

**SABLE RESOURCES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the nine months ended September 30, 2018**

**Management Discussion and Analysis as of November 15, 2018:**

The purpose of this Management Discussion and Analysis (“MD&A”) is to explain management’s point of view regarding the past performance and future outlook of Sable Resources Ltd. (the “Company” or “Sable”). This report also provides information to improve the readers’ understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance and should therefore be read in conjunction with the condensed interim financial statements of the Company for the three months (“current quarter”) ended September 30, 2018 (“Financial Statements”). This MD&A contains forward-looking information and statements which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The Company’s certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors’ approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board’s review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Additional information on the Company is available on SEDAR and at the Company’s website, [www.sableresources.com](http://www.sableresources.com).

**Forward Looking Information**

This MD&A contains certain statements that may be deemed “forward-looking statements,” as defined by Canadian securities laws. Forward-looking statements relate to management’s expectations or beliefs about future performance, events, or circumstances that include, but are not limited to, future production, costs of production, prices of gold, reserve or resource potential, exploration and operational activities, and events or developments that the Company expects or targets. Forward-looking statements can usually be identified by words such as: “future”, “plans”, “scheduled”, “expects”, “intends”, “estimates”, “forecasts”, “will”, “may”, “could”, “would”, and variations thereof. Although the Company believes that these statements are based on reasonable assumptions, all forward looking statements involve known and unknown risks and uncertainties that may cause the actual performance, events, or circumstances of the Company to be materially different than anticipated. The likelihood of resumed mining at the Shasta Mine, Baker Mine, and Baker mill is subject to a large number of risks, including: fluctuations in gold prices, lower than expected mill recovery rates and mining rates, ore grade and recovery rates, the possibility of a labour stoppage or shortage, accidents, and delays in government approvals. The Company and its operations are also subject to a large number of risks, including: The Company’s liquidity and financing capability, fluctuations in gold prices, market conditions, results of current exploration activities, the possibility of a labour stoppage or shortage, delays in obtaining government permits and approvals and such other risks as discussed herein and in other publicly filed disclosure documents. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause performance, events, or circumstances to differ materially from those described in forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not to place undue reliance on forward-looking statements contained in this MD&A. Forward-statements are made based on management’s beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

## 1. Description of Business and Overall Performance

Sable is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol "SAE". The Company is a natural resource company engaged in the exploration and development of precious metal mineral properties in the Province of British Columbia, Canada, Mexico, the San Juan Province, Argentina and Central Peru.

### Acquisition of BlueJoint and WCGG:

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 Company classifies operating segments based on the stage of exploration and evaluation of economic resources of the underlying property associated to its' interest. Under such basis, all properties and interest are considered one operating segment. The Company currently hold interests in the following precious metal projects:

### British Columbia, Canada

#### Baker (Toodoggone) Gold/Silver Project

The Baker Project is located in the Toodoggone region of the Omineca Mining Division, 430 km northwest of Prince George, British Columbia. The Property is situated 35 km northwest of the former Kemess South open pit gold-copper mine and consists of 54 mineral claims, and 2 mining leases covering 6,601 hectares of land that encompass the past-producing Dupont-Baker 'A' and Multinational 'B' underground gold-silver mines, and the past-producing Shasta open pit/underground gold-silver mine, and the Baker mill and tailings storage facility.

#### *Shasta Mine & Baker Infrastructure and Equipment*

The Shasta Mine is located 9 km east from the Company's processing and camp facilities. Production began in 1989 and has been operated by Sable intermittently until 2012 when the mine was put on care-and-maintenance. Historical production from the Shasta mine primarily occurred during the periods 1989-1991 (JM and D zones), and 2008-2012 (Creek zone). The mine production was processed at Sable's Baker mill, commonly at rates of 200-250 ton/day, where gold and silver dore was produced for sale. There are two Production Leases, one at the Chappelle Property (P.L. No. 13, Lot 1048) and one at Shasta Mine (P.L. No. 48). Permitted tailings and waste facilities are used.

*Chappelle (Baker and Multinational Mines) Property*

The Chappelle ground covers the historically mined Dupont/Baker 'A' vein mine, and the Multinational 'B' vein mines. The Baker Mine (referred to as the Dupont/Baker 'A' deposit) was operated by Dupont Canada during the period 1981 – 83 as an underground and open pit gold - silver mine. The Dupont operation included a 90 tons per day whole ore cyanidation plant using the Merrill-Crowe process. Historical production from the Dupont/Baker miner totalled 81,878 tonnes producing 1,283,973 grams (41,285 ounces) gold, 23,812,572 grams (765,677 ounces) silver and 13,076 kilograms copper. Sable acquired the Baker site including the processing facility in 1989 and subsequently modified it to a flotation circuit with optional concentrate cyanidation.

***Technical information stated above is historical in nature and has been compiled from sources believed to be accurate.***

Tulox Property

The Tulox project is located in south-central British Columbia and consists of 18 contiguous mineral claims that encompass an area of 14,753.4 hectares. Mineralisation occurs along the contact of the intrusive and is interpreted to be of Intrusion Related type (IRGS). A robust soil anomaly defined by numerous multi-line, multi-station values above 80ppb is coincident with the contact of 2 felsic intrusive bodies, distinguished by differing Thorium-Potassium gamma ray spectrometer signatures.

Taurus Property

The Company has a 2.5% net smelter return interest in ten mineral claims owned by China Minerals Mining Corporation (formerly Hawthorne Gold Corp.), formerly International Taurus Resources Inc.

Mets Lease

The Company owns the Mets mining lease covering 2 km<sup>2</sup>, subject to a 1% NSR which can be purchased at any time for Canadian \$500,000.00. Historical work performed on the property dating back to the discovery of gold mineralization in the mid 1980's consisted of 8,784m of diamond drilling, geological and geochemical surveys. The Mets lease is approximately 20km north of Sable's 100% owned Baker Mill and former producing Baker and Shasta Mines.

Bot Property

The 100% owned Bot property consists of 3,273 ha of mineral tenure in the Toadoggone district and is located approximately 35 km north of the Company's Baker milling facilities in northern British Columbia. Previous work completed in 2004 and 2006 outlined significant gold, silver and copper mineralization on the property.

WCGG Properties

The Company acquired the early stage exploration projects in Southern and Central British Columbia (Tulameen South, New Bluejay and Sauchi Creek Projects) in connection with the acquisition of WCGG. The projects were staked directly by WCGG based upon ongoing review of the B.C. Minfile, ARIS, geological, geophysical and land tenure database. Each of the properties contains composite mineral occurrence and geochemical-geophysical anomalies that support potential for the properties to host exploitable mineral resources. The WCGG claims add to Sables current BC exploration strategy underway at the Baker, Tulox and Bot Properties.

### Spence 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 to the Company's claims. Under 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. The Company will be conducting phase 1 reconnaissance and geochemical sampling in 2019 with the aim to define and accelerate targets to drill stage as rapidly as possible.

## **Mexico**

### Margarita Property

The Project, located in Chihuahua state Mexico, consists of two mining exploration licenses totaling 125 hectares of ground with an approximate strike length of 1.7 kilometers. The project had never been drill tested, but historic surface samples have yielded significant silver mineralization. The Project lies on strike with Sunshine Silver Corp.'s Los Gatos Project which hosts a 9.2 million tonnes measured and indicated resource containing 178 million ounces silver-equivalent (Sunshine Silver Mining and Refining website published NI 43-101 report titled "Feasibility Study of the Cerro Los Gatos Silver-Lead-Zinc Deposit Los Gatos Project" January 2017). During the year the Company completed an initial round of drilling, consisting of 12 holes.

### BlueJoint Mineral Applications

The Company acquired five mineral applications in Mexico in connection with the acquisition of BlueJoint: Caolin Mineral Application; Carregidora Mineral Application; Manzana Mineral Application; Manzana 2 Mineral Application, and Saint Alto Mineral Application.

Founded by Talisker Exploration Services Inc., BlueJoint explored 3.6 million hectares of highly prospective low-sulphidation epithermal ground in Mexico with a systematic high-density -80 mesh, stream sediment sampling program. The grassroots program, consisting of 10,123 samples, generated 143 new, previously unknown targets of which 96 await evaluation, 26 have been recommended for further work and two targets; Vinata and El Escarpe are drill ready and have completed independent 43-101 reports. The Company acquired 100% of the mineral rights to 1.61 million hectares covering these targets consisting of five mineral applications and one mineral title.

### *Vinata*

Mineralization at Vinata occurs as a series of quartz veins that outcrop along a strike length of 1,150m cutting rhyolite tuffs and a volcanic dome. Identified via stream sediment follow up, the system strikes North-South for 450m then changes strike to NNE for about 700m. Quartz vein float extends additional 450 m to the southeast. The system consists of multiple sub-parallel veins and stockwork zones over a width of between 15m and 170m. Individual veins vary in width from <1m up to about 12m. Quartz and silica occur in a variety of forms, including multiple generations of opal to banded chalcedony, colloform banding, late stage coarse-grained crustiform quartz in drusy bands, breccias with clasts of wall rock, and bladed quartz replacing carbonate minerals. Stockwork of quartz veinlets can extend up to 20m into the hanging walls.

The quartz and silica textures are interpreted to indicate the upper part of the system, and in particular the bladed quartz after carbonate is generally interpreted to indicate boiling of the hydrothermal fluid. Drilling is planned to test bonanza zones at depth. Permitting is currently underway and Sable expects drilling to be initiated in 2019.

### *El Escarpe*

The style of mineralization at El Escarpe is a high-level, volcanic-hosted, low to intermediate sulphidation epithermal system. The erosion level is interpreted to be at and just below the palaeo-water table, indicating that the complete system is preserved. The depth of any such ore shoots at El Escarpe is unknown, but it could be as shallow as 100 m to 200 m beneath the surface. Permitting is currently in process with drilling planned to test bonanza zones to depth in 2019.

### *Mexico Regional Program*

In addition to the Vinata and El Escarpe targets, the Company continues to systematically complete phase 1 exploration work to identify additional targets within its' highly prospective land package.

### **Argentina**

The Company holds the rights to acquire 100% ownership of 35,000 hectares of highly prospective Upper Miocene volcanic rocks in the Frontal Cordillera of Argentina. Located in the pro-mining province of San Juan, the mineral claims are 62 km south of Barrick's Alturas gold deposit and are interpreted by Sable to represent the southern extension of the prolific >50Moz Au El Indio Gold Belt. To date Sable has identified 15 epithermal targets and are actively engaged in aggressive exploration.

### Don Julio Project

The Don Julio project contains 6 of the 15 main target zones. Previous exploration at Don Julio has identified a large Miocene stratovolcano developed over Paleozoic siliciclastic rocks with a 4 X 3km lithocap with large robust Au geochemical anomaly, widespread quartz-alunite & illite-pyrite alteration with strong upper level (Hg) pathfinders. The result of phase 2 exploration, including detail mapping and sampling, identified two large drill targets: Heaven Hill and Esperanza. An initial campaign of 4,000 m commenced in Q4 2018.

### San Juan Regional Program

In addition to the Flagship Don Julio target, the San Juan Regional Program has yielded two additional targets, during the ongoing evaluation of the broader land package:

#### *Lodo*

Lodo is a NW trending zone of parallel veins, veinlets, breccias and stockwork of at least 80m width and currently 750m long, hosted by Carboniferous sandstones and conglomerates, with characteristics and alteration zoning typical of Intermediate Sulfidation deposits. Lodo is located 5.5 km NE of the Don Julio cluster and was discovered in 2018 following up low-level anomalies of Pb, Ag, Mn, Ba, and Zn obtained during 2017 field campaign. Permitting is underway for drilling in 2019.

#### *San Gabriel*

San Gabriel comprises an area of approximately 1.5 by 1.0 km, originally identified by ASTER multi-spectral alteration anomalies in 2017. Preliminary field reconnaissance during the 2017 field campaign identified discrete zones of quartz veining hosted by a Permian-Triassic granitic intrusive and collected samples returned values up to 7.64 g/t Au and up to 188 g/t Ag, with significant anomalies of As, Ba, Bi, Cu, Mn, W, Pb, and Zn. Phase 2 mapping and sampling is underway as is permitting for drilling in 2019.

**Peru**

Scorpius Project

Acquired as part of Sables Upper Level Epithermal Strategy, The Scorpius High Sulphidation Project is located in the prolific Miocene Gold Belt of Central Peru. Historic values at the Scorpius Project range between 0.1 and 7.7g/t Au and define a 1km by 0.5km anomalous area coincident with silica ledges, quartz-alunite alteration and high-sulphidation pathfinders similar to Sables' Don Julio project located in San Juan Province, Argentina. The Scorpius Project has not previously been drilled and is currently being permitted.

**2. Selected Annual Information**

The Current Assets at September 30, 2018 were \$3,667,970 versus \$4,345,328 at December 31, 2017. The change is primarily the result of a decrease in cash and cash equivalents expended for exploration, property maintenance, corporate activities and payments related to mineral property interests.

The Current Liabilities at September 30, 2018 were \$653,984 versus \$415,590 at December 31, 2017. The change is the result of an increase in payables and accruals associated with increases exploration activities in the period.

**3. Discussion of Operations**

Comprehensive loss as at September 30, 2018 was \$1,394,532 for the quarter there ended and \$3,755,247 year to date versus \$1,133,748 for the quarter and \$1,797,079 year to date comparative periods ended September 30, 2017. Changes in the comparable periods are attributable to increased exploration activity related to targets identified as part of the Company's exploration methodology and on recently acquired mineral property interest. Most significantly, year to date exploration expenses on the Don Julio Project, Margarita and Tulox projects, as discussed in in exploration activities.

**Exploration**

Exploration expenditures for the period ended September 30, 2018 were \$1,199,228 for the quarter there ended and \$2,627,586 year to date compared to \$953,481 for the quarter and \$1,063,354 year to date comparative periods ended September 30, 2017.

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

Don Julio Project:

Sable first visited the property at the end of October of 2017 and by December 2017 a LOI was signed with fieldwork beginning mid January 2018. Phase 2 work was completed at the end of April 2018. This included detailed geological mapping over an area of 25km<sup>2</sup>, 500 rocks samples, over 450 pima analysis, Uranium-Lead (U-Pb) radiometric age dating on zircons of 5 samples, petrographic and petrochemical work.

The results of Phase 2 activities supported the recommendation to commence drilling at two targets: Heaven Hill and Esperanza target zones. Drill permits have been granted and the initial 4000m drilling campaign is underway. In addition to the targets moved to drilling, four of the other known targets and this early stage evaluation work is continuing into the first quarter of 2019. Should new areas of interest are identified and results warrant drilling of the targets the work will be extended to Phase and have more drill target ready within the large land package.

*Heaven Hill & Esperanza Targets*

Phase 2 work completed in during the first half of 2018 including surface trenching, additional mapping and sampling. This work resulted in the increased size of targets and recommendation for Phase 3 drilling.

A total of 221 geochemical samples were collected across the Heaven Hill target. A robust 50-300ppm geochemical anomaly is coincident with a strong pervasive advanced argillic halo mapped at surface. A detail analysis was conducted on this anomaly demonstrating Au correlation with P, Sr, S, Pb, Sb but no correlation to As, Cu, Hg, Ti, Ag. The majority of the samples with this anomalous gold content correspond to dacitic fragmental rocks and domes altered to quartz-alunite and quartz-illite-kaolin-dickite.

Esperanza, consisting of the eastern Esperanza Hill and Western Punta Cana anomalies was identified and partially explored by Argentina Gold and Western Mining in the early 1990's. The target zone is located west of the Poposa Creek, entirely within the volcanic caldera. Historic rock samples identified various >1 g/t Au anomalies associated with Cu and high Hg values mostly within sulphide rich NW fractures and silica ledges. Sable's mapping better defines and expands the Esperanza target zone.

Margarita Property:

Hosted in Eocene-Oligocene Volcanics, the Margarita Property is defined by 6 veins of which the Margarita Vein is the dominant structure. During 2018, the Company completed an initial round of drilling consisting of 12 holes testing the continuity, thickness and grade of the main Margarita structure. All holes intersected mineralisation in multiple structures.

Highlights include:

DDH-18-08 - 461.4g/t AgEq over 14.05m including 859.5g/t AgEq over 2m

DDH-18-05 - 514g/t AgEq over 12.4m including 902g/t AgEq over 4.1m

DDH-18-07 - 417g/t over 3.6m including 707g/t over 1m,

The Company is currently preparing a preliminary vein wireframe, economic pit shell and metallurgical recoveries to test the viability of the project. Should the results of the study support additional work, the Company will continue with second and potentially third rounds of drilling to complete an inferred resource statement.

Tulox Project:

Exploration work has begun on the Tulox Project. Preparatory surveys and planning have been completed with drilling commencing in Q4 2018. The Company is currently awaiting initial results from the program.

### **Property Maintenance**

Property maintenance expense for the period ended September 30, 2018 was \$10,908 for the quarter there ended and \$113,576 year to date compared to \$54,405 for the quarter and \$111,820 year to date comparative periods ended September 30, 2017.

Property maintenance expenditures were primarily related to the Baker Project, where the Company engaged various consultants to bring environmental and tailing facility compliance requirements into good standing. The Company completed an updated reclamation report during Q2 2018. The report was filed with the Ministry of Energy and Mines and management is awaiting Ministry response, minimal costs are anticipated until response is received.

### **General and Administration Expenses**

General and administration expense for the period ended September 30, 2018 was \$184,366 for the quarter there ended an \$1,014,085 year to date compared to \$125,862 in the quarter and \$621,905 for the comparative periods ended September 30, 2017.

The difference is primarily due to the timing of non-cash stock options grants recognized as share-based compensation which includes \$608,000 on March 26, 2018 and \$298,350 on May 4, 2017. The additional incremental increase is associated with increased corporate and administration activities period to period.

### Corporate Activities

The Company continues to investigate financing options to continue exploration on existing and recently acquired properties and completed the following transaction during period ended June 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.

### Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight (8) quarters with the figures for each quarter on a cumulative year-to-date.

Quarter Ending	Revenue \$	Net Loss \$	Net Loss per share
September 30, 2018	\$nil	(1,394,532)	(0.01)
June 30, 2018	\$nil	(959,473)	(0.01)
March 31, 2018	\$nil	(1,401,239)	(0.01)
December 31, 2017	\$nil	(1,016,125)	(0.02)
September 30, 2017	\$nil	(939,587)	(0.01)
June 30, 2017	\$nil	(393,869)	(0.01)
March 31, 2017	\$nil	(269,462)	(0.01)
December 31, 2016	\$nil	(309,324)	(0.01)

**NOTE:** There were no discontinued operations on the Company's financial statements during the above-mentioned periods.

#### 4. Liquidity and Capital Resources

The Company has no known mineral resources and is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets from time to time. The Company's liquidity and capital resources are as follows:

As at September 30, 2018 the Company had a cash and cash equivalents position of \$3,503,315, (December 31, 2017 – \$4,171,691), and working capital of \$3,013,986 (December 31, 2017 - \$3,929,738).

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 had provided a \$222,500 security to the Province of British Columbia relating to future reclamation of the Company's mineral property interests. In the fourth quarter of 2016, the Company forfeited the reclamation bond to the British Columbia Ministry of Energy and Mines (the "Ministry") as a best estimate for the repair and maintenance costs to the tailings storage facilities. In Q2 2018, the Company received an update closure plan estimate and the Company recognized an increased closure liability. Response from the Ministry of Energy and Mines remains outstanding.

At September 30, 2018, the Company had deposited \$50,437 to Ministry of Energy and Mines of British Columbia for anticipated environmental disturbance related to exploration on the Bot project. At September 30, 2018, no disturbance had been made related to the deposits. As a result, no reclamation or closure cost obligation has been recognized.

The Company does not have any other capital resource commitments. Further capital may be required for continued exploration, development or mining activities to occur.

### Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares. As at September 30, 2018 an aggregate of 129,263,564 common shares were issued and outstanding and 139,663,564 as at the date hereof.

The Company had 9,550,000 options at September 30, 2018 and 10,450,000 as at the date hereof.

<u>Expiry date</u>	<u>Number of options outstanding</u>
October 24, 2021	1,200,000
May 3, 2022	2,550,000
November 9, 2022	2,200,000
March 31, 2023	3,200,000
October 26, 2023	1,300,000
<b>Total</b>	<b>10,450,000</b>

The Company had 24,097,165 warrants outstanding as of September 30, 2018 and 29,697,165 as at the date hereof.

<u>Expiry date</u>	<u>Number of warrants outstanding</u>
September 8, 2019	18,821,600
September 8, 2019	1,133,615
September 12, 2021	4,141,950
October 11, 2020	5,000,000
October 11, 2020	600,000
<b>Total</b>	<b>29,697,165</b>

### 5. Off-Balance Sheet Transactions

The Company does not have any off-balance sheet arrangements as at September 30, 2018 or as of the date of this report.

### 6. 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).

## **7. 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).

## **8. 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 Scholes 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 Scholes pricing model with the following assumptions: dividend yield 0%, risk free interest 1.73%; volatility 75.96%% and an expected life of 5 years.

## **9. Critical Accounting Estimates, Judgements and Uncertainties**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. a) Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

### **Share-Based payments**

The Company applies the Black-Scholes pricing model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility, the forfeiture rate of options granted, and warrants issued.

### **Critical Accounting Judgments**

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

### Amortization Rates

The application of determining the useful lives of equipment are estimates by management based on assumptions about future events. Estimates and assumption made may change if new information becomes available. New information may become available during the use of the equipment that causes the Company to adjust its estimate.

### **Title to Mineral Property interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### **Impairment of non-financial assets**

The Company reviews and evaluates tangible and intangible assets, including mineral property interests, for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. An impairment test is conducted if an indication of impairment is found to exist.

### **10. Changes in Accounting Policy**

There were no changes in accounting policy this past year.

### **11. Financial Instruments and Other Instruments**

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. As of the date hereof, the Company's investment in resource properties has full exposure to commodity risk, both upside and downside. As the gold price moves so too does the underlying value of the Company's gold projects.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

The amount shown for mineral properties does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

## **12. Risks Factors**

There are many risk factors facing companies involved in the mineral exploration industry. Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Company but may not be the only risks faced by the Company. Risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely affect the Company's business, projections, results of operations and/or conditions (financial or otherwise).

### **Industry and Mineral Exploration Risk**

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. The Company attempts to balance this risk through ongoing risk assessments conducted by its technical team.

### **Geopolitical Risk**

The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted. Any changes in regulations or shifts in political attitudes that may result, among other things, in significant changes to mining laws or any other national legal body of regulations or policies are beyond the control of the Company and may adversely affect its business.

### **Sources of Funds Risk**

The only sources of funds presently available to the Company are revenues from the sale of gold, the sale of equity/debt capital, and the offering by the Company of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that such sources will continue to be available, in the short term or at all. Failure to obtain additional financing on a timely basis

could cause the Company to reduce or terminate its proposed operations and the loss of some or all of the value of an investment in the securities.

### **Operating Hazards Risks**

Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, weather conditions and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in extraction operations and the conduct of exploration programs. The Company's exploration activities will be subject to the availability of third party contractors and equipment. There are also physical risks to the exploration personnel.

Although the Company may obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

### **Commodity Price Risk**

The Company is subject to commodity price risk for the sale of gold and silver. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from the extraction of mineral products. As such, the effect of these factors on the price in future product sales, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

### **Currency Risk**

Foreign currency risk is the risk that the fair value of the Company's financial assets and liabilities will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk with respect to cash balances and transactions as a portion of these amounts are denominated in US dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

### **Environmental Risk**

Exploration projects or operations are subject to the environmental laws and applicable regulations of the jurisdiction in which the Company operates. Environmental standards continue to evolve and the current trend is moving toward a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability. However, there is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional

equipment, or remedial actions. Parties engaged in mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

### **Permits and Licenses Risks**

The operations of the Company will require licenses and permits from various governmental authorities. The Company believes it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct and intends to comply in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that the Company will be able to obtain and maintain, at all times, all licenses and permits required to undertake its proposed exploration or to place its properties into commercial production and to operate mining facilities if its exploration programs are successful. Amendments to current laws and regulations governing the operating and activities of the Company and the more stringent implementation thereof could have a substantial adverse impact on the business, financial condition and the results of operations of the Company. Obtaining necessary permits, leases and licenses can be a complex, time consuming process and the Company cannot be certain that it will be able to obtain necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits, leases and licenses and complying with these permits and applicable laws and regulations could stop, delay or restrict the Company from proceeding with the development of an exploration project or the development and operation of a mine. Any failure to comply with applicable laws and regulations or permits could result in interruption or closure of exploration, development or mining operations, or fines, penalties or other liabilities. The Company could also lose its licenses or permits under the terms of its existing agreements.

### **Title Matters Risk**

While the Company has followed and intends to follow standard industry accepted due diligence procedures with respect to title for any mineral claims in which it has or will acquire a material interest, there is no guarantee that title to such properties will not be challenged or impugned. There is no guarantee of title to any of the Company's properties. The Company's properties may be subject to prior unregistered agreements or transfers or aboriginal land claims. Surveys have not been carried out on the Company's mineral properties, and their boundaries and areas could be in doubt. In addition, claims have been made and new claims are being made in Canada by aboriginal peoples that call into question the title to properties. Until competing interest in the mineral land have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

### **Competition and Marketability Risks**

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Company's ability to acquire suitable properties for exploration in the future.

### **Key Management Risk**

The success of the Company's future business is largely dependent on a relatively small number of key members of management. The loss of any key member could be detrimental if a suitable replacement could not be found at a comparable compensation level.

### **13. Internal Controls over Financial Reporting and Disclosure**

Disclosure controls and procedures (“DC&P”) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP. The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in Multinational Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional information on the Company can be found on the Company’s website at [www.sableresources.com](http://www.sableresources.com) or at SEDAR at [www.sedar.com](http://www.sedar.com).

### **14. Approval**

The Board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis.

On Behalf of the Board of Directors,

“Tom Obradovich”

Tom Obradovich

President, CEO, and Director

November 15, 2018