



**SABLE RESOURCES LTD.**

**Management's Discussion and Analysis  
For the three and nine month period ended September 30, 2021**

## **Management Discussion and Analysis as of November 24, 2021**

The purpose of this Management's Discussion and Analysis ("MD&A") is to explain management's point of view regarding the performance of Sable Resources Ltd. ("Sable" or the "Company"). This MD&A also provides information to improve the readers' understanding of the consolidated 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 interim condensed consolidated financial statements of the Company for the period ended September 30, 2021 ("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 to review all financial reports, prior to filing.

### **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 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, the impact of the COVID-19 pandemic, results of current exploration activities, the possibility of a labour stoppage or shortage, evolving environmental standards, 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.

### **Qualified Person**

The scientific and technical information contained in the Management Discussion and Analysis has been reviewed and approved by Luis Arteaga, Sable's Vice President, Exploration, who is a "Qualified Person" ("QP") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

## **COMPANY OVERVIEW**

The Company is a Canadian listed public company with its shares traded on the TSX Venture Exchange ("TSXV") under the symbol "SAE" and on the OTC Venture Market (OTCQB) under the symbol "SBLRF". The Company is engaged in the acquisition, exploration, and development of mineral resource properties through its phase exploration methodology in the countries of Argentina and Mexico.

## **RECENT DEVELOPMENTS AND OUTLOOK**

### **Financing**

On June 15, 2021, the Company closed a private placement for total gross proceeds of approximately \$12,499,980 (the "Offering") through the issuance of 41,666,600 common shares of the Company at a price of \$0.30 per common share. The Offering was conducted by Sprott Capital Partners and Eight Capital, as co-lead underwriters and PI Financial Corp. (collectively, the "Agents"). In connection with the Offering, the Company paid the Agents a cash commission of 6% of the gross proceeds of the Offering and issued to the Agents broker warrants equal to 3% of the number of common shares sold pursuant to the Offering. Each broker warrant is exercisable to acquire one common share at \$0.30 until June 15, 2023.

### **Mineral Properties**

#### Argentina

In Argentina, the Company has commenced an aggressive field season at its four active projects (El Fierro, La Poncha, Don Julio, and Los Pumas). The 2021-2022 season will include up to 25,000 metres of drilling and extensive surface work as outlined below.

#### **Don Julio Project – South32 Earn In Agreement**

On January 27, 2021, the Company and its wholly-owned subsidiary Olivares S.A. ("Olivares") signed an earn-in agreement (the "EIA") with a wholly-owned subsidiary of South32 Limited ("South32"), to jointly explore the Don Julio and Don Julio Regional Projects. The EIA grants South32 the right to acquire 65% of the shares of Olivares by providing US\$8.5 million in exploration funding over a period of five years (the "EIA Period") and the payment of 100% of the cash option payments to the underlying owners of the Don Julio Project during the EIA Period, with the Company retaining the obligation to issue the share consideration to the underlying owners. At South32's election, the EIA Period can be extended by one year to a total period of six years in consideration for South32 providing an additional US\$1.5 million in exploration funding. The Company will operate all exploration programs during the EIA Period and will receive a 7.5% operator fee on all qualifying exploration expenditures. On satisfying the exploration funding and cash option payment requirements under the EIA, South32 may elect to subscribe for 65% of the shares of Olivares. At such time as South32 makes the election to subscribe for 65%, the Company, Olivares and South32 would then enter into a Shareholders' Agreement, on terms agreed and appended to the EIA.

For the 2021-2022 season, the Company and South32 have planned a very active season that includes mapping, additional geophysical surveys for target definition, and drilling of 5,000 metres focused on Cu-Au porphyry targets associated with the extensive Miocene lithocap located in the central part of the Don Julio cluster. Exploration work started in early October with the camp setup and road cleaning. Drilling is planned to start in January 2022.

#### **Don Julio Regional – Los Pumas**

Los Pumas is included as part of the EIA with South32, and the Company has dedicated an independent budget for conducting exploration work during Q4 2021. Planned work at Los Pumas includes the construction of a camp, rehabilitation of the existing road access, construction of new roads within the

mineralized zone, trenching, mapping and rock sampling. These activities are currently advancing with encouraging observations.

### **El Fierro Drill Program**

In February 2021, the Company commenced the first drilling campaign ever conducted at El Fierro, completing a 3,278 metre drill program comprising 25 holes that tested the four main areas of the project: Fierro Bajo, Fierro Alto, La Verde, and Lagunitas. Between April and August, the Company released multiple high-grade drill intercepts from the Fierro Bajo, La Verde, and Lagunitas areas. Due to the successful results, the Company has planned a second drilling campaign. The 2021-2022 exploration season started in early September with camp construction, mapping and geophysics. Sable has engaged two rigs from Foraco Argentina for the new drilling campaign at El Fierro which will include up to 15,000 metres of drilling in the different mineralized zones of the project. As of the date of this MD&A, 16 holes have been already drilled at El Fierro; all of which have intercepted mineralization.

### **La Poncha**

Pursuant to a letter of intent entered into in Q4 2020, on March 15, 2021, the Company entered into an option agreement for the La Poncha Project ("La Poncha") located in the San Juan Province of Argentina. During the last summer season (Q4 2020 and Q1 2021), Sable conducted geological mapping and collected 198 rock samples which verified a consistent Cu-Au anomaly at Poncha North extending for over 2km by 1.2 km and discovered new extensions of mineralization at Poncha South as disclosed in the Company's press release of August 11, 2021. Re-logging of available historical core from Poncha South has shown the presence of porphyry style mineralization that was not previously recognized, which will be targeted during the next season. The Company commenced rehabilitation of the access road and construction of the camp mid October 2021. Final geological mapping at Poncha North as well as trenching at Poncha South will be undertaken in advance of the 5,000 metre drill program that is scheduled to start in December 2021 by ConoSur Drilling.

### **Mexico**

In Mexico, Sable will continue evaluation of properties for acquisition in regions with high geological potential within mining friendly states of Mexico such as Sonora, Chihuahua, Sinaloa, and Durango. The Company continues to work with its legal team in Mexico to accelerate the obtention of titles of its large land packages in Queretaro, Zacatecas, and Chihuahua.

## EXPLORATION PROPERTIES

### ARGENTINA

The Company has four active projects in Argentina:

- El Fierro
- Don Julio
- Don Julio Regional (including Los Pumas)
- La Poncha



### Don Julio Project

The Company holds the rights to acquire 100% ownership of 63,314 hectares and has staked additional 6,035 hectares of highly prospective ground in Upper Miocene volcanic rocks in the Frontal Cordillera of Argentina at its Don Julio Project which property is subject to the EIA with South32. Located in the prominent province of San Juan, the mineral claims are 62 km south of Barrick's Alturas gold deposit. Since 2018 when Sable first initiated exploration at Don Julio, multiple targets with different styles of mineralization have been recognized, mapped, sampled, and evaluated. All the targets within the Don Julio cluster show large alteration footprints which would allow hosting significant concealed mineralized systems.

Initial fieldwork undertaken by Sable was concentrated at the Don Julio Cluster where nine of the 19 Aster anomalies controlled by Sable are located. An initial 3,101 metre drilling campaign was completed in late 2018 targeting high-sulfidation mineralization at Esperanza and Heaven Hill targets. The drill campaign intercepted multiple gold anomalous values and the observed advanced argillic mineralization, however the expected target represented by stratabound vuggy silica zone was not present. Sable's technical team believes the target is represented by a deeper porphyry zone that deserves further exploration.

In 2018 and 2019, the Company advanced further exploration work over the Don Julio Cluster of anomalies, completing 1:2,500 scale detailed mapping over seven of the nine known mineral anomalies. The mapping

work was complemented with 1,862 rock samples and 283 talus samples and identified two large epithermal alterations and mineralization at the San Gabriel and Cerro Colorado targets and one skarn system, the Fermin Skarn, on the margins of the porphyry centres. Additional detailed mapping and sampling was undertaken in late 2019 on the Fermin Skarn target and completion of target definition work at San Gabriel and Cerro Colorado precious metals epithermal vein systems outside the main known cluster of anomalies where the Lodo Norte and Lodo Sur targets were discovered.

Under the EIA, South32 and the Company will jointly explore the Don Julio Cluster and other associated regional properties ("Don Julio Regional"), which includes the newly discovered Los Pumas Project. All the targets within the Don Julio Cluster are fully drill permitted.

### ***Lodo Norte and Lodo Sur Targets***

Lodo is located at the northeastern limits of the Don Julio Cluster. The Lodo Norte and Lodo Sur targets were discovered during the last quarter of 2018 where upper level epithermal - intermediate sulphidation style mineralization outcrops for 5,500m along the fault zone. Lodo Sur vein thicknesses vary from few centimetres to 10m and extend from more than 1,500m on along strike and geochemical results from the surface sampling program are indicative of upper level epithermal systems. Based on well-known epithermal models, the potential target zone in this large structural-epithermal system is located between 200m and ~400m below the current surface. The target zone is a high-grade Au-Ag (Zn-Pb) quartz vein deposit hosted by faults.

### ***Colorado Target***

The Colorado target zone is located just south of the Lodo Norte target where the style of mineralization shows a transition from high sulphidation to intermediate sulphidation epithermal. The target zone extends roughly 2 km in the NW-SE direction and ~1 km in the NE-SW direction. Geochemical results reported significant values of gold (5.37 g/t), copper (1.4%) and silver (284 g/t). Large parts of the target zone are covered by talus so implementation of the final drill plan will be assisted by ground geophysics.

### ***San Gabriel Target***

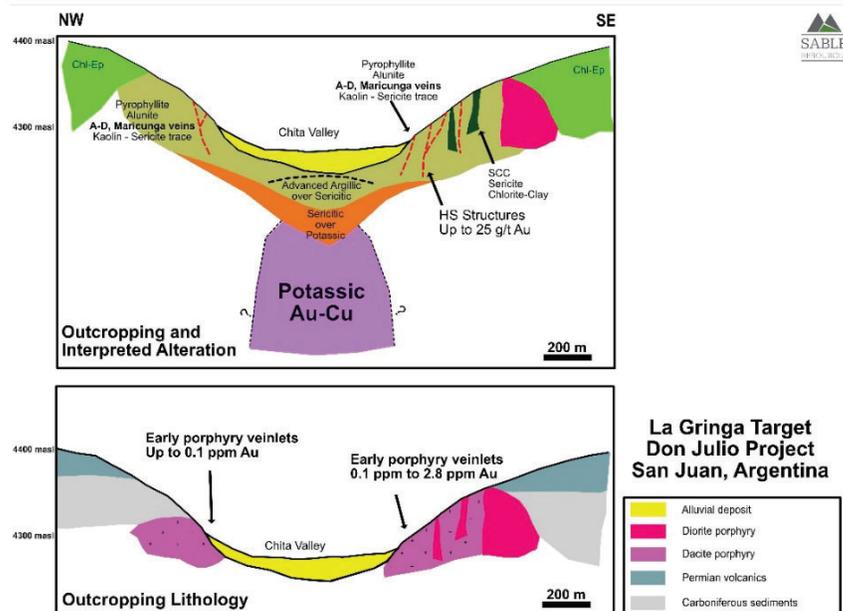
The San Gabriel target was originally identified by ASTER multi-spectral alteration anomalies in 2017. Follow up phase 2 mapping and sampling was done during the 2018-2019 Argentina summer season defining an approximate 3km by 1.2 km E-W corridor of veins formed by two separated clusters of veins named by Sable as San Gabriel Norte and San Gabriel Sur. More than 4.5 km of outcropping veins were mapped with individual vein thickness ranging between few centimetres to 15m and 100m to 500m extensions along strike.

Results from the extensive channel and panel chip samples done during the 2018-2019 field season reported maximum values of some elements as follows. For San Gabriel Sur: Au up to 7.6 g/t (selective small veinlets) and 1.5 ppm next highest value, Ag 188 g/t, Ba 4,800 ppm, Cu 2450 ppm, Mn up to 25,700 ppm, Pb 1.3%, Zn 11.4% (selective vein) and 2.4% next highest Zn value. For San Gabriel Norte: Au 432 ppb, Ag 20 ppm, Ba 1,000 ppm, Cu 637 ppm, Mn 5,070 ppm, Pb 2,710 ppm, and Zn 1,110 ppm.

San Gabriel represents typical features of upper level intermediate sulphidation epithermal mineralization, with potential high-grade Ag-Au (Zn-Pb-Cu) quartz vein target zones located below the current surface exposures of the epithermal system.

**La Gringa Amarillo Target**

Amarillo is a target zone that has been explored by five different companies since 1998. Historical work includes >10,000m of drilling, geochemistry, and ground geophysics and included the identification of a few outcropping high-grade Au samples hosted by narrow HS ledges. Sable is the first company that recognized porphyry style mineralization and the spatial and likely genetic connection with the roots of a high sulphidation system in a zone previously explored by prior owners. The style of alteration and veining is permissive for Au-rich porphyry style mineralization, similar to the multi-million-ounce deposits in the Maricunga Gold Belt of central Chile. Final target definition work will be assisted by the recently finished UAV Mag survey and IP.

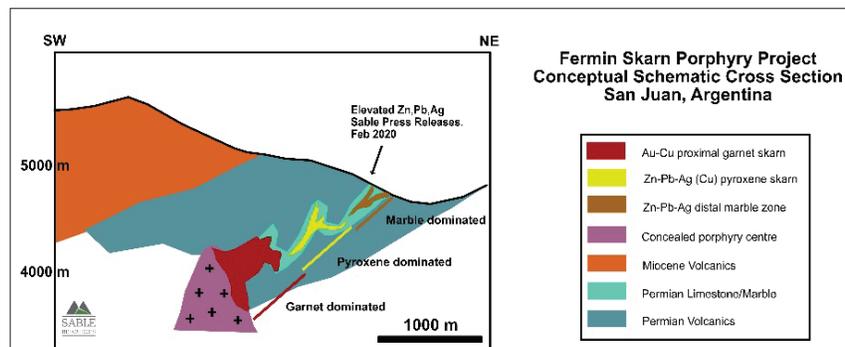


Conceptual section of the La Gringa target

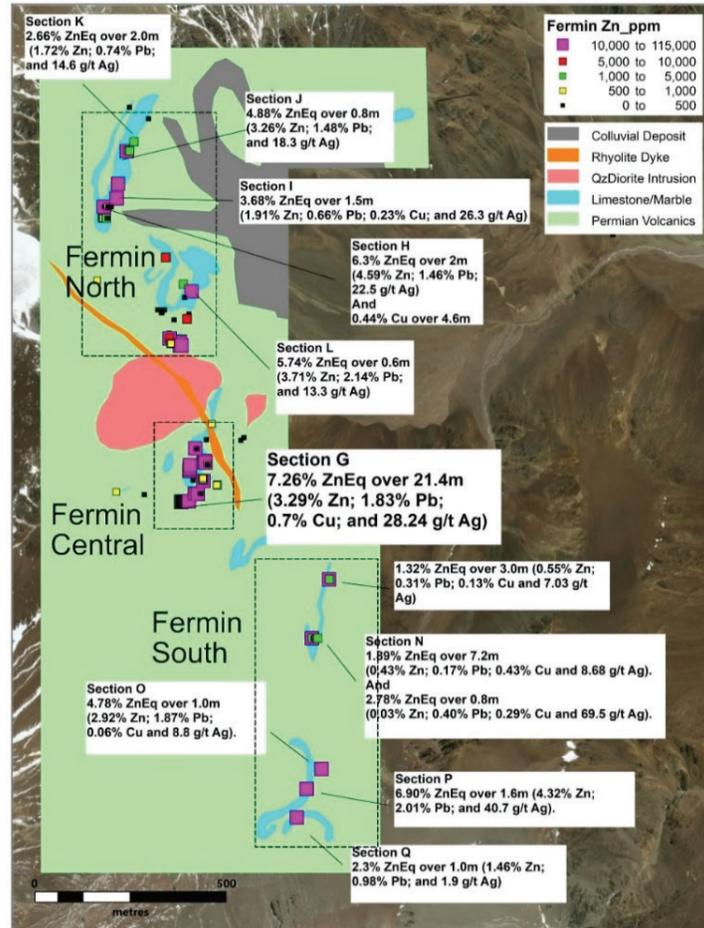
**Fermin Skarn Target**

Exploration work undertaken by Sable in the 2018-2019 field seasons discovered skarn mineralization with observed thicknesses ranging from 10cm to several metres. The mineralized zone has been systematically sampled in multiple channel sections and results were released in Q1 2020 with the best intersection being 7.26% ZnEq over 21.4m. ZnEq is calculated combining anomalous values of Zn, Pb, Ag, and Cu. The mineralization is semi-continuous along strike for almost 2 km and is interpreted as the distal part of a concealed Au-Cu skarn-porphyry system to the west.

Detailed structural mapping was conducted during April 2021, revealing the presence of two different limestone horizons with more deformation and mineralization hosted by the upper one. The structural data shows that the limestone unit is preserved and protected from erosion by thrust faults, keeping the potential for Cu-Au skarn mineralization intact to the west.



Conceptual Section of the Fermin Skarn target

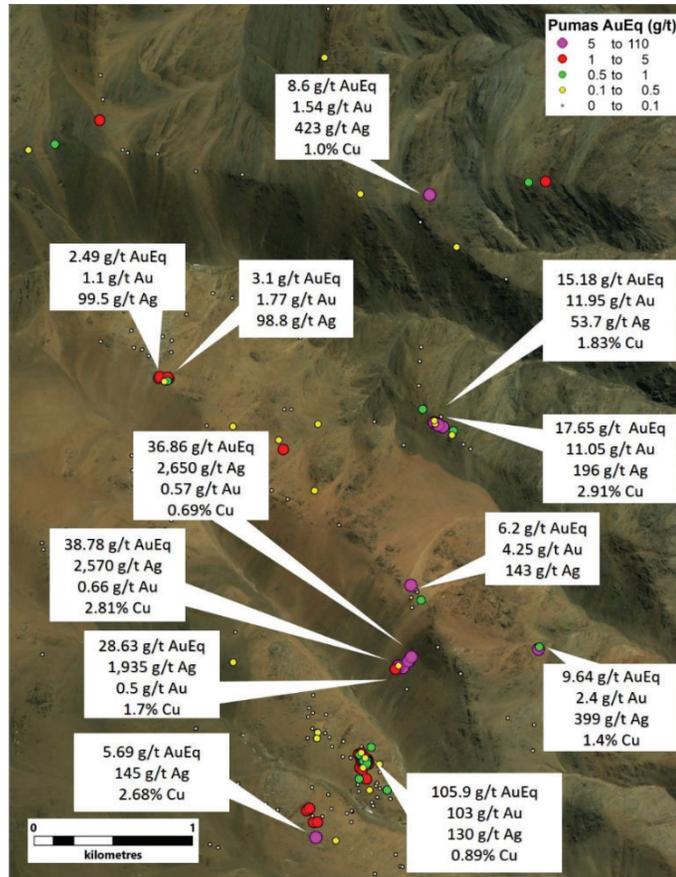


*ZnEq values in different sampling sections at the Fermin Skarn target*

**Don Julio Regional**

**Los Pumas Project**

In January 2021, Sable released geochemical sampling results from the Los Pumas Project located 21 km south of the Don Julio Cluster. Los Pumas was found following a large ASTER anomaly, east of which, alteration and mineralization was found associated with the contact between Permian granites and Paleozoic sediments. Mineralization consists of pyrite, chalcopyrite, tennantite, and Cu oxides in sheeted veinlets and discrete quartz and quartz-tourmaline structures. 260 rock samples have been collected during three campaigns returning values of up to 103 g/t Au; 2,650 g/t Ag; and 2.9% Cu. Exploration work recommenced early September 2021 with camp and road construction. Nine trenches have been finished in three mineralized zones of the project. All the trenches have successfully intercepted mineralization that was covered below several metres of talus and gravels. 80 rock samples have been collected and sent to ALS Labs in Mendoza. The observations in the trenches are encouraging and the Company expects to reproduce and extend the high values sampled last year in surface outcrops and float.



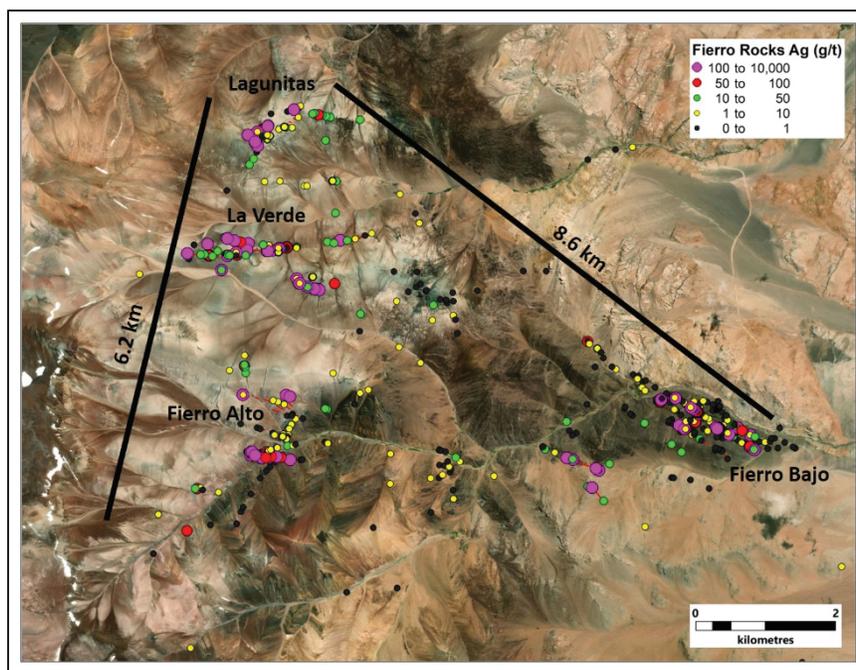
*Distribution of Gold Equivalent values at Los Pumas Project*

Additional to Los Pumas Project, the Company will continue with the reconnaissance work during the regional block of Don Julio. All the exploration work at Don Julio, Los Pumas, and Don Julio Regional is fully financed by South32.

**El Fierro Project**

El Fierro Project is located 250 km northwest of San Juan city and 120 km north of Sable's Don Julio Project. El Fierro is a historical small scale mining district where silver, lead, and zinc were intermittently mined since the late 1800's until the 1960's decade. The area has not seen any modern exploration and has never been drilled prior to Sable's drill program conducted in Q1 and Q2 of 2021.

Field work conducted during 2020 and 2021 defined four important mineralized centres: Fierro Bajo, Fierro Alto, La Verde, and Lagunitas forming a district scale footprint of 8.6km by 6.2km.



*Location of mineralized zones at El Fierro Project*

Mineralization at Fierro Bajo consists of at least four silver-rich veins that returned values from samples of up to 17,531 g/t AgEq (12,181 g/t Ag; 5.67% Pb; 1.6% Cu; and 0.2% Zn from a Grab Sample). Structures at Fierro Alto returned values as high as 1,946.50 g/t AgEq (1,070 g/t Ag; 20% Pb; 0.38 g/t Au; 1.003% Zn; and 1.33% Cu from a 0.25m Channel Sample). La Verde samples have returned some of the highest grades within the El Fierro Project, with values up to 4,525 g/t AgEq (3,840 g/t Ag; 19.8% Pb; 0.56% Cu from a Grab Sample).

In February 2021, Sable started the first drilling campaign ever conducted at El Fierro completing 3,278 metres in 25 holes. The most significant intercepts are presented below:

Hole FB-DH-21-01

- **783.8 g/t AgEq** (650.6 g/t Ag, 3.44% Pb, 0.11% Cu) over 1.0m from 155.5 to 156.5m
  - Including **1,556.5 g/t AgEq** (1,290 g/t Ag, 6.89% Pb, 0.22% Cu, 0.12% Zn, 0.15 g/t Au) over 0.5m from 156.0 to 156.5m

Hole FB-DH-21-02

- **640.76 g/t AgEq** (437.38 g/t Ag, 5.8% Pb, 0.38% Zn) over 1.35m from 92.65 to 94.00m
  - Including **1,433.6 g/t AgEq** (976 g/t AgEq, 13.05% Pb, 0.63% Zn) over 0.6m from 93.40 to 94.00m

Hole FB-DH-21-04

- **854.78 g/t AgEq** (776 g/t Ag, 1.7% Pb, 0.55% Zn) over 0.5m from 56.85 to 57.35m

Hole LV-DH-21-08

- **546.78 g/t AgEq** over 9.95m from 78.35 to 88.3m (4.29 g/t Au; 110.67 g/t Ag; 0.135% Cu; 0.58% Pb; 1.06% Zn)
  - Including **1,429.2 g/t AgEq** over 3.7m from 80.9 to 84.6m (11.53 g/t Au; 281.89 g/t Ag; 0.48% Cu; 1.35% Pb; **2.5% Zn**)
  - Including **4,381.1 g/t AgEq** over 0.5m from 81.4 to 81.9m (49.8 g/t Au; 55.6 g/t Ag; 0.34% Pb; 3.83% Zn)

Hole LV-DH-21-11

- **971.33 g/t Ag Eq (263.64 g/t Ag; 6.32 g/t Au; 0.62% Cu; 2.7% Pb; 0.5% Zn)** over 0.85m from 38.25 to 39.10m  
*Within 363.4 g/t AgEq (101.51 g/t Ag; 2.16 g/t Au; 0.23% Cu; 1.25% Pb; 0.33% Zn)* over 2.85m from 37.90 to 40.75m

Hole LV-DH-21-12

- **429.92 g/t AgEq (38.1 g/t Ag; 0.78 g/t Au; 0.13% Cu; 8.68% Pb; 0.7% Zn)** over 0.50m from 121.10 to 121.60m

Hole LV-DH-21-18

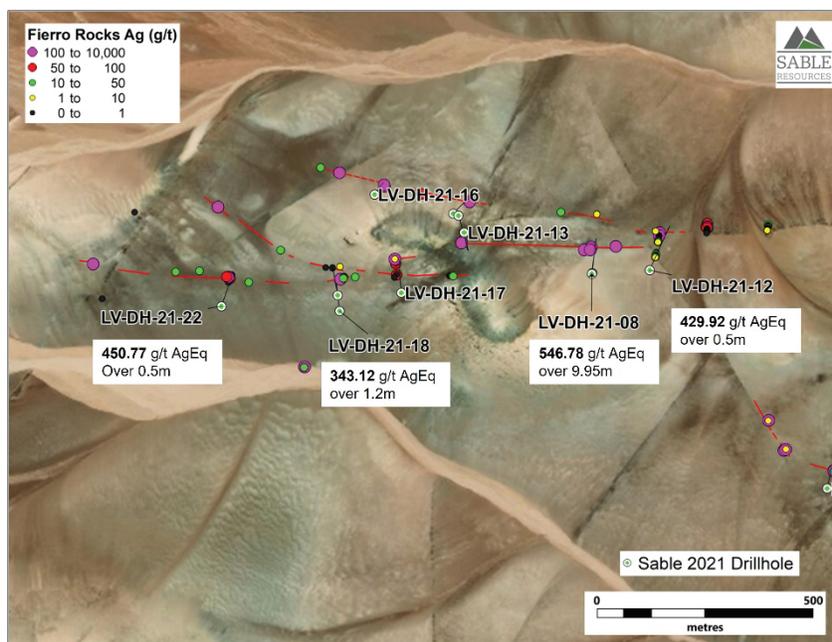
- **343.12 g/t AgEq (145.83 g/t Ag; 0.82 g/t Au; 0.22% Cu; 2.93% Pb; 0.18% Zn)** over 1.20m from 89.0 to 90.20m

Hole LV-DH-21-19

- **87.31 g/t AgEq (35.27 g/t Ag; 0.71% Pb; 0.68% Zn)** over **40.6m** including **356.30 g/t AgEq** over 2.40m.

Hole LV-DH-21-22

- **450.77 g/t AgEq (49.50 g/t Ag; 0.96 g/t Au; 0.17% Cu; 2.92% Pb; 4.93% Zn)** over 0.5m from 76.10 to 76.60m



*Location of holes with significant intercepts on La Verde vein*

On August 24<sup>th</sup>, the Company announced further results indicating that the drilling and trenching program has defined the Lagunitas vein system for over 1,500 metres, remaining open in all directions and returning high-grade values from at least three different veins within the Lagunitas vein system. Highlighted results from these veins include:

Caramelo Vein

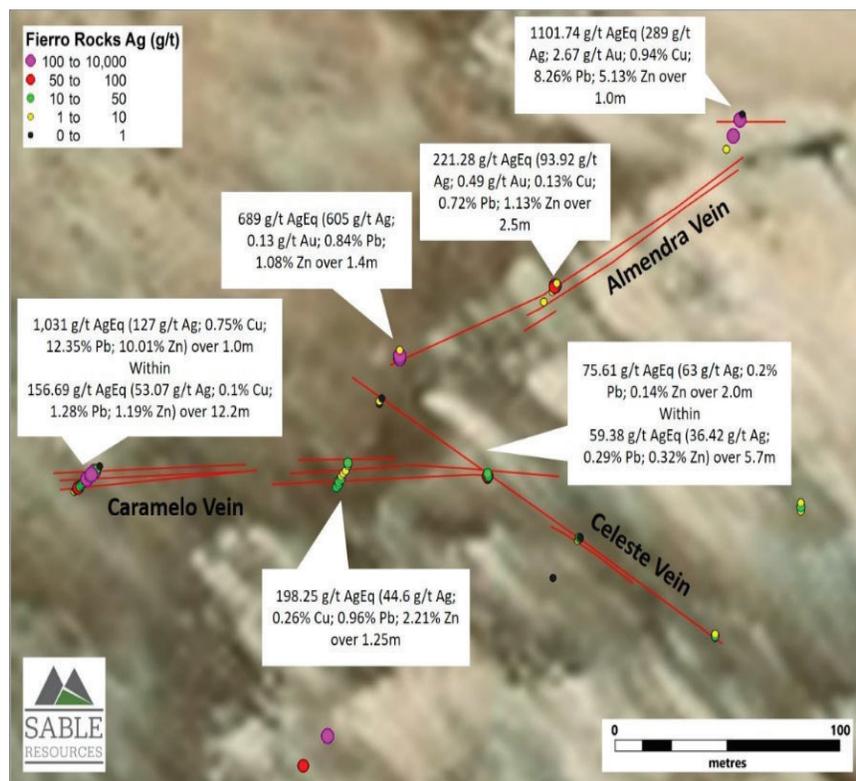
- **1,031 g/t AgEq (127 g/t Ag; 0.75% Cu; 12.35% Pb; 10.01% Zn)** over 1.0m  
*Within 156.69 g/t AgEq (53.07 g/t Ag; 0.1% Cu; 1.28% Pb; 1.19% Zn)* over **12.2m**

Almendra Vein

- **1,101.74 g/t AgEq** (289 g/t Ag; 2.67 g/t Au; 0.94% Cu; 8.26% Pb; 5.13% Zn) over 1.0m
- **689 g/t AgEq** (605 g/t Ag; 0.13 g/t Au; 0.84% Pb; 1.08% Zn) over 1.4m

Canela Vein

- **538.31 g/t AgEq** (11.5 g/t Ag; 0.1% Cu; 0.2% Pb; 12.15% Zn) over 0.25m

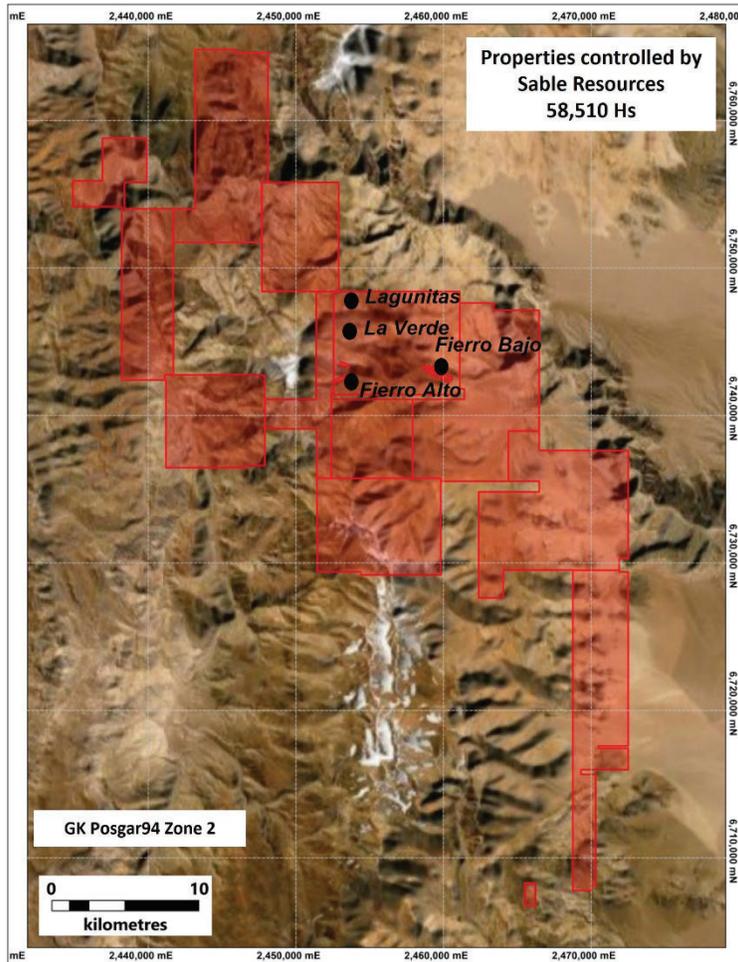


*Significant values from trenching on new veins from the Lagunitas zone*

Mineralization intercepted in the released holes represents between 80% and 100% true width. Silver equivalent (AgEq) is calculated based on 100% recovery and prices of USD 18 per oz for silver; USD 1,500 per oz for gold; USD 0.85 per pound for lead; USD 1.1 per pound for zinc; and USD 3.0 per pound for copper. Cu, Pb, Zn values lower than 0.1%, and Au values lower than 0.1 g/t have not been considered within the AgEq calculation.

After the successful first drilling campaign, the Company decided to undertake a second campaign that will include up to 15,000 metres of drilling to test the strike and depth continuity of the known structures, including the initial testing of multiple new targets. Fieldwork recommenced at El Fierro in early September 2021 with camp construction, mapping and geophysics. Two rigs are already installed at El Fierro and 16 drill holes have been already completed. The drilling program is expected to be completed around April 2022.

Through additional staking in recent months, the Company has increased its land position in El Fierro from 46,391 hectares to 58,510 hectares. The newly staked ground is located on the western flank of Sable's original properties and contains multiple colour anomalies that will see regional exploration in future campaigns. Most of Sable's property at El Fierro remains totally unexplored, increasing the potential for finding additional mineralized zones.



*Properties controlled by Sable at El Fierro Project*

### **La Poncha Project**

In March 2021, the Company signed an option agreement for the La Poncha Project comprising 18,114 hectares and located 69 km north of Don Julio and 50 km south of the El Fierro Project. The La Poncha Project was explored by at least three companies in the past including Golden Arrow (2008), Teck (2009), and Genesis Minerals (2012). These companies completed limited drilling on the property with several encouraging intercepts publicly released at the time. Historical highlights obtained by Golden Arrow in 2008 include 266m @ 1.21 g/t Au and 3.30 g/t Ag (129m – 395m); 61m @ 3.04 g/t Au and 7.16 g/t Ag (270m – 331m) and multiple other intercepts from 2008. In 2012, Genesis Minerals released 12.15m @ 4.87 g/t Au, 15.9 g/t Ag and 0.49% Zn. The Company notes that the mentioned intercepts correspond to information publicly released by the companies and a Qualified Person (QP) has not done enough work to verify these historical assay results.

Geological mapping, relogging of historical drilling holes, and preliminary reinterpretation of available geophysical data were completed in 2021 along with the collection of 198 rock samples. The new geological interpretation resulted in a significantly better understanding of the geometry and distribution of porphyry-related intrusive phases and the Au (Cu) porphyry potential. New Age dating indicates that the porphyry style mineralization at Poncha North is similar in age to the Filo del Sol project, located north of La Poncha, that recently reported an intercept of 858m with 1.8 % CuEq (Filo Mining press release dated May 13, 2021). The porphyry – epithermal footprint of Poncha Norte is represented by a gold - copper anomalous

alteration zone extending for over 2 km by 1.2 km, associated with well defined magnetic and chargeability anomalies.

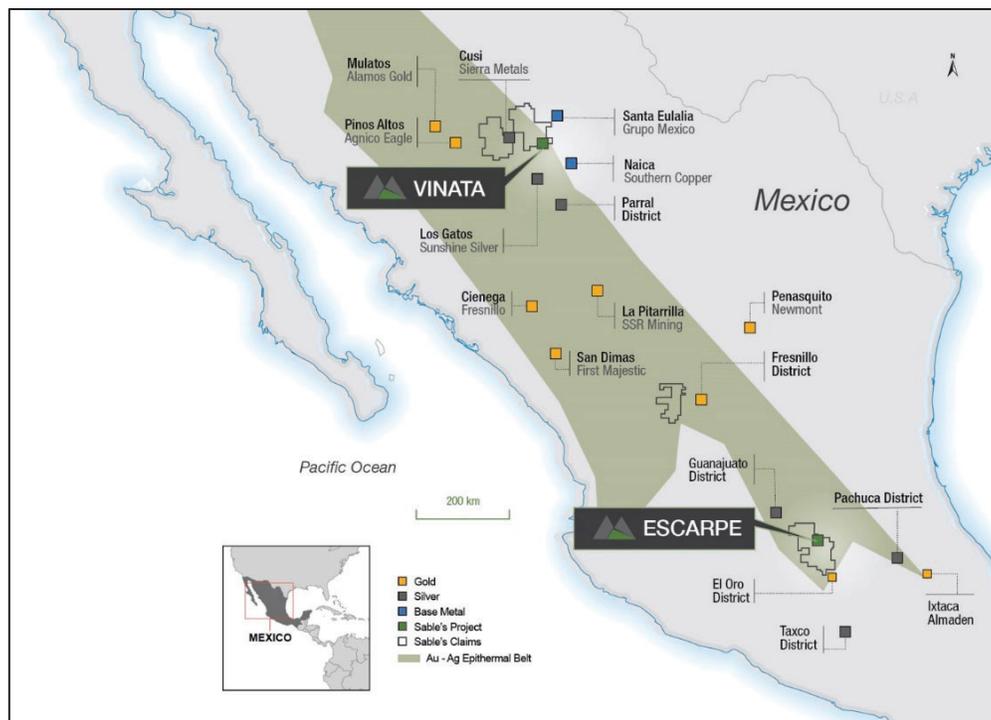
At Poncha South, Sable has identified a porphyry-style mineralization and extensions of the epithermal mineralization that were not previously recognized. Geochronology studies from Poncha South have revealed that the observed porphyry mineralization has an age of 26 Ma, which coincides with the mineralization age of the Josemaria deposit (1,159 MTonnes @ 0.29% Cu, 0.21 g/t Au, 0.9 g/t Ag – Total M&I sulfide resource 2020 - Josemaria Resources website). The Company is currently advancing with camp and road construction. Mapping and trenching will be undertaken in advance of drilling which is planned to commence in December 2021. Sable has engaged ConoSur Drilling for its drilling program at La Poncha, which will include up to 5,000 metres distributed within Poncha North and Poncha South.

Through staking in August 2021, the Company has increased its land position at La Poncha from 18,114 hectares to 34,937 hectares. Newly staked ground is located south of Poncha South and northwest of Poncha North, and opens significant exploration opportunities for finding new porphyry and epithermal targets within the project.

## Mexico

The Company has three active projects in Mexico:

- Vinata Project
- El Escarpe Project
- Mexico Regional Program



### Vinata Project

The Vinata Project is located in the Municipality of Chihuahua, State of Chihuahua, Mexico, 50 km south of the city of Chihuahua. The Vinata Project is located along possible extensions of known important mineral belts of northern Mexico including base metal CRD deposits as Santa Eulalia (50 km northeast of

Vinata) and Naica (75 km southeast of Vinata), and the polymetallic vein system of the Gatos Silver's Cerro Los Gatos mine, located 75 km southwest of the Vinata Project.

Two mineralized areas have been identified, Vinata North and Vinata South, which are separated by an area of approximately 3.5 km covered by shallow quaternary gravels. No historical mine workings exist at Vinata North and only a few small historical manganese occurrences exist at Vinata South, where waste dumps are very small, and there is no knowledge or evidence of past processing plants or tailings.

The Vinata Project was initially identified through a stream sediment follow up program. At Vinata North, the system consists of a series of NNE oriented quartz veins that outcrop along a strike length of 1,150m with quartz vein float extending an additional 450m to the southeast and for more than 1,000m toward the northwest. The system consists of multiple sub-parallel veins and stockwork zones with epithermal textures over widths ranging from 15m to 170m. Individual veins vary in width from <1m up to about 12m with anomalous Au, Sb, As, and Hg values in rock samples. At Vinata South, historical artisanal mine workings followed Mn-Fe oxides zones along breccias and faults and in addition to high Mn-Fe values, rock samples are strongly anomalous in Sb, As, Ba, Mo, and Zn.

Drill permits were granted in July 2019 and after completing 170 km of ground magnetics and 8.9 km of CSAMT in September 2019, the Company undertook a first phase drill program in October 2019. At the end of 2020, Sable had completed 4,071m of drilling in 16 drill holes at Vinata North and Vinata South. The drilling has shown a large low-grade gold anomaly at Vinata North, extending approximately 750m in a NS direction. The source and real geometry of this mineralization still needs to be understood. Significant intercepts from Vinata drilling include:

**MX-VIN-DDH-19-01**

- 0.28 g/t Au over 51.3m from 46.0 to 97.3m including 0.44 g/t Au over 30.3m from 49.0 to 79.3m

**MX-VIN-DDH-19-03**

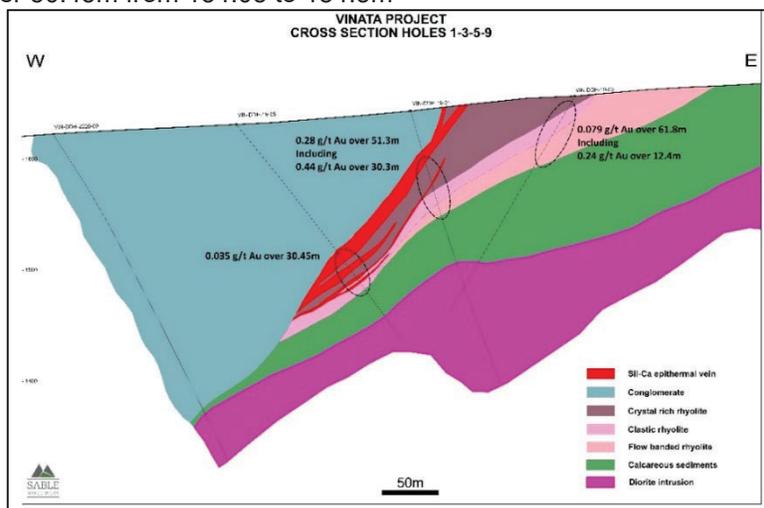
- 0.24 g/t Au over 12.4m from 6.85 to 19.25m

**MX-VIN-DDH-19-04**

- 0.24 g/t Au over 8.9m from 43.8 to 52.7m
- And 0.11 g/t Au over 22.1m from 79.9 to 102.0m

**MX-VIN-DDH-19-05**

- 0.035 g/t Au over 30.45m from 154.05 to 184.5m



*Preliminary Interpretation of geology at Vinata North with representative intercepts*

In the fourth quarter of 2020, the Company conducted a second drilling campaign at the Vinata Project with the objective of finding a higher-grade feeder associated with the significantly large low-grade anomaly discovered in the first drilling campaign at Vinata North and to test the structures hosting high-grade manganese mineralization at Vinata South. Two holes were drilled at Vinata South proving that the historically mined Mn structures have a stratigraphic control and don't show vertical zoning to Ag or Au mineralization. Five additional holes were drilled at Vinata North to extend the mineralization found in 2019, looking for zones of higher grade and testing geophysical anomalies. Hole VIN-DDH-20-13 intercepted low-grade mineralization similar to that observed in holes 01, 03, 04, and 07. Drilling was stopped after hole VIN-DDH-21-17. The Vinata Project remains a significant gold anomaly to be further explored. The Company will continue advancing exploration activities with the follow-up of stream sediment anomalies within its 39,000 hectares of titled ground to generate new targets.

### **EI Escarpe Target**

The style of mineralization at EI 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 paleo-water table, indicating that the complete system is preserved. The depth of any such ore shoots at EI Escarpe is unknown, but it could be as shallow as 100m to 200m beneath the surface. Permitting is currently in process to drill potential "bonanza" zones to depth.

### **Mexico Regional**

Phase 2 work following up stream sediment anomalies within the 39,414 hectare mineral claim recently titled from the Manzana application has been advancing since September 2020. The Company is working on the acceleration of the title process of its vast mineral applications in Queretaro, Zacatecas, and Chihuahua in order to conduct exploration campaigns within this highly prospective ground.

## **DISCUSSION OF OPERATIONS**

### **For the three months ended September 30, 2021 and 2020:**

Net loss for the three month period ended September 30, 2021 was \$1,337,529 compared with \$766,973 for the three month period ended September 30, 2020. The increase for the period is primarily due to the following variances:

- Exploration expenditures were \$1,328,229 for the three month period ended September 30, 2021 (September 30, 2020 - \$474,883). The increase is primarily due to increased exploration activity at the El Fierro, La Poncha and Don Julio Regional projects.
- General and administration expense was \$353,882 for the three month period ended September 30, 2021 (September 30, 2020 - \$225,255). The increase is due to higher general office and other costs as a result of the increased exploration activities required to support the exploration objectives.
- Provision of \$316,669 for value added tax receivables for the three month period ended September 30, 2021 (September 30, 2020 - \$13,067). The increase is due to increased exploration expenses at the Argentina properties that were subject to value added tax.
- Gain of \$709,586 on use of marketable securities for the three month period ended September 30, 2021 (September 30, 2020 - \$nil). The difference is due to the trend in the Argentine Peso versus the Canadian and US dollar during the respective periods.

**For the nine months ended September 30, 2021 and 2020:**

Net loss for the nine month period ended September 30, 2021 was \$5,222,979 compared with \$2,731,698 for the nine month period ended September 30, 2020. The increase for the period is primarily due to the following variances:

- Exploration expenditures were \$5,156,688 for the nine month period ended September 30, 2021 (September 30, 2020 - \$1,853,735). The increase is primarily due to increased exploration activity at the El Fierro and La Poncha projects.
- Share based expense was \$nil for the nine month period ended September 30, 2021 (September 30, 2020 - \$130,450). The decrease is due to no stock option issuances being made during the current nine month period.
- General and administration expense was \$998,030 for the nine month period ended September 30, 2021 (September 30, 2020 - \$714,261). The increase is due to higher legal and tax fees associated with various corporate activities, as well as higher general office and other costs as a result of the increased exploration required to support the exploration objectives.
- Provision of \$1,157,910 for value added tax receivables for the nine month period ended September 30, 2021 (September 30, 2020 - \$27,289). The increase is due to an increase in exploration expenses at the Argentina properties that were subject to value added tax.
- Gain of \$2,062,530 on use of marketable securities for the nine month period ended September 30, 2021 (September 30, 2020 – \$nil). The difference is due to the trend in the Argentine Peso versus the Canadian and US dollar during the respective periods.

**Exploration Expenditures**

**Exploration expenditures by type**

	<b>Three months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Exploration expenditures		
Employee compensation	\$ 91,250	\$ 74,750
Camp and transportation	113,587	4,542
Consultants, geochemistry, and geophysics	547,210	242,074
Maintenance	-	68
Fuels	41,738	1,968
Field supplies	182,055	29,251
Lease and rentals	145,264	30,206
Office and general and administrative	100,918	81,807
Insurance, bank fees and taxes (non-income)	106,207	10,217
<b>Total exploration expenditures</b>	<b>\$ 1,328,229</b>	<b>\$ 474,883</b>

**SABLE RESOURCES LTD.**  
**Management's Discussion and Analysis**  
**For the three and nine month period ended September 30, 2021**



	<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Exploration expenditures		
Employee compensation	\$ 252,503	\$ 174,300
Camp and transportation	435,307	157,066
Consultants, geochemistry, and geophysics	1,591,763	922,649
Drilling	732,660	29,322
Maintenance	-	4,384
Fuels	192,258	26,104
Field supplies	434,601	115,148
Lease and rentals	932,024	79,150
Office and general and administrative	309,616	240,968
Insurance, bank fees and taxes (non-income)	275,956	104,644
<b>Total exploration expenditures</b>	<b>\$ 5,156,688</b>	<b>\$ 1,853,735</b>

**Exploration expenditures by project**

	<b>Three months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Exploration expenditures		
Don Julio	\$ 113,507	\$ 124,185
Don Julio Regional	126,443	-
Mexico Regional	64,116	66,682
Scorpius	-	5,147
Vinata	19,241	61,666
El Fierro	793,927	158,837
La Poncha	210,995	58,366
<b>Total exploration</b>	<b>\$ 1,328,229</b>	<b>\$ 474,883</b>

	<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Exploration expenditures		
Don Julio	\$ 842,830	\$ 1,083,012
Don Julio Regional	153,188	-
Mexico Regional	172,301	141,655
Kirio	-	23,727
Scorpius	-	60,267
Vinata	177,555	297,107
El Fierro	3,372,396	189,601
La Poncha	438,418	58,366
<b>Total exploration</b>	<b>\$ 5,156,688</b>	<b>\$ 1,853,735</b>

## SELECTED FINANCIAL INFORMATION

Current assets at September 30, 2021 were \$26,994,526 versus \$20,661,943 at December 31, 2020. The difference is primarily the result of the offering for gross proceeds of \$12,499,980, offset by exploration and administrative expenses incurred during the period.

Current liabilities at September 30, 2021 were \$351,238 versus \$1,479,513 at December 31, 2020. The difference is primarily the result of the payment of the \$819,606 income tax payable during the period.

## SUMMARY OF QUARTERLY RESULTS

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

Quarter Ending	Revenue \$	Net Income (Loss) \$	Net Income (Loss) per share \$
September 30, 2021	nil	(1,337,529)	(0.01)
June 30, 2021	nil	(1,857,144)	(0.01)
March 31, 2021	nil	(2,111,202)	(0.01)
December 31, 2020	nil	7,140,112	0.03
September 30, 2020	nil	(766,973)	(0.01)
June 30, 2020	nil	(628,196)	(0.01)
March 31, 2020	nil	(1,336,529)	(0.01)
December 31, 2019	nil	(1,844,750)	(0.01)
September 30, 2019	nil	4,314,504	0.03

Net income (loss) has fluctuated over the past eight quarters. The Company incurred net income in the second and third quarters of 2019 due to a gain realized on the disposal of the Company's BC Properties to Talisker Resources Ltd. and a gain on the sale of a 1% NSR to Osisko Gold Royalties, respectively. The net income incurred during the fourth quarter of 2020 was due to the gain on the sale of the option to acquire the Margarita Silver Project, and the gain on the sale of an additional 1% NSR to Osisko Gold Royalties. The net loss incurred during the first, second, and third quarters of 2021 was due to the increased exploration activity at El Fierro and La Poncha, along with continued exploration work at the Don Julio Project.

## 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, the sale of mineral properties and the sale of royalties from time to time. As at September 30, 2021, the Company had a cash and cash equivalents position of \$24,412,600 and working capital of \$26,662,961.

The Company's capital management objectives are to raise the necessary funds for its exploration projects and to manage these funds 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 makes adjustments based on 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. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below.

Management believes that the Company's cash resources are sufficient to meet its working capital and mineral exploration requirements for its next fiscal year, as these expenditures are considered discretionary by management.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## **OUTSTANDING SHARE DATA**

### **Issued Capital**

The Company's authorized share capital consists of an unlimited number of common shares. As at September 30, 2021 an aggregate of 276,698,232 common shares were issued and outstanding and 277,098,232 as of the date of this MD&A.

### **Stock Options**

The Company had 15,400,000 options as of September 30, 2021 and 19,250,000 options as at the date of this MD&A.

### **Restricted Shares Units ("RSUs")**

The Company had no RSUs outstanding as of September 30, 2021 and as of the date of this MD&A.

### **Warrants**

The Company had 42,283,820 warrants outstanding as of September 30, 2021 and as at the date of this MD&A.

## **OFF-BALANCE SHEET TRANSACTIONS**

The Company did not have any off-balance sheet arrangements as at September 30, 2021 or as of the date of this MD&A.

## **RELATED PARTY TRANSACTIONS**

The following is a summary of the Company's related party transactions during the periods ended September 30, 2021 and 2020:

- The Company incurred exploration costs in the amount of \$nil (September 30, 2020 - \$37,664) paid to Talisker Exploration Services Ltd., a private company with shared directors and officers.
- The Company incurred general and administrative expenses in the amount of \$10,020 (September 30, 2020 - \$nil) paid to JDS Energy & Mining Inc., a private company with a shared director. Included in payables and accruals at September 30, 2021 are \$312 (December 31, 2020 - \$369).
- The Company was remunerated for shared exploration and general and administrative costs of \$nil (September 30, 2020 - \$49,984) by Talisker Resources Ltd., a public company with shared directors and officers, for expenses relating to the Baker Project and shared administrative costs. Included in receivables at September 30, 2021 are \$nil (December 31, 2020 - \$1,610).

**SABLE RESOURCES LTD.**  
**Management's Discussion and Analysis**  
**For the three and nine month period ended September 30, 2021**



- The Company was remunerated for general and administrative costs of \$10,057 (September 30, 2020 - \$nil) by TDG Gold Corp., a public company with a shared director, for expenses relating to the Baker Project. Included in receivables at September 30, 2021 are \$10,057 (December 31, 2020 - \$nil).

*Compensation of key management personnel of the Company*

In accordance with IAS 24, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the three and nine month periods ended September 30, 2021 and 2020 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries and director fees	\$ 238,751	\$ 173,507	\$ 667,086	\$ 569,592
Share based payments	-	-	-	99,700
	\$ 238,751	\$ 173,507	\$ 667,086	\$ 669,292

As at September 30, 2021, an amount of \$12,775 (December 31, 2020 - \$158,142) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

Transactions with related parties are recorded at fair value.

**COMMITMENTS**

The Company entered into a shared lease agreement for its Toronto office premises for corporate and technical purposes for a total term of six and a half years. This lease obligation has been recorded in accordance with IFRS 16. Future minimum lease payments are as follows:

	1 year	2-3 years	4-5 Years	More than 5 years
Lease obligation	\$ 32,511	\$ 65,302	\$ 35,372	\$ -

**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.

**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, which is expensed to the statement of loss and comprehensive loss over each option award's vesting period. Under this model, the Company must estimate the term, volatility, the forfeiture rate of options granted, and warrants issued. Changes in these input assumptions can significantly affect the fair value estimate.

### **Critical Accounting Judgments**

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

### **Functional Currency**

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each operates. The Company has determined that its functional currency is the Canadian dollar. The determination of functional currency may require certain judgements to determine the primary economic environment. The Company reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment.

### **Determination of Cash Generating Unit (CGU)**

In determining a CGU, management had to examine the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. The Company has determined that each important geographic location of its mineral interest qualifies as a CGU. Each of these assets generates or will have the ability to generate cash inflows that are independent of the other assets and therefore qualifies as an individual asset for impairment testing purposes.

### **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.

### **Income Taxes**

The Company recognizes deferred tax assets relating to tax losses carried forward only to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

### **Recoverability of Value-Added Tax Receivables**

The Company reviews and evaluates assumptions regarding the recoverability of value-added tax ("VAT") receivables in Argentina and Mexico at the end of each reporting period considering the relevant facts and circumstances, including past collectability and the general economic environment of the country to determine if a provision for the VAT receivable is required. As the amount receivable depends on

performance by the governments in Argentina and Mexico, the timing and amount of collection for the VAT receivables may be materially different from the amount recorded in the consolidated financial statements.

### **Deferred exploration recoveries**

Management considered the facts and circumstances surrounding the receipt of deferred exploration recoveries in determining that it represents a liability to the Company. The payment represents a portion of the funding that will form the consideration for South32's investment in Olivares, should South32 exercise its right to acquire a 65% direct interest in Olivares. In management's view, as the Company continues to operate the Don Julio Project, this payment for the future sale of a controlling interest in Olivares is considered to be a present obligation of the Company.

## **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 commodity price moves so too does the underlying value of the Company's gold projects. The Company monitors gold and silver prices to determine the appropriate course of action to be taken by the Company.

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.

## **FINANCIAL RISK FACTORS**

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no material changes in the risks, objectives, policies and procedures from the previous period.

### **Credit risk**

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to the cash and cash equivalents is minimal.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company.

As at September 30, 2021, the Company had a cash and cash equivalents balance of \$24,412,600 (December 31, 2020 - \$17,068,469) as well as marketable securities of \$1,766,073 (December 31, 2020 -

\$3,368,947) to settle current liabilities of \$351,238 (December 31, 2020 - \$1,479,513). Working capital for the Company as at September 30, 2021 was \$26,643,288 (December 31, 2020 - \$19,182,430).

### **Market risk**

#### *(a) Foreign currency risk*

The Company's reporting currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar. The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in US dollars, Argentine Peso and the Mexican Peso.

Based on the foreign currency balances at September 30, 2021, a 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect net comprehensive loss by approximately \$62,807. This analysis only addresses the impact on financial instruments with respect to currency movement and excludes other economic or geo-political implications of such currency fluctuation. In practice, actual results will likely differ from this analysis and the difference may be material.

#### *(b) Commodities price risk*

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to gold and silver to determine the appropriate course of action to be taken by the Company.

### **Other price risk**

Other price risk is the risk arising from the effect of changes in market conditions on the Company's marketable securities. A 10% change in the share price would affect net comprehensive loss by approximately \$176,607.

From time to time, as part of the funding process to its subsidiary, the Company holds equity instruments for periods of two to three business days with the intention of trading. During these holding periods, the Company is exposed to changes in share prices which result in gains or losses being recognized in profit and loss. The Company does not hold these equity instruments at period end and therefore had no exposure to price risk as of September 30, 2021.

## **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.

### **Foreign Operations Risk**

The Company conducts exploration activities in foreign countries, including Argentina and Mexico. Each of these countries exposes the Company to risks that may not otherwise be experienced if all operations were located in Canada. The risks vary from country to country and can include, but are not limited to, civil unrest or war, terrorism, illegal mining, changing political conditions, fluctuations in currency exchange rates, expropriation or nationalization without adequate compensation, changes to royalty and tax regimes, high rates of inflation, labour unrest and difficulty in understanding and complying with the regulatory and legal framework respecting ownership and maintenance of mineral properties, as well as the revocation or suspension of previously issued mining permits. Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Company's existing assets and operations. Real and perceived political risk may also affect the Company's ability to finance exploration programs and attract joint venture or option partners, and future mine development opportunities.

Numerous countries have introduced changes to mining regimes that reflect increased government control or participation in the mining sector, including, but not limited to, changes of law affecting foreign ownership, mandatory government participation, taxation and royalties, exploration licensing, export duties, and repatriation of income or return of capital. There can be no assurance that industries, which are deemed of national or strategic importance in countries in which the Company has assets, including mineral exploration, will not be nationalized. There is a risk that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company. There can be no assurance that the Company's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company.

Non-compliance with applicable laws, regulations and permitting requirements (including allegations of such) may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed or causing the withdrawal of permits or mining licenses, and the imposition of corrective measures requiring material capital expenditure or remedial action resulting in materially increased cost of compliance, reputational damage and potentially impaired ability to secure future approvals and permits. The Company may be required to compensate third parties for loss or damage and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### **Sources of Funds and Share Price Fluctuation Risks**

The only sources of funds presently available to the Company are the sale of equity/debt capital or the sale 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.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and the corresponding effect on the Company's financial position.

### **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.

The Company maintains insurance for amounts which it considers adequate, however, 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.

## **Pandemic Diseases**

The Company's operations are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases. These infectious disease risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of the Company's exploration operations to operate as intended due to shortage of skilled employees, shortages in supply chains, inability of employees to access sufficient healthcare, significant social upheavals, government or regulatory actions or inactions, the declines in the price of precious metals, capital market volatility, or other unknown but potentially significant impacts. Given the fact that the Company's properties are located in Argentina and Mexico, there are potentially significant economic losses from infectious disease outbreaks that can extend far beyond the initial location of an infectious disease outbreak. As such, both catastrophic outbreaks as well as regional and local outbreaks can have a significant impact on the Company's operations. The Company may not be able to accurately predict the quantum of such risks. In addition, the Company's own operations are exposed to the infectious disease risks noted above and as such the Company's operations may be adversely affected by such infectious disease risks. Accordingly, any outbreak or threat of an outbreak of a virus or other contagions or epidemic disease could have a material adverse effect on the Company, its business, results from operations and financial condition.

## **COVID-19**

The Company highlights that it continues to face risks related to COVID-19, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The COVID-19 outbreak and its declaration as a global pandemic have caused companies and governments around the world to impose sweeping restrictions on the movement of people and goods, including social distancing measures and restrictions on group gatherings, isolation and quarantine requirements, closure of business and government offices, travel advisories and travel restrictions. The extent to which COVID-19 will continue to impact the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, supply chain delays, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the its business, financial condition and results of operations.

Since the outbreak of COVID-19 in March 2020, the Company has focused its efforts to safeguard the health and well-being of its employees, consultants and community members to ensure their safety during the global COVID-19 pandemic. The Company follows stringent COVID-19 protocols and is abiding by local and national public health guidelines in place in Canada, Mexico and Argentina, which include personnel health screening, attendance monitoring, physical distancing measures, use of personal protective equipment, enhanced cleaning and disinfection procedures, and active case monitoring and reporting protocols.

The COVID-19 pandemic has forced the Company to reassess some of its business plans. For example, the Company postponed its drill campaign on its Vinata project from Q2 2020 to Q4 2020. The impacts of the COVID-19 pandemic may also include disruptions in its exploration work and increased costs resulting from the Company's efforts to mitigate the impact of the COVID-19 pandemic on operations. A material adverse effect on the Company's employees, suppliers and/or partners could have a material adverse effect on the Company.

The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand (across all sectors), service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. The overall severity and duration of COVID-19-related adverse impacts on the Company's business will depend on future developments which cannot currently be predicted, including directives of government and public health authorities, the status of labour availability and the ability to staff exploration work. Even after the COVID-19 outbreak has subsided, the Company may continue to experience material adverse impacts to its business as a result of the global economic impact, including any related recession.

The Company will continue to work actively to monitor the situation and implement further measures as required to mitigate and/or deal with any repercussions that may occur as a result of the COVID-19 outbreak.

### **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. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

### **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, Argentine Pesos, and Mexican Pesos. 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. 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.

In parts of Argentina, there is environmental opposition to both mineral exploration and mining. Accordingly, there may be a certain degree of anti-mining sentiment that could potentially affect the risk of successfully developing the Company's mineral projects.

The Argentine Congress has passed legislation designed to protect the country's glaciers. This law would restrict development on and around glaciers. The detailed regulations that will govern implementation of the law have not yet been written. Although not anticipated, this legislation could affect the Company's ability to develop parts of its mineral projects.

### **Community Relations and Public Opposition to Mining Activities**

The Company's relationships with the communities in which it operates are critical to the future success of its existing operations and the construction and development of its projects. In recent years, there has been ongoing and potentially increasing public concern relating to the effects of resource extraction on the natural landscape, communities and the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs") who oppose globalization and resource development can be vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. In addition, there have been many instances in which local community groups have opposed resource extraction activities, resulting in disruption and delays to the relevant operations. Adverse publicity generated by such NGOs or others related to the mining industry or to the extractive industries generally, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, there is no guarantee that its efforts in this respect will mitigate this potential risk. NGOs or local community groups could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, despite the Company's successful compliance with social and environmental best practices. Any such actions and the resulting media coverage could have adverse effects on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the business, financial condition, results of operations, cash flows or prospects of the Company.

### **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 and may also be affected by undetected defects or the rights of indigenous peoples. Surveys have not been carried out on the Company's mineral properties, and their boundaries and areas could be in doubt. The rules governing mining concessions in Mexico and Argentina are complex and any failure by the Company to meet requirements would have a material adverse effect on the Company. Any defects in the title to the Company's properties could have a material and adverse effect on the Company.

No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. Although the Company has not had any problem renewing its licenses in the past there is no guarantee that it will always be able to do so. Inability to renew a license could result in the loss of any project located within that license.

### **Surface Rights and Access**

Although the Company acquires the rights to some or all of the resources in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its resource tenures. In such cases, applicable laws usually provide for rights of access to the surface for the purpose of carrying on exploration activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out exploration activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction.

### **Option, Joint Venture and Earn In Agreements**

The Company has and may continue to enter into option agreements, joint ventures, and/or earn in agreements (collectively "Partner Agreements") as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Company.

Under the terms of such Partner Agreements the Company may be required to comply with applicable laws, which may require the payment of maintenance fees and corresponding royalties in the event of exploitation/production. The costs of complying with Partner Agreements are difficult to predict with any degree of certainty; however, were the Company forced to suspend operations on any of its concessions or pay any material fees, royalties, or taxes, it could result in a material adverse effect to the Company's business, financial results and condition.

Under the terms of such Partner Agreements, in the event a partner decided to cease funding and terminate the Partner Agreement, the Company may be subject to the payment of income tax in the local jurisdiction. The termination of a Partner Agreement could also result in other material adverse effects to the Company's business, financial results, and condition.

The Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying concessions.

### **Competition and Marketability Risks**

The resource industry is intensely competitive in all 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.

### **No Assurance of Profitability**

The Company has no history of earnings and due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or from the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether a commercial deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or syndication of its properties, there can be no assurance that any such funds will be available on favorable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

### **Possible Dilution to Present and Prospective Shareholders**

The Company's plan of operation, in part, contemplates the financing of its business by the issuance of securities and possibly incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective shareholders. The Company has sought a joint venture partner to fund the exploration of the Don Julio Project. Offering an interest in its Don Julio Project to a partner would dilute the Company's interest in the project.

### **Risk of Legal Proceedings in the Ordinary Course of Business**

Due to the nature of its business, the Company may be subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The Company's operations are subject to the risk of legal claims by employees, unions, contractors, lenders, suppliers, joint venture partners, shareholders, governmental agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. Plaintiffs may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. Defense and settlement costs can be substantial, even with respect to claims that have no merit. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. The litigation process could, as a result, take away from the time and effort of the Company's management and could force the Company to pay substantial legal fees or penalties. There can be no assurances that the resolutions of any such matters will not have a material adverse effect on the Company's business, financial condition and results of operations.

### **Compliance with Anti-Corruption Laws**

The Company is subject to various anti-corruption laws and regulations such as the Canadian Corruption of Foreign Public Officials Act. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents.

The Company's projects are located in Argentina and Mexico, which are perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted. Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and/or its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, financial condition and results of operations.

### **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.

TSXV 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).