

SABLE RESOURCES LTD.

Condensed Interim Consolidated Financial Statements

For the Period Ended September 30, 2019

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 2019		December 31 2018
Assets					
Current Assets					
Cash and cash equivalents	6	\$	6,420,217	\$	2,807,533
Marketable securities			10,293		-
Receivables	7		67,968		52,423
Prepaid expenses and deposits	8		176,831		30,596
			6,675,309		2,890,552
Long term receivable	7		218,864		-
Reclamation deposit	9		-		143,804
Property and equipment	10		175,573		54,584
Mineral property interests	11		237,212		5,419,743
		\$	7,306,958	\$	8,508,683
Liabilities					
Current Liabilities					
Payables and accruals	12	\$	506,062	\$	1,104,549
Current portion of lease liability	13		25,617		-
			531,679		1,104,549
Lease liability	13		151,062		-
Asset retirement obligation	14		-		316,266
			682,741		1,420,815
Shareholders' equity					
Share capital	15		36,552,562		33,589,336
Contributed surplus	15		3,391,324		3,121,574
Deficit			(33,319,669)		(29,623,042)
			6,624,217		7,087,868
		\$	7,306,958	\$	8,508,683

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on November 28, 2019:

"Tom Obradovich", Director

"Andres Tinajero", Director

The accompanying notes are an integral part of these financial statements

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

For the periods ended September 30,	Note	Three months ended,		Nine months ended,	
		2019	2018	2019	2018
Property related expenses					
Exploration expenditures	16	\$ 393,553	\$ 1,036,525	\$ 2,417,572	\$ 2,323,394
Property maintenance	16	-	-	-	-
		393,553	1,036,525	2,417,572	2,323,394
Other expenses (income)					
General and administrative expenses		231,511	184,366	987,293	1,014,085
Unrealized (gain) loss on marketable securities	5	(2,173)	-	147,827	-
Gain on settlement of accrued liabilities		-	-	(41,888)	-
Gain on sale of exploration properties	5	-	-	(4,271,370)	-
Interest income		(2,151)	-	(14,588)	-
Foreign exchange (gain) loss		12,575	-	50,149	-
Net (loss) income from continuing operations		\$ (633,315)	\$ (1,220,891)	\$ 725,005	\$ (3,337,479)
Net loss from discontinued operations	5	-	173,641	79,754	417,768
Net comprehensive (loss) income		\$ (633,315)	\$ (1,394,532)	\$ 645,251	\$ (3,755,247)
(Loss) income per share					
Basic		\$ (0.00)	\$ (0.01)	\$ 0.00	\$ (0.03)
Diluted		\$ (0.00)	\$ (0.01)	\$ 0.00	\$ (0.03)
Weighted average number of common shares outstanding		151,855,786	122,912,569	144,763,416	117,721,837

The accompanying notes are an integral part of these 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, 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
Comprehensive loss	-	\$ -	\$ -	(4,426,881)	(4,426,881)
Shares issued in exercise of warrants	-	-	(39,037)	-	(39,037)
Shares issues in exercise of options	400,000	78,852	185	-	79,038
Private placements	10,000,000	2,500,000	-	-	2,500,000
Warrants issued in incentive program	-	-	494,650	-	494,650
Share issue costs	-	(291,230)	49,800	-	(241,430)
Stock-based compensation	-	-	274,278	-	274,278
Balance, December 31, 2018	139,663,564	\$ 33,589,336	\$ 3,121,574	\$ (29,623,042)	\$ 7,087,868
Comprehensive income	-	-	-	645,253	645,253
Private placements	21,753,333	2,943,000	-	-	2,943,000
Shares issued in acquisition of claims	725,000	85,000	-	-	85,000
Share issue costs	-	(64,774)	-	-	(64,774)
Dividends	-	-	-	(4,341,880)	(4,341,880)
Stock-based compensation	-	-	269,750	-	269,750
Balance, September 30, 2019	162,141,897	\$ 36,552,562	\$ 3,391,324	\$ (33,219,669)	\$ 6,624,217

The accompanying notes are an integral part of these 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,	
		2019	2018	2019	2018
Operating Activities					
Net (loss) income for period		\$ (633,313)	\$ (1,394,532)	\$ 645,253	\$ (3,755,247)
Items not involving cash:					
Amortization		7,215	3,639	19,303	10,917
Unrealized (gain) loss on marketable securities		(2,173)	-	147,827	-
Gain on sale of exploration properties		-	-	(4,271,370)	-
Stock-based compensation	15,19	-	-	269,750	608,000
Gain on settlement of accrued liabilities		-	-	(41,888)	-
Unrealized loss on foreign exchange		(15,663)	-	(86,253)	-
Interest income		(2,151)	-	(14,588)	-
		<u>(646,085)</u>	<u>(1,390,893)</u>	<u>(3,331,966)</u>	<u>(3,136,330)</u>
Change in non-cash working capital	22	(77,237)	(16,381)	(937,243)	247,376
Total cash flows used in operating activities		<u>(723,322)</u>	<u>(1,407,274)</u>	<u>(4,269,209)</u>	<u>(2,888,954)</u>
Financing Activities					
Principle payments on lease obligation		(6,267)	-	(10,921)	-
Net proceeds from issuance of common shares and warrants	14	2,037,254	2,103,288	2,878,226	3,073,017
Proceeds on sale of royalty on exploration and evaluation assets	21	5,000,000	-	5,000,000	-
Cash on acquisition of subsidiaries	4	-	-	-	191,286
Total cash flows from financing activities		<u>7,030,987</u>	<u>2,103,288</u>	<u>7,867,305</u>	<u>3,264,303</u>
Investing Activities					
Acquisition of mineral claims	11	(500,000)	(347,876)	(500,000)	(895,025)
Acquisition of BlueJoint and WCGG	4	-	-	-	(143,700)
Reclamation deposits	14	-	-	-	(5,000)
Proceeds from sale of BC Properties	5	-	-	500,000	-
Interest income		2,151	-	14,588	-
Total cash flows from investing activities		<u>(497,849)</u>	<u>(347,876)</u>	<u>14,588</u>	<u>(1,043,725)</u>
Increase in period		5,809,816	348,138	3,612,684	(668,376)
Cash and cash equivalents, beginning of period		610,401	3,155,177	2,807,533	4,171,691
Cash and cash equivalents, end of period		<u>\$ 6,420,217</u>	<u>\$ 3,503,315</u>	<u>\$ 6,420,217</u>	<u>\$ 3,503,315</u>

The accompanying notes are an integral part of these financial statements

1. Nature of Operations and Going Concern

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 in Mexico, Argentina, Peru and British Columbia. 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.

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.

While the Company's condensed interim 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, 2019, the Company reported a net income of \$645,251 and, as of that date, had an accumulated deficit of \$33,319,669.

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 condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim 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 applicable at that time. The policies set out below were consistently applied to all presented unless otherwise noted.

These condensed interim consolidated financial statements were approved and authorized for issue by the Company's board of directors on November 28, 2019.

b) Basis of presentation

These condensed interim 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, which is the functional currency of the Company's Canadian entities. The functional currency of the Company's foreign subsidiaries is US 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
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').

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.

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 period while their statements of financial position are translated at the period-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, 2018 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, 2018 and have been consistently applied in the preparation of these unaudited condensed interim financial statements.

Investments

Investments are designated as fair value through other comprehensive income ("FVOCI"). Fair value is determined in the manner described in note 17. Unrealized gains and losses are recognized in other comprehensive income.

b) New accounting standards issued and effective

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.

The Company expects future increases in depreciation and accretion expenses and an increase in cash flow from operating activities as any lease payments will be recorded as financing outflows in the statement of cash flows. The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach. The adoption of IFRS 16 did not have a material impact on the condensed interim consolidated financial statements.

The Corporation anticipates it will lease offices and equipment. Lease terms will be negotiated on an individual basis and contain a wide range of different terms and conditions. Prior to January 1, 2019, leases of offices and equipment were classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Corporation. Each lease payment is allocated between the lease liabilities and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liabilities for each period. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.5%. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

IFRIC 23, Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23. IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and permits early adoption. The adoption of IFRIC 23 did not have a material impact on the consolidated financial statements.

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

On January 29, 2018, the Company acquired all of the issued and 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 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.

For accounting purposes, the acquisitions have been recorded as asset acquisitions, as BlueJoint and WCGG are not considered businesses when applying the guidance within IFRS 3. The standard further requires the management to assess its methodology when allocating value to multiple CGUs, for which the Company completes on a geographic basis. The estimated fair value determined primarily on historical spend on a property by property basis, attributable to mineral property interests was allocated to the acquired assets.

The purchase price consideration was allocated as follows:

Consideration paid:		
Fair value of common shares issued	\$	3,942,444
Transaction costs incurred by the Company		114,291
Total consideration paid	\$	4,056,735
Cash	\$	191,286
Receivables		3,620
Mineral property interests		3,862,218
Payables		(389)
Total identifiable assets acquired	\$	4,056,735

5. Sale of Operating Segment and Discontinued Operations

On April 22, 2019, the Company announced that it had completed a sale of all of the Company's mineral resource properties and certain assets in British Columbia to Talisker Resources Ltd. (formerly Eurocontrol Technics Group Inc.) ("Talisker"). The British Columbia properties consist of the Baker-Shasta Project and underlying infrastructure, the Mets Mining Lease, the Tulox Project, the Bot Project, the WCGG Properties and the Spences Bridge Regional Program (the "BC Properties").

The Company received total compensation of \$500,000 in cash, 30,000,000 Talisker shares, and a 1% net smelter return royalty over all of the properties. The gain on sale of the BC Properties to Talisker was calculated as follows:

Consideration received:	
Fair value of common shares	\$ 4,500,000
Cash consideration	500,000
Total consideration received	\$ 5,000,000
Reclamation deposit	143,804
Equipment	72,779
Accumulated amortization	(25,473)
Mineral property interests	853,786
Asset retirement obligation	(316,266)
Net assets sold	\$ 728,630
Gain on disposal of mineral rights and properties	\$ 4,271,370

On August 23, 2019, the Company completed the distribution of 29,937,618 Talisker shares received to its shareholders. As of September 30, 2019, the fair value of the remaining Talisker shares retained by the Company is \$10,293.

Prior to the transaction closing, the Company classified all expenses from the BC Properties incurred from the date of the transaction announcement as loss from discontinued operations. Loss for the period from the BC Properties:

	September 30, 2019	September 30, 2018
Exploration expenditures	\$ 62,633	\$ 304,192
Property maintenance	17,121	113,576
Loss from discontinued operations	\$ 79,754	\$ 417,768

6. Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with major Canadian and Mexican banks in general interest-bearing accounts totaling \$6,420,217 (December 31, 2018 - \$2,807,533). Cash and cash equivalents include a \$40,000 (2018 - \$40,000) one-year cashable guaranteed investment certificate (GIC) held with the Royal Bank of Canada with interest rate 0.5% maturing June 25, 2020.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the period ended September 30, 2019
(Expressed in Canadian Dollars)

7. Receivables

	September 30, 2019	December 31, 2018
Current assets		
Trade receivables	\$ 33,221	\$ -
Goods and services tax	34,747	48,803
Other	-	3,620
	\$ 67,968	\$ 52,423
Non-current assets		
Goods and services tax	\$ 218,864	\$ -
	\$ 218,864	\$ -

The non-current receivable consists of value added tax recoverable from expenditures related to the exploration of projects located in Mexico. The Company expects to recover the value added tax amount when the projects are sold or when they enter into production.

8. Prepaid expenses and deposits

	September 30, 2019	December 31, 2018
Prepaid expenses	\$ 23,179	\$ 4,365
Advances to vendors	153,652	26,231
	\$ 176,831	\$ 30,596

9. Reclamation deposits

The Company has deposited cash totaling \$nil (December 31, 2018 - \$143,804) with the Province of British Columbia (the "Province") in relation to disturbance associated with exploration activities at the Baker, Bot, and Tulox projects. For the period ended September 30, 2019, the deposits were transferred to Talisker Resources Ltd. in connection with the sale of its BC Properties (Note 5).

10. Property and Equipment

<u>Cost</u>	<u>Property & equipment</u>
Balance at September 30, 2018	\$ 72,779
Balance at December 31, 2018	\$ 72,779
Addition	\$ 187,599
Less amounts disposed in connection with sale of BC Properties	\$ (72,779)
Balance at September 30, 2019	\$ 187,599

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the period ended September 30, 2019
(Expressed in Canadian Dollars)

<u>Accumulated amortization</u>	<u>Property & equipment</u>
Balance at September 30, 2018	\$ 18,195
Amortization	-
Balance at December 31, 2018	\$ 18,195
Amortization	19,303
Less amounts disposed in connection with sale of BC Properties	(25,472)
Balance at September 30, 2019	\$ 12,026
Net book value at:	
December 31, 2018	\$ 54,584
September 30, 2019	\$ 175,573

For the period ending September 30, 2019, equipment was transferred to Talisker Resources Ltd. in connection with the sale of its BC Properties (Note 5).

11. Mineral Property Interests

	<u>British Columbia</u>	<u>Mexico</u>	<u>Argentina</u>	<u>Peru</u>	<u>Total</u>
Balance at December 31, 2017	\$ 391,118	\$ 125,210	\$ 43,233	\$ -	\$ 559,560
Cost of Acquisitions	354,141	545,200	85,440	13,183	997,964
BlueJoint and WCGG Acquisitions	108,528	3,753,691	-	-	3,862,219
Balance at December 31, 2018	\$ 853,787	\$ 4,424,101	\$ 128,673	\$ 13,183	\$ 5,419,743
Cost of Acquisition	-	500,000	77,191	75,000	652,191
Disposal of assets	(853,787)	-	-	-	(853,787)
Sale of Royalty (note 21)	-	(4,705,955)	(205,863)	(88,182)	(5,000,000)
Foreign exchange differences	-	19,065	-	-	19,065
Balance at September 30, 2019	\$ -	\$ 237,210	\$ 1	\$ 1	\$ 237,212

British Columbia

For the period ended September 30, 2019, the British Columbia mineral property interest were transferred to Talisker Resources Ltd. in connection with the sale of its BC Properties (Note 5).

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. 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.

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.

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 total initial consideration of US\$50,000 due at execution of the agreement and payment of US\$30,000 prior to October 23, 2017. The first anniversary payment was amended to either a cash payment or US\$470,000 worth of common shares of the Company. The first anniversary cash payment was made on May 31, 2018.

The option agreement was subsequently amended on August 27, 2019, resulting in the consideration for the second anniversary payment being modified to \$500,000 on the second anniversary date and a payment of \$500,000 on the second and a half anniversary date. The second anniversary payment was made on September 13, 2019.

b) BlueJoint Mineral Applications

On January 29, 2018, the Company acquired five mineral applications in Mexico in connection with the acquisition of BlueJoint (Note 4). Each mineral application contains exploration targets consistent to the Company's exploration methodology.

The Company has identified two initial targets, Vinata and El Escarpe which it is currently advancing towards drilling. On July 9, 2019, the Company announced it had received permits for Vinata to conduct its initial drilling campaign.

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 (issued) and make payment of US\$25,000 (\$32,640 or US\$25,000 equivalent paid during the year ended December 31, 2018).
- Issue 100,000 common shares and make payment of US\$50,000 prior to the one-year anniversary of the receipt of an environmental impact assessment permit (\$67,191 or US\$50,000 equivalent paid, and 100,000 common shares issued during period ended June 30, 2019).
- Issue 100,000 common shares and make payment of US\$75,000 prior to the second anniversary of the permit date.
- Issue 200,000 common shares and make payment of US\$100,000 work prior to the third anniversary of the permit date.
- Issue 400,000 common shares and make payment of US\$325,000 prior to the fourth 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.

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- 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 any time 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 the year ended December 31, 2018).
- 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.
- 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\$500,000 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.

b) Kirio Project

On July 24, 2019 the Company entered into an agreement to acquire 100% interest in the Kirio Project (“Kirio”) from Teck Peru S.A. (“Teck”) located in the Miocene Gold Belt of Central Peru. To earn a 100% interest of the project the Company must incur US\$2,000,000 in expenditures over five years, including a minimum of 4,000 meters of drilling and issuing 625,000 common shares.

Teck has the option to earn back to a 65% interest in the project by incurring 2.5 times Sable’s expenditures and by making a cash payment to Sable of US\$500,000. If Teck does not exercise this right, they will retain a 2% net smelter royalty on the project.

12. Payables and accruals

	September 30, 2019	December 31, 2018
Trade payables	\$ 320,030	\$ 847,593
Accruals and other	186,032	256,956
	\$ 506,062	\$ 1,104,549

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13. Lease obligation

Lease obligation relates to a lease for the Company's office premises:

	September 30, 2019	December 31, 2018
Opening balance	\$ -	\$ -
New obligation under finance lease	187,599	-
Repayments	(10,920)	-
Ending balance	176,679	-
Less current portion	(25,617)	-
Non-current obligation	\$ 151,062	\$ -

Future minimum lease payments pursuant to the Company's lease are as follows:

Gross lease obligation - minimum lease payments		
1 year	\$ 30,977	\$ -
2-3 years	63,488	-
4-5 years	65,302	-
6+ years	35,372	-
Future interest expense on lease obligations	(18,460)	-
	\$ 176,679	\$ -

14. Asset retirement obligation

As at September 30, 2019, an amount of \$nil (December 31, 2018 - \$143,804) has been deposited with the Ministry of Mines with respect to these reclamation provisions.

For the period ended September 30, 2019, the asset retirement obligation was assumed by Talisker Resources Ltd. in connection with the sale of its BC Properties (Note 5).

15. Share capital and contributed surplus

a) Share Capital

Authorized

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

Issued and outstanding:

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	Number of Shares	\$ Value
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 in private placement	10,000,000	2,500,000
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 issued in exercise of options	600,000	118,278
Share issuance costs	-	(291,230)
Balance at December 31, 2018	139,663,564	\$ 33,589,336
Shares issued in private placement	21,753,333	2,943,000
Shares issued in acquisition of mineral properties	725,000	85,000
Share issuance costs	-	(64,774)
Balance at September 30, 2019	162,141,897	\$ 36,552,562

During the period ended September 30, 2019:

- On May 15, 2019, the Company completed a private placement of 5,753,333 units at a price of \$0.15 per share for gross proceeds of \$863,000. 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 \$0.25 until May 15, 2021.
- On August 29, 2019 the Company entered into an investment agreement with Osisko Gold Royalties Ltd. ("Osisko"). Pursuant to that agreement, Osisko subscribed for 16,000,000 units at a price of \$0.13 per share for gross proceeds of \$2,080,000. 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 \$0.21 until August 29, 2022. As part of the investment agreement, Osisko has the an equity participation right to maintain pro-rata ownership interest so long as Osisko owns more than 5% of the outstanding common shares.

During the period ended December 31, 2018:

- On January 29, 2018, the Company issued 25,111,110 common shares at a price of \$0.157 per share, the fair value of the share on grant date, 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, the fair value of the share on grant date, 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 of 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.

- On August 27, 2018, the Company announced a warrant exercise incentive program (the "Warrant Incentive Program") to encourage the early exercise of up to approximately 27 million outstanding common share purchase warrants. Under the terms of the Incentive Program, the Company offered

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one half of one common share purchase warrant as an incentive exercisable at a price of \$0.35 for a period of 36 months, should the common share warrant holder exercise their warrants on or before September 12, 2018. Any common share purchase warrants not exercised prior the expiry of the Warrant Incentive Program will remain outstanding in accordance with their original terms.

In total, 9,987,515 common share purchase warrants were exercised in connection with the Warrant Incentive Program for aggregate gross proceeds of \$2,492,054. In addition, a total of 4,141,950 incentive common share purchase warrants were granted.

- 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 warrant common share purchase warrant entitling the holder thereof to purchase a common share at a price of \$0.35 until October 11, 2020. Furthermore, the expiry date of the warrants may be accelerated by the Company at any time prior to the expiry date of the warrants if the volume-weighted average trading price of the Company's common shares is greater than \$0.50 for any 20 consecutive trading days.

The Company paid \$241,430 in issue costs, including an agent cash commission of \$184,250, representing 7% 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 2.14%; volatility 75.04% and an expected life of two years.

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 price
Balance at December 31, 2017	6,550,000	\$ 0.16
Options issued during the period	4,500,000	0.26
Options exercised during the period	(600,000)	(0.10)
Balance at December 31, 2018	10,450,000	\$ 0.20
Options issued during the period	3,250,000	0.16
Balance at September 30, 2019	13,700,000	\$ 0.19

During the period ended September 30, 2019:

- On February 26, 2019, the Company granted an aggregate of 450,000 options to purchase common shares of the Company exercisable at a price of \$0.25 per share for a period of five years to certain directors, officers, and consultants.

The fair value of the of the 450,000 options was estimated at \$37,350 using the Black Scholes pricing model with the following assumptions: dividend yield 0%, risk free interest 1.77%; volatility 84% and an

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expected life of 5 years. Compensation expense was recognized as general and administration expense during the year.

- On June 27, 2019, the Company granted an aggregate of 2,800,000 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 of the 2,850,000 options was estimated at \$232,400 using the Black Scholes pricing model with the following assumptions: dividend yield 0%, risk free interest 1.68%; volatility 84% and an expected life of 5 years. Compensation expense was recognized as general and administration expense during the year.

During the period ended December 31, 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 Scholes 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.

- 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 directors, officers, and consultants.

The fair value of the of the 1,300,000 options was estimated at \$274,278 using the Black Scholes pricing model with the following assumptions: dividend yield 0%, risk free interest 2.14%; volatility 106.19% and an expected life of 5 years. Compensation expense was recognized as general and administration expense during the year.

The Company has 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	1,200,000	1,200,000	\$ 0.10	2.07
May 3, 2022	3,050,000	3,050,000	\$ 0.15	2.59
November 9, 2022	1,700,000	1,700,000	\$ 0.17	3.11
March 31, 2023	3,200,000	3,200,000	\$ 0.25	3.49
October 26, 2023	1,300,000	1,300,000	\$ 0.30	4.07
February 26, 2024	450,000	450,000	\$ 0.25	4.41
June 27, 2024	2,800,000	2,800,000	\$ 0.15	4.75
Balance at September 30, 2019	13,700,000	13,700,000	0.19	3.46

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:

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	# of warrants	Weighted average exercise price
Balance at December 31, 2017	32,442,730	\$ 0.25
Share warrants exercised	(9,987,515)	(0.25)
Share warrants issued	9,741,950	0.35
Share warrants expired	(2,500,000)	(0.30)
Balance at December 31, 2018	29,697,165	\$ 0.28
Share warrants issued	10,876,667	0.22
Share warrants expired	(19,955,215)	(0.24)
Balance at September 30, 2019	20,618,617	\$ 0.28

The Company has the following share purchase warrants outstanding and exercisable:

Expiry date	Number of warrants outstanding	Weighted average exercise price
October 11, 2020	5,000,000	0.35
October 11, 2020	600,000	0.25
May 15, 2021	2,876,667	0.25
September 12, 2021	4,141,950	0.35
August 29, 2022	8,000,000	0.21
Balance at September 30, 2019	20,618,617	\$ 0.28

During the period ended June 30, 2019:

- On May 15, 2019, the Company granted 2,876,667 warrants to purchase common share of the Company exercisable at a price of \$0.25 per share for a period of two years
- On August 29, 2019 the Company granted 8,000,000 warrants to purchase common share of the Company exercisable at a price of \$0.21 per share for a period of three years.

During the period ended December 31, 2018:

- On September 21, 2018, the Company granted an aggregate of 4,141,950 warrants to purchase common shares of the Company exercisable at a price of \$0.35 per share for a period of three years to warrant holders that participated in the early warrant exercise incentive program.

The fair value of the of the 4,141,950 warrants was estimated at \$494,650 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 2.04%; volatility 89% and an expected life of 3 years.

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16. Property related expenses

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Exploration expenses				
Employee compensation	\$ 20,525	\$ -	\$ 47,132	\$ -
Travel	26,182	57,915	177,784	241,587
Contractors and Consultants	238,426	810,590	1,593,377	1,743,346
Maintenance	332	34,494	6,591	38,516
Fuels and lubes	2,011	15,270	30,599	72,017
Operating supplies	4,982	15,860	61,655	39,933
Freight	-	1,330	1,047	1,330
Lease and rentals	24,207	103,576	163,986	190,593
Office and G&A	67,926	93,555	197,842	193,952
Amortization and accretion	-	3,639	-	10,917
Financial and operating	8,962	63,000	200,194	95,395
Less amounts from discontinued operations	-	(162,703)	(62,633)	(304,192)
Total exploration	\$ 393,553	\$ 1,036,525	\$ 2,417,572	\$ 2,323,394

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Property Maintenance				
Travel	\$ -	\$ -	\$ 392	\$ -
Contractors and Consultants	-	53,209	11,500	87,407
Operating supplies	-	1,196	-	-
Office and G&A	-	-	5,229	26,169
Less amounts from discontinued operations	-	(54,405)	(17,121)	(113,576)
Total property maintenance	\$ -	\$ -	\$ -	\$ -

17. 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	
	2019	December 31, 2018
Cash and cash equivalents	\$ 6,420,217	\$ 2,807,533
Marketable securities	10,293	-

18. Segmented Information

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

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<u>Period ended September 30, 2019</u>	<u>Canada</u>	<u>Mexico</u>	<u>Argentina</u>	<u>Peru</u>	<u>Total</u>
Revenues	\$ -	\$ -	\$ -	\$ -	-
Exploration expenditures	-	1,166,062	1,136,561	114,949	2,417,572
Property maintenance	-	-	-	-	-
General and administrative expenses	975,408	11,883	-	-	987,291
<u>As at September 30, 2019</u>					
Total assets	\$ 6,696,707	\$ 610,249	\$ 1	\$ 1	7,306,958
Total liabilities	589,163	93,578	-	-	682,741
<u>Period ended September 30, 2018</u>					
Revenues	\$ -	\$ -	\$ -	\$ -	-
Exploration expenditures	-	701,634	1,610,102	11,658	2,323,394
Property maintenance	-	-	-	-	-
General and administrative expenses	1,014,085	-	-	-	1,014,085
<u>As at December 31, 2018</u>					
Total assets	\$ 3,909,753	\$ 4,435,813	\$ 128,673	\$ 34,444	8,508,683
Total liabilities	762,492	14,044	644,279	-	1,420,815

19. 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, 2019 the Company incurred administrative costs of \$175,500 (September 30, 2018 - \$141,000) paid to key management personnel. Included in payables and accruals at December 31, 2018 are \$27,497 (December 31, 2018 - \$30,646) related to these amounts.

During the period ended September 30, 2019, the company incurred exploration costs in the amount of \$317,836 (September 30, 2018 - \$277,620) paid to companies controlled by officers of the Company. Included in payables and accruals at September 30, 2019 are \$30,909 (December 31, 2018 - \$nil).

Further, during the period ended September 30, 2019, key management personnel were granted 2,900,000 (September 30, 2018 – 3,200,000) stock options with a value of \$240,700 (September 30, 2018 - \$608,000).

Transactions with related parties are recorded at the fair value.

20. 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 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:

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	2019	December 31, 2018
Working capital surplus	\$ 6,143,630	\$ 1,786,003
Share capital	36,552,562	33,589,336
Share -based payment reserve (included in contributed surplus)	2,464,917	2,296,059
Accumulated deficit	(33,319,669)	(29,623,042)
	\$ 11,841,440	\$ 8,048,356

21. Sale of Royalty on Exploration and Evaluation

In September 2019, the Company entered into an agreement with Osisko Gold Royalties Ltd. ("Osisko"), pursuant to which Osisko purchased a 1% net smelter return royalty on all the Company's current mineral properties and any future mineral properties acquired within four years of the closing date. Consideration received was \$5,000,000. This was recorded as a recovery to acquisition costs.

22. Supplemental Cash Flow Information

Changes in working capital items during the three and nine months ended September 30, 2019 and 2018 are as follows:

	Three months ended June 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Receivables	\$ (119,802)	\$ 10,570	\$ (234,409)	\$ 78,111
Prepays and deposits	(30,025)	(112,057)	(146,235)	(69,129)
Payables and accruals	72,590	85,106	(556,599)	238,394
	\$ (77,237)	\$ (16,381)	\$ (937,243)	\$ 247,376