ -	\$ -	\$ -
Exploration expenditures	1,063,354	-	-	-
Property maintenance	111,820	-	-	-
General and administrative expenses	427,744	-	-	-
 <u>As at December 31, 2017</u>				
Total assets	\$ 4,840,642	\$ 131,951	\$ 43,233	\$ -
Total liabilities	415,590	-	-	-

18. Related party transactions

Key management personnel include the members of the Board of Directors and executive officers of the Company. During the period ended September 30, 2018 compensation was paid to key management personnel of \$141,000 (period ended September 30, 2017 - \$150,000). Included in payables and accruals at September 30, 2018 are \$26,945 (December 31, 2017 - \$28,350) related to these amounts.

During the period ended September 30, 2018, the company paid \$277,620 (period ended September 30, 2017 - \$nil) to companies controlled by officers of the Company. Include in payables and accruals at September 30, 2018 are \$9,190 (December 31, 2017 - \$nil).

Further, during the period ended September 30, 2018, key management personnel were granted 3,200,000 (period ended September 30, 2017 - 2,550,000) stock options with a value of \$608,000 (Sep 30, 2017 - \$298,350). No options were exercised by key management personnel during the period ended September 30, 2018 (period ended September 30, 2017 - nil).

On April 24, 2017 the Company reached an agreement with Cangaroo Capital Corp. and Walter Canadian Coal Partnership, companies controlled by a director of the Company, to settle debts owing by the Company through the issuance of 1,900,000 shares at a price of \$0.15 per share for a gross value of \$285,000.

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

Transactions with related parties are recorded at fair value.

19. Capital management

The Company's capital management objectives are to raise the necessary equity financing to fund its exploration projects and mining activities and to manage the equity funds raised to best optimize its exploration and mining programs in the interests of its shareholders and other stakeholders at an acceptable risk.

In the management of capital, the Company includes shareholders' equity and cash and cash equivalents in the definition of capital.

The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may raise additional equity funds and acquire new exploration properties as circumstances dictate.

The Company's capital consists of the following:

	September 30, 2018	December 31, 2017
Working capital surplus	\$ 3,013,986	\$ 3,929,738
Share capital	31,301,714	24,248,990
Share -based payment reserve (included in contributed surplus)	1,520,521	966,645
Accumulated deficit	<u>(25,196,161)</u>	<u>(21,440,914)</u>
	<u>\$ 10,640,060</u>	<u>\$ 7,704,459</u>

20. Commitments

As at September 30, 2018, the Company is committed to spending \$600,000 by December 31, 2018 in connection with its flow-through offerings (December 31, 2017 - \$nil).

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

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

21. Subsequent events

- On October 11, 2018, the Company completed a private placement of 10,000,000 units at a price of \$0.25 per share for gross proceeds of \$2,500,000. Each unit was comprised of one common share and one-half of one warrant common share purchase warrant entitling the holder thereof to purchase a common share at a price of \$0.35 until October 11, 2020.

The Company paid the agent cash commission of \$150,000, representing 6% of the gross proceeds of the offering and issued 600,000 broker warrants with each broker warrant entitling the agent to purchase one common share at a price of \$0.25 until October 11, 2020.

The fair value of the 600,000 broker warrants was estimated at \$49,800 using the Black Sholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.09%; volatility 75.04% and an expected life of two years.

- On October 26, 2018, the Company granted an aggregate of 1,300,000 options to purchase common shares of the Company exercisable at a price of \$0.30 per share for a period of five years to certain employees and consultants.

The fair value of the of the 1,300,000 options was estimated at \$221,000 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 1.73%; volatility 75.96% and an expected life of 5 years.