



Annual & Special Meeting of Shareholders

August 17, 2022

Notice of Meeting

Management Information Circular

Financial Statements for the year ended December 31, 2021

Management's Discussion and Analysis for the year ended December 31, 2021



SABLE RESOURCES LTD
900 – 999 West Hastings Street
Vancouver, British Columbia V6C 2W2
Canada

TSXV | SAE

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special general meeting (the "**Meeting**") of the shareholders of Sable Resources Ltd. (the "**Company**") will be held on Wednesday, August 17, 2022 at 9:00 a.m. (Vancouver time). The Meeting will be held at the offices of the Company at Suite 900, 999 West Hastings Street, Vancouver, British Columbia.

The Meeting is called for the following purposes:

1. to receive and consider the financial statements of the Company for the fiscal period ended December 31, 2021, together with the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors and to authorize the directors to fix their remuneration;
4. to consider, and if thought advisable, approve the Company's amended and restated stock option plan;
5. to consider, and if thought advisable, approve a shareholders rights plan; and
6. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Particulars of the foregoing matters are set forth in the accompanying management information circular. The directors of the Company have fixed the close of business on July 12, 2022 as the record date for the determination of the shareholders of the Company entitled to receive notice of the Meeting.

DATED at Vancouver, Canada as of the 18th day of July, 2022.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "Thomas Obradovich"

Thomas Obradovich, Chair

Shareholders who will not attend the Meeting in person are requested to complete and sign the accompanying form of proxy and return it by mail in the enclosed return envelope or by facsimile or by Internet. To be effective, proxies must be received by the Company's transfer agent, TSX Trust Company, Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1, Attention: Proxy Department, or by facsimile at 1-416-595-9593 or by Internet prior to 9:00 a.m. (Vancouver time) on Monday, August 15, 2022 or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to when any adjournment thereof is to be held, or may be deposited with the Chair of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof. Non-registered shareholders (beneficial holders) must deliver their completed proxies in accordance with the instructions given by their financial institution or other intermediary that forwarded the form of proxy to them.

**SABLE RESOURCES LTD.
MANAGEMENT INFORMATION CIRCULAR**

SOLICITATION OF PROXIES

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation by management of Sable Resources Ltd. (the “**Company**”) of proxies to be used at the annual and special meeting of shareholders of the Company (the “**Meeting**”) referred to in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice**”) to be held on August 17, 2022, at the time and place and for the purposes set forth in the Notice. **The solicitation is made by the management of the Company and will be made primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company. The information contained herein is given as of July 18, 2022, unless indicated otherwise.**

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **Each shareholder has the right to appoint a person or company, who need not be a shareholder of the Company, other than the persons named in the enclosed form of proxy, to represent such shareholder at the Meeting or any adjournment thereof. Such right may be exercised by inserting such person’s name in the blank space provided and striking out the names of management’s nominees in the enclosed form of proxy or by completing another proper form of proxy. All proxies must be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a company, by an officer or attorney thereof duly authorized. Proxies must be delivered to TSX Trust Company before 9:00 a.m. (Vancouver time) on Monday, August 15, 2022.**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of holding the Meeting or adjournment thereof at which the proxy is to be used, by delivering another properly executed form of proxy bearing a later date and depositing it as aforesaid;
2. by depositing an instrument in writing revoking the proxy executed by him or her with TSX Trust Company at its offices located at Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1 at any time up to and including 9:00 a.m. (Vancouver time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
3. in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy **will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for** and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, **the shares will be voted or withheld from voting in accordance with the specifications so made. Where shareholders have properly executed proxies in favour of the persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the shares represented thereby, such shares will be voted in favour of the passing of the matters set forth in the Notice.** The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each holder of common shares in the capital of the Company (“**Common Shares**”) of record at the close of business on July 12, 2022 (the “**record date**”) will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy. As of July 18, 2022, the Company had 280,564,898 issued and outstanding Common Shares. Each Common Share carries the right to one vote per share. The outstanding Common Shares are listed on the TSX Venture Exchange (the “**TSXV**”) under the symbol “SAE”.

To the knowledge of the directors and executive officers of the Company as of July 12, 2022, no person beneficially owns, controls or directs, directly or indirectly, 10% or more of the outstanding Common Shares.

NON-REGISTERED HOLDERS AND DELIVERY MATTERS

Only registered Shareholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary (“**Intermediary**”) holding on your behalf.

If you have received the Company’s form of proxy, you may return it to TSX Trust Company as follows:

By Mail or Hand Delivery:	TSX Trust Company Suite 301 100 Adelaide Street West Toronto, Ontario M5H 4H1
By Fax:	416-595-9593
By Internet:	www.voteproxyonline.com You will need to provide your 12 digit control number (located on the form of proxy accompanying this Circular)

Objecting Beneficial Owners (“**OBOs**”) and other beneficial holders receive a Voting Instruction Form (“**VIF**”) from an Intermediary by way of instruction of their financial institution. Detailed instructions of how to submit your vote will be on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or VIF is to be delivered.

The Company is not using the “notice-and-access” provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) in connection with the delivery of the meeting materials in respect of the Meeting. The Company is not sending such meeting materials directly to “non-objecting beneficial owners” in accordance with NI 54-101, and intends to pay for intermediaries to deliver such meeting materials to “objecting beneficial owners” as defined in NI 54-101.

COMPENSATION OF EXECUTIVE OFFICERS

The following table provides a summary of compensation for services rendered in all capacities to the Company for the fiscal years ended December 31, 2021 and 2020 in respect of the individuals who served as (i) the Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”) of the Company during the

fiscal year ended December 31, 2021 (the “**Named Executive Officers**”); and (ii) the directors of the Company for the fiscal year ended December 31, 2021. For the fiscal year ended December 31, 2021, the Named Executive Officers included Ruben Padilla, CEO, Kelso Cartwright, CFO and Luis Arteaga, Vice President, Exploration. The Company had no other executive officers whose total compensation during the fiscal year ended December 31, 2021 exceeded \$150,000. See also “Stock Options and Other Compensation Securities” below.

Table of Compensation Excluding Compensation Securities

Name and Position	Fiscal Year	Salary, Consulting Fee, Retainer or Commission	Bonus	Director Retainer, Committee or Meeting Fees	Value of Perquisites	Value of All Other Compensation⁽¹⁾	Total Compensation
Ruben Padilla ⁽²⁾ <i>Director, President and CEO</i>	2021	\$220,000	\$132,000	Nil	Nil	\$58,000	\$410,000
	2020	\$181,500	\$144,000	Nil	Nil	\$84,840	\$410,340
Tom Obradovich ⁽³⁾ <i>Director and former President and CEO</i>	2021	Nil	Nil	\$50,000	Nil	\$38,280	\$88,280
	2020	\$136,167	Nil	\$37,509	Nil	\$45,790	\$219,466
Kelso Cartwright ⁽⁴⁾ <i>CFO</i>	2021	\$110,833	\$78,000	Nil	Nil	\$41,760	\$230,593
	2020	\$69,000	\$29,400	Nil	Nil	\$40,320	\$151,670
Luis Arteaga ⁽⁵⁾ <i>Vice President, Exploration</i>	2021	\$175,000	\$120,000	Nil	Nil	\$48,400	\$341,400
	2020	\$133,750	\$52,500	Nil	Nil	\$61,320	\$247,570
Brent Gilchrist ⁽⁶⁾ <i>Director</i>	2021	Nil	Nil	\$37,000	Nil	\$35,960	\$72,960
	2020	Nil	Nil	\$9,250	Nil	\$34,020	\$43,270
Terry Harbort ⁽⁷⁾ <i>Director and VP, Corporate Development</i>	2021	\$96,000	Nil	Nil	Nil	\$32,480	\$128,480
	2020	\$109,500	Nil	Nil	Nil	\$28,980	\$138,480
Francisco Quiroz ⁽⁸⁾ <i>Director</i>	2021	Nil	Nil	Nil	Nil	\$46,400	\$46,400
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Jonathan Rubenstein ⁽⁹⁾ <i>Director</i>	2021	Nil	Nil	\$30,000	Nil	\$32,480	\$62,480
	2020	Nil	Nil	\$7,500	Nil	\$47,480	\$54,980
Andres Tinajero ⁽¹⁰⁾ <i>Director</i>	2021	Nil	Nil	\$40,000	Nil	\$35,960	\$75,960
	2020	Nil	Nil	\$10,000	Nil	\$34,020	\$44,020

Notes:

- The “grant date fair value” has been determined by using the Black-Scholes model. The Company has calculated the “grant date fair value” amounts for option values using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. The grant date fair value of the Options granted in fiscal 2021 was \$0.116 and for the options granted in 2020, \$0.037 for the options granted March 11, \$0.042 for the options granted May 13, and \$0.126 for the options granted October 1. Calculating the value of options using this methodology is very different from a simple “in-the-money” value calculation. In fact, options that are out-of-the-money can still have a significant “grant date fair value” based on a Black-Scholes valuation, especially where, as in the case of the Company, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.
- Ruben Padilla was appointed President and CEO on February 27, 2020 and as a Director on March 11, 2020. The compensation included for fiscal year 2020 represents compensation paid to Dr. Padilla for the position of Vice President, Exploration for the period January 1st through March 11th, 2020 and as CEO for the balance of the year. Included in Other Compensation for 2021 and 2020 is \$58,000 and \$84,840 relating to the value of 500,000 and 1,140,000 options granted in each of 2021 and 2020, respectively calculated as per (1) above.
- Tom Obradovich was appointed Non-Executive Chair on February 27, 2020. The compensation included for the 2020 fiscal year represents compensation paid to Mr. Obradovich for the position of President and CEO, a position he held until February 27, 2020. Included in Other Compensation for 2021 and 2020 is \$38,280 and \$45,790 relating to the value of 330,000 and 540,000 options granted in 2021 and 2020, respectively, each calculated as per (1) above.
- Kelso Cartwright was appointed CFO on June 19, 2020. The compensation included for the fiscal years 2021 and 2020 represent compensation paid to Mr. Cartwright for the position of CFO since his appointment on June 19, 2020 and as Controller for the first six months of 2020. Included in Other Compensation for 2021 and 2020 is \$41,760 and \$40,320 relating to the value of 360,000 and 670,000 options granted in 2021 and 2020, respectively, each calculated as per (1) above.
- Luis Arteaga was appointed Vice President, Exploration April 1, 2020. The compensation included for 2020 represents compensation paid to Mr. Arteaga since his appointment on April 1, 2020 and as a consultant prior to his appointment for the first

four months of 2020. Included in Other Compensation for 2021 and 2020 is \$46,400 and \$61,320 relating to the value of 400,000 and 820,000 options granted in 2021 and 2020, respectively, each calculated as per (1) above.

6. Included in Mr. Gilchrist's Other Compensation for 2021 and 2020 is \$35,960 and \$34,020 relating to the value of 310,000 and 270,000 options granted in 2021 and 2020, each calculated as per (1) above.
7. Included in Mr. Harbort's Other Compensation for 2021 and 2020 is \$32,480 and \$28,980 relating to the value of 280,000 and 230,000 options granted in each of 2021 and 2020, each calculated as per (1) above.
8. Francisco Quiroz was appointed as a director on July 15, 2021. Included in Other Compensation for 2021 is \$46,400 relating to the value of 400,000 options granted in 2021 calculated as per (1) above.
9. Jonathan Rubenstein was appointed as a director on January 15, 2020. Included in Other Compensation for 2021 and 2020 is \$32,480 and \$47,480 relating to the value of 280,000 and 830,000 options granted in 2021 and 2020, each calculated as per (1) above.
10. Included in Mr. Tinajero's Other Compensation for 2021 and 2020 is \$35,960 and \$34,020 relating to the value of 310,000 and 270,000 options granted in 2021 and 2020, each calculated as per (1) above.

Stock Options and Other Compensation Securities

Set forth in the table below is a summary of all compensation securities granted or issued to each Named Executive Officer and directors of the Company during the fiscal year ended December 31, 2021.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
Ruben Padilla ⁽¹⁾ <i>Director, President and CEO</i>	Stock options	500,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26
Tom Obradovich ⁽²⁾ <i>Director</i>	Stock options	330,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26
Kelso Cartwright ⁽³⁾ <i>CFO</i>	Stock options	360,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26
Luis Arteaga ⁽⁴⁾ <i>Vice President, Exploration</i>	Stock options	400,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26
Brent Gilchrist ⁽⁵⁾ <i>Director</i>	Stock options	310,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26
Terry Harbort ⁽⁶⁾ <i>Director and VP, Corporate Development</i>	Stock options	280,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26
Francisco Quiroz ⁽⁷⁾ <i>Director</i>	Stock options	400,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26
Jonathan Rubenstein ⁽⁸⁾ <i>Director</i>	Stock options	280,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26
Andres Tinajero ⁽⁹⁾ <i>Director</i>	Stock options	310,000	Oct14-21	\$0.25	\$0.225	\$0.20	Oct14-26

Notes:

1. As of December 31, 2021, Mr. Padilla held an aggregate of 2,740,000 stock options.
2. As of December 31, 2021, Mr. Obradovich held an aggregate of 2,820,000 stock options.
3. As of December 31, 2021, Mr. Cartwright held an aggregate of 1,180,000 stock options.
4. As of December 31, 2021, Mr. Arteaga held 1,770,000 stock options.
5. As of December 31, 2021, Mr. Gilchrist held an aggregate of 1,480,000 stock options.
6. As of December 31, 2021, Mr. Harbort held an aggregate of 2,010,000 stock options.
7. As of December 31, 2021, Mr. Quiroz held an aggregate of 400,000 stock options.
8. As of December 31, 2021, Mr. Rubenstein held an aggregate of 1,010,000 stock options.
9. As of December 31, 2021, Mr. Tinajero held an aggregate of 1,580,000 stock options.

Exercise of Compensation Securities by Directors and Named Executive Officers

Set forth below is a summary of all compensation securities exercised by Named Executive Officers and directors of the Company during the fiscal year ended December 31, 2021.

Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised	Exercise Price per Security	Date of Exercise	Closing Price per Security on Date of Exercise	Difference between Exercise Price and Closing Price on Date of Exercise	Total Value on Exercise Date
Ruben Padilla <i>Director, President and CEO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tom Obradovich <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kelso Cartwright <i>CFO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brent Gilchrist <i>Director</i>	Stock Option	400,000	\$0.10	Oct18-21	\$0.205	\$0.105	\$42,000
Terry Harbort <i>Director and VP, Corporate Development</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Francisco Quiroz <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jonathan Rubenstein <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Andres Tinajero <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

For further details on the current stock option plan of the Company (the “**Stock Option Plan**”), please refer to “Summary of Stock Option Plan” below.

Named Executive Officer Employment and Consulting Agreements

Ruben Padilla

Ruben Padilla, the Company’s CEO and former Vice President, Exploration, is paid an annual base salary of \$229,680 in accordance with an Employment Agreement entered into between the Company and Mr. Padilla effective March 31, 2020 and amended January 1, 2021 and January 17, 2022. Mr. Padilla’s Employment Agreement includes a non-competition clause and provides for a termination payout equal to half the sum of the annual base salary and all earned and unpaid performance bonuses paid to Mr. Padilla in the year immediately preceding termination and in the event of a change of control, a termination payout equal to two times the sum of the annual base salary and all performance bonuses paid to Mr. Padilla in the complete fiscal year prior to the change of control.

Kelso Cartwright

Kelso Cartwright, the Company’s CFO, is paid annual fees of \$130,000 in accordance with a Consulting Agreement entered into between the Company and Mr. Cartwright effective June 17, 2020 and amended June 1, 2021. Mr. Cartwright’s Consulting Agreement provides for a termination payout equal to half the sum of the monthly fees paid and unpaid performance bonuses paid to Mr. Cartwright in the year immediately preceding termination and in the event of a change of control, a termination payout equal to the sum of all monthly fees and all performance bonuses paid to Mr. Cartwright in the complete fiscal year prior to the change of control.

Luis Arteaga

Luis Arteaga, the Company's Vice President Exploration, is paid an annual base salary of \$200,000 in accordance with an Employment Agreement entered into between the Company and Mr. Arteaga effective April 1, 2020 and amended June 15, 2021. Mr. Arteaga's Employment Agreement includes a non-competition clause and provides for a termination payout equal to half the sum of the annual base salary and all earned and unpaid performance bonuses paid to Mr. Arteaga in the year immediately preceding termination and in the event of a change of control, a termination payout equal to the sum of the annual base salary and all performance bonuses paid to Mr. Arteaga in the complete fiscal year prior to the change of control.

Other than outlined above, the Company has no other arrangements that provide for payments to its Named Executive Officers.

COMPENSATION DISCUSSION AND ANALYSIS

The Company's approach to executive compensation has been to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. The Company attempts to maintain compensation arrangements that will attract and retain highly qualified individuals who are able and capable of carrying out the objectives of the Company.

The Company's compensation arrangements for the Named Executive Officers may, in addition to salary, include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options. Given the stage of development of the Company, compensation of the Named Executive Officers currently emphasizes option awards with a reduced reliance on base salaries and bonuses. This policy may be re-evaluated in the future depending upon the future development of the Company and other factors which may be considered relevant by the board of directors (the "**Board**") from time to time.

The Company's Compensation and Nominating Committee (the "**CGN Committee**") establishes and reviews the Company's overall compensation philosophy and its general compensation policies with respect to executive officers, including the corporate goals and objectives and the annual performance objectives relevant to such officers. The Compensation and Nominating Committee evaluates each officer's performance in light these goals and objectives and, based on its evaluation, determines and makes recommendations to the Board with respect to the salary, bonus, options and other benefits for such officers. In determining compensation matters, the CGN Committee and the Board may consider a number of factors, including the Company's performance, the value of similar incentive awards to officers performing similar functions at comparable companies, the awards given in past years and other factors it considers relevant. The current overall objective of the Company's compensation strategy is to reward management for their efforts, while seeking to conserve cash given current market conditions. With respect to any bonuses or incentive plan grants which may be awarded to executive officers in the future, the Company has not currently set any objective criteria and will instead rely upon any recommendations and discussion at the Board level with respect to the above-noted considerations and any other matters which the Board may consider relevant on a going-forward basis, including the cash position of the Company.

Any existing options held by the Named Executive Officers at the time of subsequent option grants are taken into consideration in determining the quantum or terms of any such subsequent option grants. Options have been granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Company. The size of the option awards is in proportion to the deemed ability of the individual to make an impact on the Company's success. See "Summary of Stock Option Plan" below.

COMPENSATION OF DIRECTORS

The Board is responsible for reviewing the compensation of directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director. The Board has established a cash compensation program for its non-executive directors with respect to general directors' duties, meeting attendance or for additional service on sub-committees of the Board. Effective October 1, 2020, at the recommendation of the CGN Committee, each director of the Company that is not also an executive officer is paid \$30,000 per year in quarterly installments, with the Chair of the Audit Committee receiving an additional \$10,000 per year and the Chair of the other sub-committees of the Board receiving an additional \$7,000 per year.

In addition to cash compensation, Directors are eligible to participate in the Company's Stock Option Plan. As of December 31, 2021, the Company had an aggregate of 19,250,000 outstanding options, of which 7,290,000 were issued to directors. See "Summary of Stock Option Plan".

Directors may also be compensated for services provided to the Company as consultants or experts on the same basis and at the same rate as would be payable if such services were provided by a third party, arm's length service provider. No such services were provided to the Company by any of its directors during fiscal 2021.

AUDIT COMMITTEE

Multilateral Instrument 52-110 – *Audit Committees* ("**MI 52-110**") requires the Company to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The Company's audit committee is governed by an audit committee charter, the text of which is attached as Schedule "A" to this Information Circular.

Composition of the Audit Committee

The Company's audit committee is comprised of Messrs. Tinajero, Harbort and Rubenstein. Each member of the audit committee is considered to be "independent", as defined in NI 52-110, other than Mr. Harbort who is not considered independent by virtue of his role as an executive officer of the Company. Each member of the audit committee is also considered to be "financially literate" which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues of the Company.

Relevant Education and Experience

Andres Tinajero (Chair)

Mr. Tinajero has over 20 years of business experience, having supported a broad range of industries, including mining, manufacturing and technology. During the same period, he has served as CFO and Vice President of Finance of several medium sized public companies across Canada. He holds a degree in Business Administration and an MBA, and also is a member of the Chartered Professional Accountants Canada, the Certified Practicing Accountants of Australia and he is a Certified member of the Institute of Corporate Directors.

Terry Harbort

Dr. Harbort is a professional economic geologist with 25 years of multi-continent experience in mineral exploration. In 2010, Dr. Harbort co-founded and is the current Vice President, Exploration of Talisker Exploration Services Inc., a private exploration management company providing international exploration consulting in M & A, exploration strategy, project evaluation, target generation and exploration program design. Mr. Harbort is the President and CEO of Talisker Resources Ltd., a TSX listed company.

Jonathan Rubenstein

Mr. Rubenstein has over 40 years experience in the mining industry having served on numerous junior and senior company boards and through active engagement in the strategic, commercial, governance and government aspects affecting acquisitions, financings, exploration, permitting and development of several world class mining projects. In addition to being directly involved with asset acquisitions, joint venture agreements, and other deals involving governments, regulators, banks, contract negotiation, litigation and arbitration, and regulatory compliance management, he has also played key roles on special committees during M&A transactions that have totaled several billions of dollars in value. He is a current director of GR Silver Mining Ltd. Mr. Rubenstein holds a B.A. from Oakland University, Rochester, Michigan, and a LLB from University of British Columbia.

Pre-Approval Policies and Procedures

The audit committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of the Company.

Audit Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company for audit and non-audit related services for the fiscal years ended December 31, 2021 and 2020:

Type of Work	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2020
Audit fees ⁽¹⁾	\$90,000	\$85,000
Audit-related fees ⁽²⁾	Nil	\$17,000
Tax advisory fees ⁽³⁾	\$54,356	\$14,445
All other fees	Nil	Nil
Total	\$144,356	\$116,445

Notes:

1. Aggregate fees billed for the Company's annual financial statements and services normally provided by the auditor in connection with the Company's statutory and regulatory filings.
2. Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.
3. Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Company as at December 31, 2021. See also "Summary of Stock Option Plan".

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	19,250,000	\$0.20	8,459,823
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	19,250,000	\$0.20	8,459,823

SUMMARY OF STOCK OPTION PLAN

The Company adopted the Stock Option Plan to provide for stock option grants to its service providers from time to time. Up to such number of Common Shares as is equal to 10% of the aggregate number of issued and outstanding Common Shares from time to time may be reserved for issue upon the exercise of options granted pursuant to the Stock Option Plan.

The Stock Option Plan was most recently confirmed by shareholders on July 15, 2021, in accordance with the then current policies of the TSXV under Policy 4.4 – *Incentive Stock Options*, which were in force prior to the amendments announced in November 2021 (the former Policy 4.4 – *Incentive Stock Options*, effective as at May 8, 2013, is referred to hereunder as the “**Former Policy**”). In November 2021, the TSXV announced certain amendments to its policies regarding security based compensation which took effect immediately. In accordance with the security based compensation changes, the TSXV amended its Former Policy and renamed its Policy 4.4 – *Security Based Compensation* (the new Policy 4.4 – *Security Based Compensation*, effective as at November 24, 2021, is referred to hereunder as the “**New Policy**”).

The Stock Option Plan

The Stock Option Plan, the terms of which adhered to the Former Policy, is described below in this section.

The purpose of the Stock Option Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

The options are non-assignable and may be granted for a term not exceeding five years. Options may be granted under the Stock Option Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The total number of Common Shares which may be reserved for issuance to any one individual under the Stock Option Plan within any one-year period shall not exceed 5% of the outstanding issue. The maximum number of Common Shares which may be reserved for issuance to insiders under the Stock Option Plan, any other employer stock option plans or options for services, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of options which may be granted to insiders under the Stock Option Plan, together with any other previously established or proposed share compensation arrangements, within any one-year period shall be 10% of the outstanding issue.

The maximum number of stock options which may be granted to any one consultant under the Stock Option Plan, any other employer stock options plans or options for services, within any 12-month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of stock options which may be granted to any persons performing investor relations services under the Stock Option Plan, any other employer stock options plans or options for services, within any 12-month period must not exceed, in the aggregate, 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

The exercise price of options issued may not be less than the “market price” (as defined in the Stock Option Plan) of the Common Shares at the time the option is granted, less any allowable discounts in accordance with the policies of the TSXV.

Amended and Restated Stock Option Plan

To reflect recent amendments to the Former Policy which culminated in the New Policy, the Board is recommending that the Stock Option Plan, which is a rolling 10% plan under the New Policy, be amended and restated in its entirety (the “**Amended Plan**”) to ensure that it complies with current requirements of the TSXV under the New Policy and to provide for new features that are permitted under the New Policy. Subject to final approval of the TSXV, the Company wishes to amend the Stock Option Plan by adopting the Amended Plan. The material terms of the proposed amendments to the Stock Option Plan, as reflected in the Amended Plan, are summarized below. The Amended Plan may not represent the maximum extent to which the New Policy changes may apply.

- Addition of Net Exercise Feature: Under the Amended Plan, subject to the policies of the TSXV and provisions of the Amended Plan, the board will have the discretion to grant optionees a right to exercise their stock options on a “net exercise” (“**Net Exercise**”) basis, whereby the optionee does not make any cash payment to the Company for the exercise of their options and receives on exercise a number of shares equal to the in-the-money value of the Common Shares underlying the options (by reference to the volume weighted average trading price of those shares for the five trading days before exercise). The Net Exercise procedure may not be utilized by persons performing investor relations services.

Under the Former Policy, the foregoing Net Exercise feature attaching to the stock options was not permitted, and the exercise price of a stock option was required to be paid in cash.

- Clarification of Limits with respect to Insiders and the Requirement of Disinterested Shareholder Approval:

The language in Section 4(a) of the Amended Plan was updated to conform with the language in Section 4.11(b) of the New Policy. Specifically, the maximum aggregate number of shares issuable to insiders as a group pursuant to all security based compensation shall be 10% of the shares issued and outstanding *at any point in time, unless the Company has obtained the requisite disinterested shareholder approval in accordance with the policies of the TSXV*, rather than at the time of the grant as is stated in the Stock Option Plan.

The language in Section 4(b) of the Amended Plan was also updated to conform with the language in Section 4.11(c) of the New Policy. Specifically, the maximum aggregate number of shares which may be granted to insiders as a group pursuant to all security based compensation within any 12 month period shall be 10% of the outstanding issue, *calculated as at the date any security based compensation is granted or issued to any insider, unless the Company has obtained the requisite disinterested shareholder approval in accordance with the policies of the TSXV*. The italicized language is not reflected in the Stock Option Plan.

In addition, Sections 7 and 13 of the Amended Plan were updated to reflect that any extension of the term of a previously granted option would also be subject to disinterested shareholder approval. This is not reflected in the Stock Option Plan.

- Decrease in the Minimum Exercise Price: Subject to the policies of the TSXV and provisions of the Amended Plan, the minimum exercise price in respect of the stock options under the Amended Plan is \$0.05, not \$0.10 as stated in the Stock Option Plan.

Except for the proposed amendments summarized above, the Amended Plan is substantially similar to the Stock Option Plan other than certain changes that are of a housekeeping nature that do not require shareholder notice or approval. The summary is subject to, and qualified in its entirety by, the full text of the proposed Amended Plan set out in Schedule “B” attached hereto.

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass an ordinary resolution in the form set forth in the section entitled “Particulars of Matters to be Acted Upon – Approval of the Amended Plan”.

SUMMARY OF RESTRICTED SHARE UNIT PLAN

Shareholders approved a restricted share unit plan (the “**RSU Plan**”) on July 15, 2021. The purpose of the RSU Plan is to advance the interests of the Company and its subsidiaries by: (i) assisting the Company and its subsidiaries in attracting and retaining individuals with experience and ability; (ii) allowing certain directors, officers, employees and consultants of the Company and its subsidiaries to participate in the long term success of the Company; and (iii) promoting a greater alignment of interests between the employees designated under the RSU Plan (“**RSUP Participants**”) and the shareholders.

The following is a summary of the principal terms of the RSU Plan, which is qualified in its entirety by reference to the full text of the RSU Plan:

- The maximum number of Common Shares made available for issuance from treasury under the RSU Plan, subject to certain adjustments described in the RSU Plan, shall not exceed 5,000,000 Common Shares (representing approximately 2% of the total issued and outstanding Common Shares as of the Record Date on an undiluted basis). The number of Common Shares reserved for issuance from treasury under the RSU Plan and pursuant to all other security-based compensation arrangements of the Company and its subsidiaries shall, in the aggregate, not exceed 10% of the number of Common Shares then issued and outstanding.
- RSUP Participants are designated by the Board, or the CGN Committee if authorized by the Board, to oversee the RSU Plan, at the sole discretion and upon recommendation from the President and/or Chief Executive Officer. Persons providing investor relations activities are not eligible to participate in the RSU Plan. Restricted share units (“**RSUs**”) are granted to RSUP Participants at the discretion of the Board (or the CGN Committee, as applicable).
- The grant of RSUs under the RSU Plan is subject to a number of restrictions including but not limited to:
 - the aggregate number of Common Shares which may be reserved for issuance to "insiders" (as defined in the *Securities Act* (British Columbia)) under the RSU Plan and all other security-based compensation arrangements of the Company and its subsidiaries shall not, in the aggregate, exceed 10% of the issued and outstanding Common Shares, calculated on a non-diluted basis; and
 - during any one-year period, the Company shall not issue to "insiders" (as defined in the *Securities Act* (British Columbia)), under the RSU Plan and all other security-based compensation arrangements of the Company and its subsidiaries, in the aggregate, a number of Common Shares exceeding 10% of the issued and outstanding Common Shares, calculated on a non-diluted basis.
- Whenever cash or other dividends are paid on Common Shares, additional RSUs will be automatically granted to each RSUP Participant who holds RSUs on the Record Date for such dividends. The number of such RSUs (rounded to the nearest whole RSU) to be credited to such RSUP Participant as of the date on which the dividend is paid on the Common Shares shall be an amount equal to the quotient obtained when (i) the aggregate value of the cash or other dividends that would have been paid to such RSUP Participant if his or her RSUs as of the Record Date for the dividend had been Common Shares, is divided by (ii) the Market Value (as defined in the RSU Plan) of the Common Shares as of the date on which the dividend is paid on the Common Shares. RSUs granted to a RSUP Participant by reason of cash or other dividends paid on Common Shares are subject to the same vesting conditions (time and performance, as applicable) as the RSUs to which they relate.
- Vesting and settlement provisions under the RSU Plan are as follows:
 - Subject to the discretion of the Board (or the CGN Committee, as applicable), RSUs will vest in their entirety over three years (one-third on each of the first, second and third anniversary of the date an RSU is awarded);
 - The RSUs may vest according to time and/or performance vesting conditions. The RSUs that are subject to the time vesting condition shall be deemed to have been 100% satisfied if the RSUP Participant is employed (or engaged for services or appointed to the Board, as applicable) by the Company and/or a subsidiary on the date specified in the Participation Agreement (as defined in the RSU Plan). The RSUs that are subject to the performance vesting condition(s) (as applicable) shall also vest on the date specified in the Participation Agreement, provided that such number of vested RSUs shall be multiplied by the performance percentage determined by the Board (or the CGN Committee, as applicable), all in accordance with the Participation Agreement;
 - Upon a Change of Control (as defined in the RSU Plan), all outstanding RSUs shall vest, irrespective of any performance vesting conditions; and

- Following the vesting date, the RSUP Participant (or his or her successor), provided that he or she still qualifies as a RSUP Participant on such date, shall be entitled to settle the vested RSUs by selecting to receive (subject to the Board's (or the CGN Committee's) discretion to select the form) a payout with respect to the vested RSUs in the form of (i) Common Shares issued from treasury; (ii) a lump sum payment in cash; or (iii) any combination of the foregoing.
- RSUs will be adjusted to reflect changes affecting the Common Shares as a result of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin off or other distribution (other than normal cash dividends) of the Company's assets to Shareholders or any other change affecting the Common Shares.
- If a RSUP Participant ceases to be an employee or a consultant of the Company as a result of termination for cause, or as a result of a voluntary resignation, all of the RSUP Participant's outstanding RSUs, vested or unvested, will be terminated.
- If a RSUP Participant ceases to be an employee, a director or a consultant of the Company or a subsidiary as a result of death, termination not for cause, termination of services, retirement or Long-Term Disability (as defined in the RSU Plan), the time vesting component of RSUs will be subject to the following considerations:
 - In the event the RSUP Participant is not entitled to a Benefits Extension Period (as defined in the RSU Plan), then the time vesting component of each RSU grant will be *pro-rated* based on the number of days actually worked from the date of grant of such RSUs until the date of death, termination not for cause, termination of services, retirement or Long-Term Disability, over the number of days in the original vesting schedule in relation to such RSU grant; and
 - In the event the RSUP Participant is entitled to a Benefits Extension Period (as defined in the RSU Plan), then the time vesting component of each RSU grant will be *pro-rated* based on the sum of (i) the number of days actually worked from the date of grant up until the date of death, termination not for cause, termination of services, retirement or Long-Term Disability, and (ii) the number of days included in the Benefits Extension Period, over the number of days in the original vesting schedule in relation to such grant.
- If a RSUP Participant ceases to be an employee of the Company or a subsidiary as a result of death, termination not for cause, retirement or Long-Term Disability, the performance vesting component of RSUs will be subject to the following considerations:
 - In the event the RSUP Participant is not entitled to a Benefits Extension Period, then the performance vesting component of each RSU grant will be *pro-rated* based on the number of days actually worked from the date of grant until the date of death, termination not for cause, termination of services, retirement or Long-Term Disability, over the number of days in the original vesting schedule in relation to such grant; the number of vested RSUs resulting from such *pro-rated* calculation will be multiplied by the performance percentage determined by the Board (or the CGN Committee, as applicable); and
 - In the event the RSUP Participant is entitled to a Benefits Extension Period, then the performance vesting component of each RSU grant will be *pro-rated* based on the sum of (i) the number of days actually worked from the date of grant up until the date of death, termination not for cause, termination of services, retirement or Long-Term Disability, and (ii) the number of days included in the Benefits Extension Period, over the number of days of the original vesting schedule set forth in relation to such grant.
- A voluntary resignation will be considered as retirement if the RSUP Participant is an employee or consultant and has reached normal retirement age under the Company's benefit plans or policies, and if the RSUP Participant is a director and has resigned from the Board or did not stand for re-election as a director, unless the Board (or the CGN Committee, as applicable) decides otherwise at its sole discretion.

- Except as otherwise expressly provided for under the RSU Plan or pursuant to a will or by the laws of descent and distribution, no right or interest of an RSUP Participant is assignable or transferable.
- The Board (or the CGN Committee, as applicable) may from time to time amend, suspend or terminate the RSU Plan in whole or in part or amend the terms of RSUs credited in accordance with the RSU Plan. If any such amendment, suspension or termination will materially or adversely affect the rights of a RSUP Participant with respect to RSUs credited to such RSUP Participant, the written consent of such RSUP Participant to such amendment, suspension or termination shall be obtained. However, a RSUP Participant's written consent to an amendment, suspension or termination materially or adversely affecting his or her rights with respect to any credited RSUs will not be required if such amendment, suspension or termination is required in order to comply with applicable laws, regulations, rules, orders of government or regulatory authorities or the requirements of any stock exchange on which shares of the Company are listed.
- If the Board (or the CGN Committee, as applicable) terminates the RSU Plan, RSUs previously credited to RSUP Participants will remain outstanding and in effect and be settled in due course in accordance with the terms of the RSU Plan.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 of the Canadian Securities Administrators has set out a series of guidelines for effective corporate governance (the “**Guidelines**”). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 – *Disclosure of Corporate Governance Practice* (“**NI 58-101**”) requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

Set out below is a description of the Company’s approach to corporate governance in relation to the Guidelines.

The Board of Directors

NI 58-101 defines an “independent director” as a director who has no direct or indirect material relationship with the Company. A “material relationship” is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member’s independent judgement. The Board is currently comprised of seven members, five of whom are considered “independent directors” within the meaning of NI 58-101.

As at July 18, 2022, Messrs. Padilla and Harbort, who also serve as executive officers of the Company, and Mr. Obradovich, who has served as an executive officer of the Company within the last three years, are not considered independent directors. Messrs. Gilchrist, Quiroz, Rubenstein and Tinajero are each considered independent directors since they are independent of management and free from any material relationship with the Company. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2021, none of Messrs. Gilchrist, Quiroz, Rubenstein nor Tinajero has worked for the Company, received material remuneration from the Company or had material contracts with or material interests in the Company which could interfere with his ability to act with a view to the best interests of the Company. The Board believes that it functions independently of management.

During the year ended December 31, 2021, the Board held three Board meetings and with the exception of Francisco Quiroz being absent from one meeting, all members of the Board were in attendance at each meeting. The members of the Audit Committee and the CGN Committee each held four meetings, respectively with all members of each committee present at each meeting. For the fiscal year ended December 31, 2021, in-camera meetings of the independent directors were held after the majority of Board meetings and after each Audit Committee meeting.

Directorships

The table below sets out the Company's directors that currently also serve as directors of other reporting issuers (or equivalent).

Director	Other Reporting Issuer(s)
Brent Gilchrist	Talisker Resources Ltd.
Terence Harbort	Millennial Precious Metals Corp., Talisker Resources Ltd. and its wholly-owned subsidiary, Carolin Gold Corp., TDG Gold Corp.
Tom Obradovich	Conquest Resources Ltd., Sanatana Resources Inc.
Ruben Padilla	Minera Alamos Inc., Millennial Precious Metals Corp.
Francisco Quiroz	None
Jonathan Rubenstein	GR Silver Mining Ltd.
Andres Tinajero	Caprock Mining Corp., Millennial Precious Metals Corp., New Carolin Gold Corp.

Orientation and Continuing Education

While the Company currently has no formal orientation and education program for new Board members, sufficient information (such as recent financial statements, proxy solicitation materials, technical reports and various other operating, property and budget reports as well as governance policies) is provided to any new Board member to ensure that new directors are familiarized with the Company's business and the procedures of the Board. In addition, new directors are encouraged to visit and meet with management on a regular basis. The Company also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company.

Ethical Business

Given the small size of the Board and stage of development of the Company, the Board has determined that the fiduciary obligations placed on directors pursuant to applicable corporate laws are effective in ensuring ethical business conduct on the part of its directors.

Nomination of Directors

The Company formed a CGN Committee consisting of Messrs. Gilchrist, Quiroz and Tinajero who are all independent directors. The CGN Committee is responsible for identifying individuals qualified to become new directors and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, show support for the Company's mission and strategic objectives, and a willingness to serve.

While there are no specific criteria for Board membership, the Company attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas (such as finance) which provide knowledge which would assist in guiding the officers of the Company. As such, nominations tend to be the result of recruitment efforts by management of the Company and discussions among the directors prior to the consideration of the Board as a whole.

Compensation

The CGN Committee is responsible for reviewing the compensation paid for executive officers of companies of similar business, size and stage of development and determining an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. See also "Compensation Discussion and Analysis".

The CGN Committee also reviews the adequacy and form of compensation of the Company's directors, with a view to ensuring it realistically reflects the responsibilities and risks involved in being a director of the Company.

Assessments

The CGN Committee monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

Other Board Committees

In addition to the Audit Committee and the CGN Committee described above, in late 2021, the Company formed a Safety and Environment, Social and Governance Committee (the “**Safety and ESG Committee**”). The Safety and ESG Committee members include Mr. Gilchrist, who is an independent director, and Messrs. Obradovich (Chair) and Padilla, the Company’s CEO.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed in this Information Circular, none of the directors or executive officers of the Company, no nominee for election as a director of the Company (“**Nominee**”), none of the persons who have been directors or executive officers of the Company since the commencement of the Company’s last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter of business to be acted upon at the Meeting, other than the consideration and approval of the Amended Plan for the Company in connection with which the directors and executive officers of the Company may continue to hold stock options and/or may be entitled to receive stock option grants in the future, all in accordance with the terms thereof. See “Particulars of Matters to be Acted Upon – Approval of Amended Plan”.

CEASE TRADE ORDERS OR BANKRUPTCIES

No director or officer of the Company:

1. is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company that,
 - a. while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (each, an “**Order**”), for a period of more than 30 consecutive days; or
 - b. was subject to an Order that was issued, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of such Order, that resulted from an event that occurred while that person was acting as director or executive officer of that company;
2. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
3. is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
4. has been subject to:
 - a. any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

- b. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS TO THE COMPANY

No individual who is, or at any time during the most recently completed financial year of the Company was, a director, executive officer, employee or former director, executive officer or employee of the Company, a Nominee, or any of their associates, is indebted to the Company or any subsidiary of the Company as of July 18, 2022 or was so indebted at any time during the last completed fiscal year of the Company, nor have any such individuals been or are they currently indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company or any subsidiary of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains liability insurance for the directors and officers of the Company. The Company's policy of insurance is currently in effect until March 2, 2023. An annual premium of \$32,585 has been paid by the Company. No portion of the premium is directly paid by any of the directors or officers of the Company. The aggregate insurance coverage under the policy for both directors and officers is limited to \$10,000,000 with a \$50,000 deductible (which is paid by the Company). No claims have been made or paid to date under such policy.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer, shareholder beneficially owning or exercising control or direction over (directly or indirectly) more than 10% of the Common Shares, or Nominee, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements

The shareholders will receive and consider the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2021 together with the auditor's report thereon.

2. Election of Directors

The Board currently consists of seven directors. At the Meeting, shareholders will be invited to elect seven directors. Each director holds office until the next annual meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Company's by-laws. On any ballot that may be called for in the election of directors, the persons named in the enclosed form of proxy intend to cast the votes to which the Common Shares represented by such proxy are entitled for each of the proposed Nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the Common Shares be otherwise voted or withheld from voting in respect of the election of any such Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for other Nominees at their discretion.

The following table sets out the name of each of the Nominees, all positions and offices in the Company held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a director of the Company and the approximate number of Common Shares that each has advised are beneficially owned or subject to his or her control or direction (directly or indirectly):

Name and Province of Residence	Position	Principal Occupation	Director Since	Number of Common Shares Held or Controlled ⁽¹⁾
Tom Obradovich Ontario, Canada	Chair	Former President and CEO, Sable Resources Ltd. (2016 to February 2020); Director, Sanatana Resources Inc. since April 2021, Conquest Resources Ltd. since October 2020; former Director, Talisker Resources Ltd. (April 2019 to November 2020), Barkerville Gold Mines Ltd. (April 2015 to November 2019) and Dalradian Resources Inc. (May 2011 to September 2018).	2016	4,812,667
Brent Gilchrist ⁽³⁾ British Columbia, Canada	Director	Mr. Gilchrist is an accomplished finance executive with extensive experience in private and public investments. He is the President of JDS Resources Inc., the JDS Group of Companies' venture capital and private equity arm responsible for investment management, acquisitions, and project financing for JDS Group of Companies opportunities. Mr. Gilchrist was the President and Co-founder of JDS Silver Inc., the owner, developer and operator of the Silvertip Mine located in Northern British Columbia. Brent managed the sale transaction of JDS Silver to Coeur Mining in November 2017. Mr. Gilchrist has been a director of Talisker Resources Ltd. since April 2019.	2016	6,374,000
Terence Harbort ⁽²⁾ Ontario, Canada	Director and VP, Corporate Development	Vice President, Corporate Development of the Company since March 2017; President and CEO, Talisker Resources Ltd. since April 2019; Co-Founder and Vice President, Exploration, Talisker Exploration Services Inc., a private exploration consulting company since December 2010; Director, TDG Gold Corp. since December 2020 and Millennial Precious Metals Corp. since April 2021; former Chief Geoscientist, Barkerville Gold Mines Ltd. (September 2015 to November 2019); and former Director, IDM Mining Ltd. (October 2017 to March 2019).	2017	5,482,167
Ruben Padilla Arizona, USA	Director, President and CEO	President and CEO of the Company since February 2020; former Vice President, Exploration of the Company from July 2017 to February 2020); Chief Geologist, Talisker Exploration Services Inc., a private exploration consulting company since January 2010; Director, Director, Minera Alamos Inc. since June 2017 and Millennial Precious Metals Corp. since April 2021; former Director, Unigold Inc. (September 2015 to October 2020) and; former Vice President, Exploration, Talisker Resources Ltd. (April 2019 to February 2020).	2020	4,371,667
Francisco Quiroz Sonora, Mexico	Director	Mr. Quiroz is the current President of Sapuchi Minera (since September 2020), a subsidiary of Osisko Development Corp. He has extensive experience in mineral exploration and the mining industry gained through senior positions at BHP Billiton	2021	Nil

Name and Province of Residence	Position	Principal Occupation	Director Since	Number of Common Shares Held or Controlled ⁽¹⁾
		Ltd., Fresnillo Plc, Hochschild Mining Plc among other major and junior companies.		
Jonathan Rubenstein ⁽²⁾⁽³⁾ Vancouver, Canada	Director	Director, and GR Silver Mining Ltd. since September 2020; former Chair, MAG Silver Corp. (February 2007 to June 2020); former Director, Roxgold Inc. (2012 to 2021), New Oropuru Resources Inc. (2020 to 2021), Eldorado Gold Corporation (2009 to 2018), Dalradian Resources Inc. (2013 to 2018) and Detour Gold Corporation (2009 to 2018).	2020	50,000
Andres Tinajero ⁽²⁾⁽³⁾ Ontario, Canada	Director	Chief Financial Officer, Talisker Resources Ltd. (formerly Eurocontrol Technics Group Inc.) since August 2012; Director, Millennial Precious Metals Corp. since April 2021 and Caprock Mining Corp. since December 2021; former Director, Nutritional High International Inc. (April 2017 to November 2019); and former CFO, Barkerville Gold Mines Ltd. (July 2015 to November 2019).	2017	1,342,500

Notes:

- (1) The information as to Common Shares beneficially owned (directly or indirectly) or over which the Nominees exercise control or direction not being within the knowledge of the Company has been furnished by the respective Nominees individually.
- (2) Member of the Audit Committee of the Company.
- (3) Member of the CGN Committee of the Company.

The management representatives named in the attached form of proxy intend to vote the Common Shares represented by such proxy in favour of the election of the Nominees set forth in this Information Circular unless a shareholder specifies in the proxy that his or her Common Shares are to be withheld from voting in respect of such resolution.

3. Appointment of Auditors

The directors propose to nominate BDO Canada LLP, the present auditors, as the auditors of the Company to hold office until the close of the next annual meeting of shareholders. BDO Canada LLP were first appointed auditors effective December 12, 2017.

In the past, the directors have negotiated with the auditors of the Company on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the auditors. The directors believe that the fees negotiated in the past with the auditors of the Company were reasonable and, in the circumstances, would be comparable to fees charged by other auditors providing similar services.

In order to appoint BDO Canada LLP as auditors of the Company to hold office until the close of the next annual meeting, and authorize the directors to fix the remuneration thereof, a majority of the votes cast at the Meeting must be voted in favour thereof.

The management representatives named in the attached form of proxy intend to vote in favour of the appointment of BDO Canada LLP as auditors of the Company and in favour of authorizing the directors to fix the remuneration of the auditors, unless a shareholder specifies in the proxy that his or her Common Shares are to be withheld from voting in respect of the appointment of auditors and the fixing of their remuneration.

4. Approval of Amended Plan

The Stock Option Plan, being the Company's current stock option plan, was last approved by shareholders at the annual general meeting of the Company on July 15, 2021. Options may be granted in respect of authorized and unissued Common Shares, provided that the aggregate number of Common Shares reserved for issuance upon the exercise of all options granted under the Stock Option Plan shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time. Underlying Common Shares in respect of which options are not exercised because the relevant options expire or are cancelled, shall be available for issue upon the exercise of subsequent grants of options. An aggregate of 17,350,000 Common Shares (representing approximately 6.2% of the issued and outstanding Common Shares as of July 18, 2022) are currently reserved for issuance pursuant to options granted under the Stock Option Plan and the Company may grant an additional 10,706,489 options under the Stock Option Plan (representing approximately 3.8% of the issued and outstanding Common Shares as of July 18, 2022). See also "Summary of Stock Option Plan" above.

On July 15, 2022, the Board approved the Amended Plan, which includes new provisions which comply with the requirements of the TSXV's New Policy as described and summarized in the section entitled "Summary of Stock Option Plan" and as fully set out in the proposed Amended Plan reproduced in Schedule "B" attached hereto. The Company is seeking shareholder approval for the adoption of the Amended Plan. The TSXV has conditionally approved the Amended Plan subject to shareholder approval at the Meeting. The Amended Plan shall become effective upon the receipt of approval of the shareholders and the final acceptance of the TSXV and replace the existing Stock Option Plan.

Should the Amended Plan be approved, all prior awards outstanding under the Stock Option Plan will remain outstanding and in full force and effect and will be governed by the terms of the Amended Plan. If the Amended Plan is not approved at the Meeting, the Stock Option Plan will remain in place and previously granted awards will be unaffected.

The Amended Plan is a rolling 10% plan and, under both the TSXV's Former Policy and New Policy, a listed company on the TSXV is required to obtain the approval of its shareholders for a rolling 10% plan at each annual meeting of shareholders. Accordingly, at the Meeting, shareholders of the Company will be asked to authorize and approve the following resolution:

"BE IT RESOLVED THAT:

1. The Amended Plan of the Company as described in, and attached as Schedule "B" to, the Management Information Circular dated July 18, 2022, and the reservation for issuance thereunder of up to 10% of the aggregate number of Common Shares of the Company as are issued and outstanding from time to time, is hereby approved, ratified and confirmed; and
2. Any one or more directors or officers of the Company be and are hereby authorized, for and on behalf of the Company, to execute and deliver all other documents and instruments and do all such acts or things, and making all necessary filings with applicable regulatory bodies and stock exchanges, as such directors or officers may determine to be necessary or disable to carry out the foregoing resolutions."

The Board has concluded that the Amended Plan is in the best interest of the Company and its shareholders. Accordingly, the Board recommends that shareholders vote in favour of the Amended Plan resolution. **Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR OF the approval of the Amended Plan Resolution.**

5. Approval of Shareholder Rights Plan

Rights Plan

At the Meeting, shareholders will be asked to consider, and, if deemed advisable, to approve a resolution, the text of which is set out below, confirming the adoption of the Company's shareholder rights plan (the "**Rights Plan**"). The Rights Plan was adopted by the Company on July 18, 2022. On that same date, the Company also entered into a shareholder rights plan agreement with TSX Trust Company (the "**Rights Plan Agreement**") that governs the Rights Plan. One right to purchase Common Shares (each, a "**Right**") was issued and attached to each Common Share outstanding as of July 18, 2022, and will attach to each Common Share issued prior to the earlier of the Separation Time (as defined below) and the expiration time (the "**Expiration Time**") of the Rights Plan. Notice for filing of the Rights Plan has been accepted by the TSXV and the Rights Plan is subject to ratification by shareholders.

A copy of the full text of the Rights Plan Agreement is attached as Schedule "C" to this Information Circular.

Background and Purpose of the Rights Plan

While the existing legislative framework for take-over bids in Canada addresses many of the concerns related to unequal treatment of shareholders in the event of a take-over bid, there continues to be a role for rights plans in protecting the Company and protecting against unequal treatment of shareholders. For instance, there remains the possibility that control of the Company may be acquired pursuant to private agreements in which a small group of shareholders dispose of shares at a premium to the market price, which premium is not shared by the other shareholders. Also, a person may slowly accumulate Common Shares through stock exchange acquisitions which may result, over time, in the acquisition of control without payment of fair value for control or fairly sharing any control premium among all shareholders. The Rights Plan aims to address such concerns by requiring that bids be made to all shareholders. It also aims to prevent a potential acquirer from entering into lock-up agreements with existing shareholders prior to launching a take-over bid, except for Permitted Lock-Up Agreements (as described below).

The Rights Plan encourages fair treatment of all shareholders by providing shareholders with an equal opportunity to participate in a take-over bid. The Rights Plan encourages a potential acquirer to proceed by way of a Permitted Bid (as defined below), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

The Rights Plan will not inhibit shareholders from exercising their rights as shareholders under the Company's corporate statute, the *Business Corporations Act* (British Columbia). These rights include the right to solicit proxies to promote a change in the composition of the Board and to requisition a shareholders' meeting to transact any proper business stated in the requisition. In addition, the Rights Plan will not affect the financial condition of the Company nor does the issuance of Rights change the manner in which shareholders currently trade their Common Shares.

The Board has determined that it is advisable for the Company to adopt a shareholder rights plan for the reasons described above and has approved the Rights Plan and entered into the Rights Plan Agreement. The Rights Plan was not adopted in response to any specific proposal to acquire control of the Company, nor is the Board currently aware of any pending or threatened take-over bid for the Company.

Adoption and Approval

The Rights Plan became effective on July 18, 2022 upon approval and adoption by the Board and execution of the Rights Plan Agreement. Notice for filing of the Rights Plan has been accepted by the TSXV. Under the rules of the TSXV, the Rights Plan is subject to ratification by the shareholders. Pending shareholder ratification, the Rights Plan will remain in effect so that its intent is not circumvented prior to the Meeting. The Rights Plan has an initial term of three years subject to approval of its continuance by the shareholders at the Meeting. Failing confirmation at the Meeting, the Rights Plan and all outstanding Rights thereunder will terminate.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to ratify and approve the resolution set out below (the “**Rights Plan Resolution**”).

“BE IT RESOLVED THAT:

1. the continuation of the shareholder rights plan (the “**Shareholder Rights Plan**”) of Sable Resources Ltd. (the “**Company**”) on the terms and conditions set forth in the shareholder rights plan agreement (the “**Agreement**”) dated July 18, 2022 between the Company and TSX Trust Company, as rights agent, a copy of which has been tabled at this annual and special meeting of shareholders of the Company be and is hereby consented to, ratified, confirmed and approved;
2. the actions of the directors of the Company in adopting the Shareholder Rights Plan and in executing and delivering the Agreement be and are hereby ratified, confirmed and approved; and
3. any one director or officer of the Company be and is hereby authorized and directed, for and in the name of and on behalf of the Company (whether under the corporate seal of the Company or otherwise), to execute and deliver such agreements, documents, certificates and instruments and to take such other actions as such person may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such agreement, document, certificate and instrument and the taking of any such action.”

The Rights Plan Resolution must be approved by: (i) a simple majority of 50% plus one vote of the votes cast by shareholders, whether in person or by proxy, at the Meeting; and (ii) a simple majority of 50% plus one vote of the votes cast by the Independent Shareholders (as defined in the Rights Plan Agreement), whether in person or by proxy, at the Meeting. As of the record date for the Meeting, based on publicly available information, to the knowledge of the Company there are no holders of Common Shares that are not Independent Shareholders.

Summary of the Rights Plan

The material terms of the Rights Plan are summarized below. This summary is qualified in its entirety by reference to the actual provisions of the Rights Plan Agreement, the full text of which is reproduced in Schedule “C” to this Information Circular. Readers should carefully review Schedule “C” of this Information Circular in its entirety. Capitalized terms not otherwise defined in this section shall have the same meaning ascribed to such terms in the Rights Plan Agreement.

Issue of Rights

One Right was issued and attached to each Common Share outstanding when the Rights Plan was adopted on July 18, 2022, and will attach to each Common Share issued prior to the earlier of the Separation Time and the Expiration Time. Rights will separate from the Common Shares and will be exercisable 10 trading days (the “**Separation Time**”) after a Person (as defined in the Rights Plan Agreement) has acquired Beneficial Ownership (as defined in the Rights Plan Agreement) of, or commences a take-over bid to acquire, 20% or more of the Common Shares, other than pursuant to a Take-over Bid (as defined in the Rights Plan Agreement) permitted by the Rights Plan (a “**Permitted Bid**”, as described below) or under certain exempted transactions. Following the Separation Time, each Right entitles the holder thereof to purchase from the Company one Common Share at an exercise price equal to three times the market price of a Common Share determined as at the Separation Time (the “**Exercise Price**”).

Acquiring Persons

An “Acquiring Person” generally is a Person who is the Beneficial Owner (as defined in the Rights Plan Agreement) of 20% or more of the outstanding Voting Shares (as defined in the Rights Plan Agreement). Excluded from the definition of an “Acquiring Person” are the Company and its Subsidiaries (as defined in

the Rights Plan Agreement) and, generally, any Person who becomes a Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of any one or a combination of:

- (i) a “Voting Share Reduction”,
- (ii) a “Permitted Bid Acquisition”,
- (iii) an “Exempt Acquisition”,
- (iv) a “Pro Rata Acquisition”, or
- (v) a “Convertible Security Acquisition”,

in each case, as those terms are defined in the Rights Plan Agreement. If a Person becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding by reason of one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition and thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Voting Shares then outstanding, increases the number of Voting Shares beneficially owned by such Person by more than 1.0% of the number of Voting Shares then outstanding (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition) then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Voting Shares, such Person shall be an “Acquiring Person”.

The Shareholder Rights Plan provides that a Person who was the Beneficial Owner of 20% or more of the outstanding Voting Shares determined as at the Record Time (as defined in the Rights Plan Agreement) (a “**Grandfathered Person**”) is not an Acquiring Person unless, after the Record Time, that person becomes the Beneficial Owner of additional Voting Shares that increase that Person’s Beneficial Ownership of Voting Shares by more than 1.0% of the number of Voting Shares outstanding (other than through one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition).

Flip-in Event

Subject to certain exceptions, a “Flip-in Event” occurs when a Person becomes an Acquiring Person. If, prior to the Expiration Time, a Flip-in Event occurs that is not waived by the Board, each Right, other than Rights Beneficially Owned (as defined in the Rights Plan Agreement) by an Acquiring Person (or any Affiliate or Associate (each as defined in the Rights Plan Agreement) of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) and certain transferees, may be exercised on the 10th trading day after the Separation Time (as defined in the Rights Plan Agreement) to purchase that number of Common Shares which have an aggregate Market Price (as defined in the Rights Plan Agreement) on the date of the Flip-in Event equal to two times the Exercise Price of the Rights for an amount in cash equal to the Exercise Price. Rights Beneficially Owned by an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) and certain transferees will be void.

Permitted Bid Requirements

A Take-over Bid that qualifies as a Permitted Bid or a Competing Permitted Bid (as defined in the Rights Plan Agreement) will not trigger the exercise of Rights and the dilutive effects thereof. Permitted Bids must be made by means of a take-over bid circular and comply with the following:

1. the Take-over Bid must be made to all holders of Voting Shares other than the bidder;
2. the Take-over Bid must contain, and the take-up and payment for securities tendered or deposited thereunder must be subject to, an irrevocable and unqualified condition that no Voting Shares and/or Convertible Securities (as defined in the Rights Plan Agreement) will be taken up or paid for pursuant to the Take-over Bid:
 - a. prior to the close of business on the date which is not less than 105 days after the date of the Take-over Bid or such shorter minimum initial deposit period that a Take-over Bid (that is not exempt from the general Take-over Bid requirements contained in Part 2 of National

Instrument 62-104 – *Take-Over Bids and Issuer Bids* (“**NI 62-104**”)) must remain open for deposits of securities, in the applicable circumstances at such time, pursuant to NI 62-104; and

- b. only if, at the date in (a), more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the take-over bid and not withdrawn;
3. the Take-over Bid must contain an irrevocable and unqualified provision that, unless it is withdrawn, that no Voting Shares and/or Convertible Securities may be deposited or tendered pursuant to such Take-over Bid at any time during the period of time between the date of the Take-over Bid and the date on which the Voting Shares and/or Convertible Securities subject to the Take-over Bid may be taken up and paid for, and that any Voting Shares and/or Convertible Securities deposited or tendered pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
4. the Take-over Bid must contain an irrevocable and unqualified provision that, if on the date on which Common Shares may be taken up and paid for more than 50% of the Voting Shares held by Independent Shareholders are deposited or tendered pursuant to the Take-over Bid and not withdrawn, then the bidder must make a public announcement of that fact and the Take-over Bid must then remain open for deposits and tenders of Voting Shares and/or Convertible Securities, as applicable, for an additional 10 days from the date of the public announcement,

provided, however, that a Take-over Bid that qualified as a Permitted Bid will cease to be a Permitted Bid at any time that such Take-over Bid ceases to meet any or all of the provisions of the Permitted Bid definition and provided that, at such time, any acquisitions of securities pursuant to the Permitted Bid will cease to be a Permitted Bid Acquisition.

The term “Permitted Bid” also includes a Competing Permitted Bid. The Rights Plan also allows a Competing Permitted Bid to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements for a Permitted Bid, except that the take-up and payment for securities tendered or deposited thereunder must be subject to an irrevocable and unqualified condition that no Voting Shares and/or Convertible Shares will be taken up or paid for pursuant to the Competing Permitted Bid prior to the close of business on the last day of the minimum initial deposit period that such Competing Permitted Bid must remain open for deposits or tenders of securities thereunder pursuant to NI 62-104 after the date the Competing Permitted Bid.

Permitted Lock-up Agreements

A Person may be deemed to Beneficially Own a security because it has entered into a lock-up agreement, provided that a Person will not be deemed to Beneficially Own a security because it has entered into a “Permitted Lock-Up Agreement”. Generally, a Permitted Lock-Up Agreement is an agreement between a Person and one or more holders of Voting Shares and/or Convertible Securities (each a “**Locked-Up Person**”) pursuant to which such Locked-Up Persons agree to deposit or tender Voting Shares and/or Convertible Securities to a Take-over Bid (the “**Lock-Up Bid**”) made or to be made by such Person or any of such Person’s Affiliates or Associates or any other Person with which such Person is acting jointly or in concert, provided that:

- i. the terms of the agreement are publicly disclosed and a copy of the agreement is made available to the public (including the Company) not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has been made prior to the date on which such agreement is entered into, not later than the first Business Day following the date of such agreement;
- ii. the agreement permits a Locked-Up Person to terminate its obligation to (A) deposit Voting Shares and/or Convertible Securities to, or (B) not withdraw such Voting Shares and/or Convertible Securities from, the Lock-Up Bid, and to terminate any obligation with respect to the voting of such Voting Shares and/or Convertible Securities, in order to tender or deposit Voting Shares and/or Convertible Securities to another Take-over Bid or to support another transaction where the price or value of the consideration per Voting Share and/or Convertible Security is either greater than that offered pursuant to the Lock-Up Bid or exceeds that offered pursuant to the Lock-Up Bid by a specific amount, provided that the

specific amount is no more than 7% of the price or value of the consideration per Voting Share and/or Convertible Security at which the Locked-Up Person has agreed to deposit or tender Voting Shares or Convertible Securities to the Lock-Up Bid;

- iii. if the Lock-Up bid is for less than 100% of the Voting Shares and/or Convertible Securities held by Independent Shareholders, the agreement permits a Locked-Up Person to terminate its obligation to (A) deposit Voting Shares and/or Convertible Securities to, or (B) not withdraw such Voting Shares and/or Convertible Securities from, the Lock-Up Bid, and to terminate any obligation with respect to the voting of such Voting Shares and/or Convertible Securities, in order to tender or deposit Voting Shares and/or Convertible Securities to another Take-over Bid or to support another transaction where the number of Voting Shares and/or Convertible Securities offered to be purchased under the competing Take-over Bid or transaction at a price or value not less than that offered pursuant to the Lock-Up Bid is either greater than the number of Voting Shares and/or Convertible Securities offered to be purchased under the Lock-Up Bid or exceeds the number of Voting Shares and/or Convertible Securities offered to be purchased under the Lock-Up Bid by a specific number, provided that the specific number is no more than 7% of the number of Voting Shares or Convertible Securities offered to be purchased under the Lock-Up Bid; and
- iv. the agreement does not provide for break-up fees or similar payments if the Locked-Up Person fails to deposit its Voting Shares or Convertible Securities to the Lock-Up Bid in order to accept or support a competing transaction that exceed the greater of (A) 2.5% of the price payable to the Locked-Up Person under the Lock-Up Bid referred to in the agreement and (B) one-half of the increased consideration that is offered under the competing take-over bid or other transaction.

Redemption and Waivers

At any time prior to the occurrence of a Flip-in Event, the Board may, with the prior approval of the holders of Common Shares or Rights, redeem the Rights at a redemption price of \$0.00001 per Right, rounded down to the nearest whole cent for each holder of Rights (the “**Redemption Price**”). The Board will be deemed to have elected to redeem the Rights if a Person that has made a Permitted Bid, a Competing Permitted Bid or a Take-over Bid in respect of which the Board has waived the application of the Rights Plan, takes up and pays for Voting Shares pursuant to the terms and conditions of such Permitted Bid, Competing Permitted Bid or Take-over Bid, as the case may be.

At any time prior to the occurrence of a Flip-in Event, the Board may, with the prior approval of the holders of Voting Shares, waive the flip-in provisions where a Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular to all holders of Voting Shares.

If a redemption of Rights or the foregoing waiver is proposed prior to the Separation Time, then such redemption or waiver must be approved by a majority of the votes cast by Independent Shareholders present in person or represented by proxy at a meeting of shareholders. If a redemption of Rights is proposed after the Separation Time, then such redemption must be approved by a majority of the votes cast by the holders of Rights present in person or represented by proxy at a meeting of such holders. At that meeting, each outstanding Right will represent one vote (other than Rights that are Beneficially Owned by any Person who would not be an Independent Shareholder if that person held Common Shares and Rights that have become null and void).

At any time prior to the occurrence of a Flip-in Event, the Board may, without the approval of the holders of Voting Shares or Rights, waive the flip-in provisions in respect of a Take-over Bid made by means of a take-over bid circular to all holders of record of Voting Shares. If the Board grants such a waiver, then the provisions of the Amended and Restated Shareholder Rights Plan that apply upon the occurrence of a Flip-in Event will also be deemed to be waived in respect of any other Flip-in Event occurring by reason of any Take-over Bid made by any other Offeror by means of a take-over bid circular to all holders of record of Voting Shares prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted.

The operation of the Rights Plan may be waived where a Person has inadvertently become an Acquiring Person and agrees to reduce its Beneficial Ownership of Voting Shares such that it is no longer an Acquiring

Person. Any such waiver must be on the condition that such Person, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the “**Disposition Date**”), has reduced its Beneficial Ownership of Voting Securities such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a Flip-in Event.

Where a take-over bid that is not a Permitted Bid or Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-in Event, the Board may elect to redeem all the outstanding Rights at the Redemption Price and reissue Rights under this Agreement to holders of record of Common Shares immediately following the time of such redemption and, thereafter, all of the provisions of this Agreement shall continue in full force and effect and such Rights, without any further formality, shall be attached to the outstanding Voting Shares in the same manner as prior to the occurrence of such Separation Time.

If the Board is deemed to have elected or elects to redeem the Rights as described above and, where the approval of the holders of Voting Shares or Rights is required and obtained for such redemption, as the case may be, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights will be to receive the Redemption Price. Within 10 business days of any such election or deemed election to redeem the Rights, or within 10 business days of the requisite approval of the holders of Voting Shares or Rights, as the case may be, the Company will notify the holders of the Voting Shares or, after the Separation Time, the holders of the Rights. Upon a redemption of Rights, the Company is not obliged to make a redemption payment to any holder of Rights unless the holder is entitled to receive at least \$1.00 in respect of all Rights held by such holder.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by the applicable certificates for Common Shares or by the applicable book entry form registration for the associated Common Shares and will be transferable only together with, and will be transferred by a transfer of, such associated Common Shares issued from and after adoption of the Rights Plan on July 18, 2022 and will not be transferable separately from Common Shares. From and after the Separation Time, the Rights will be evidenced by physical Rights certificates or uncertificated positions registered in book entry form only, at which time the Rights will be transferable and traded separately from the Common Shares.

Fiduciary Duty of the Board

The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the Company and its shareholders. The Board will continue to have the duty and power to take such actions and make such recommendations to the shareholders as are considered appropriate.

Amendment to the Rights Plan

The Board may amend the Rights Plan and the Rights Plan Agreement with the approval of a majority of the votes cast by Independent Shareholders voting in person and by proxy. Without such approval, the Board may amend to correct any clerical or typographical error or to make such changes as are required to maintain the validity and effectiveness of the Rights Plan as a result of any change in any applicable laws, rules or regulatory requirements.

Term

If the Rights Plan is approved by Shareholders, the Rights Plan will expire at the close of business on the date of the Company’s annual meeting unless the continuation of the Rights Plan for additional three-year periods is approved by the Independent Shareholders of the Company.

Recommendation of the Board: Voting of Proxies

The Rights Plan Resolution, the text of which is set out above, must be approved by at least a majority of the votes cast at the Meeting by all shareholders of the Company present or represented by proxy in order for the Rights Plan to be effective.

The Board recommends that shareholders vote FOR the approval of the Rights Plan Resolution as described in this Information Circular. In the absence of voting directions, proxies received by management will be voted FOR the approval of the Rights Plan Resolution.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the year ended December 31, 2021 and in the related management discussion and analysis and filed at www.sedar.com. Additional information relating to the Company is available on SEDAR at www.sedar.com and is available upon request from the Company's Secretary, Charlotte May at 416-471-3366 or via email at charlotte.may@sableresources.com. To request copies of the Company's financial statements and management's discussion and analysis, Shareholders may also contact the Company at its principal office address at 999 West Hastings Street, Suite 900, Vancouver, British Columbia V6C 2W2. Copies of documents will be provided free of charge to security holders of the Company.

APPROVAL

The contents and the sending of this Information Circular have been approved by the directors of the Company.

DATED: July 18, 2022.

(Signed) "Thomas Obradovich"

Thomas Obradovich
Chair

SCHEDULE "A"

SABLE RESOURCES LIMITED

CHARTER OF THE AUDIT COMMITTEE

This Charter has been adopted by the Board in order to comply with the Multilateral Instrument 52-110 and to more properly define the role of the Audit Committee (the "Committee") in the oversight of the financial reporting process of Sable Resources Limited (the "Corporation"). Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose

The purpose of the Committee is to:

- a) significantly improve the quality of the Corporation's financial reporting;
- b) assist the Board to properly and fully discharge its responsibilities;
- c) provide an avenue of enhanced communication between the Board and external auditors;
- d) enhance the external auditor's independence;
- e) increase the credibility and objectivity of financial reports; and
- f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

1.1 Definitions

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards*;

"Affiliate" shall have the meaning ascribed thereto in the Instrument;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Corporation;

"Charter" means this audit committee charter;

"Corporation" means Sable Resources Limited;

"Committee" means the audit committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

“executive officer” means an individual who is:

- a) a chair of the Corporation;
- b) a vice-chair of the Corporation;
- c) a president of the Corporation;
- d) a vice-president in charge of a principal business unit, division or function including sales, finance or production;
- e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- f) any other individual who performs a policy-making function in respect of the Corporation;

“financially literate” has the meaning set forth in Section 1.3;

“immediate family member” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual’s home;

“independent” has the meaning set forth in Section 1.2;

“Instrument” means Multilateral Instrument 52-110;

“MD&A” has the meaning ascribed to it in the National Instrument;

“Member” means a member of the Committee;

“National Instrument 51-102” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“non-audit services” means services other than audit services;

1.2 Meaning of Independence

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation, all as determined in accordance with the Instrument.
2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Member’s independent judgement.

1.3 Meaning of Financial Literacy - For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

PART 2

2.1 Audit Committee – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the Board:
 - a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
 - b) the compensation of the external auditor.
2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
 - b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
 - c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
 - f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
 - g) reviewing interim unaudited financial statements before release to the public;
 - h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
 - i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
 - j) reviewing the terms of reference of the internal auditor, if any;
 - k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
 - l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.
8. The Committee shall, as applicable, establish procedures for:
 - a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
9. The Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- b) the Corporation or the subsidiary entity of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall be independent.
4. Every audit committee member shall be financially literate.

PART 4

4.1 Authority – Until the replacement of this Charter, the Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- b) set and pay the compensation for any advisors employed by the Committee,
- c) communicate directly with the internal and external auditors; and
- d) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular -- If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*). If the Corporation is not required to send a management information circular to its security holders, it must provide the disclosure required by Form 52-110F2 in its annual information form or annual MD&A.

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

Approved: October 24, 2018

SCHEDULE "B"

AMENDED AND RESTATED STOCK OPTION PLAN

1. PURPOSE

The purpose of this stock option plan (the "**Plan**") is to authorize the grant to Eligible Persons (as such term is defined below) of Sable Resources Ltd. (the "**Corporation**") of options to purchase common shares ("**shares**") of the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. ADMINISTRATION

The Plan shall be administered by the board of directors of the Corporation or a committee established by the board of directors for that purpose (the "**Committee**"). Subject to approval of the granting of options by the board of directors or Committee, as applicable, the Corporation shall grant options under the Plan.

3. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of paragraph 13 hereof, the aggregate number of shares of the Corporation which may be issued and sold under the Plan will not exceed such number of shares as is equal to 10% of the aggregate number of shares issued and outstanding from time to time. The total number of shares which may be issued or reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

4. LIMITS WITH RESPECT TO INSIDERS

- a. The maximum aggregate number of shares which may be issuable to insiders (as a group) pursuant to all security based compensation, including options issuable under the Plan, shall be 10% of the shares issued and outstanding (on a non-diluted basis) at any point in time, unless the Corporation has obtained the requisite disinterested shareholder approval in accordance with TSX-V policy.
- b. The maximum aggregate number of shares which may be granted to insiders (as a group) pursuant to all security based compensation granted or issued, including options granted or issued under the Plan, within any 12 month period shall be 10% of the outstanding issue, calculated as at the date any security based compensation is granted or issued to any insider, unless the Corporation has obtained the requisite disinterested shareholder approval in accordance with TSX-V policy.

5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term "**Eligible Person**" means:

- a. a senior officer or director of the Corporation or any of its subsidiaries;

- b. either:
- i. an individual who is considered an employee under the *Income Tax Act* (Canada), as amended (the “**Tax Act**”),
 - ii. an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
 - iii. an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, any such individual, an “**Employee**”;
- c. an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a “**Company**”) which individual is providing management services to the Corporation through such Company, or an individual (together with a Company, a “**Person**”) providing management services directly to the Corporation, which management services are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a “**Management Company Employee**”);
- d. an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, who:
- i. provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract other than services provided in relation to a Distribution (as defined in the policies of the TSX-V);
 - ii. possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;
 - iii. spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;
 - iv. has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and
 - v. does not engage in Investor Relations Activities (as hereafter defined) any such individual, a “**Consultant**”;
- e. an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, that falls within the definition of Consultant contained in subsections 5(d)(i) through (iv) which provides Investor Relations Activities (an “**Investor Relations Consultant**”); or
- f. a Person that falls within the definition of Eligible Person contained in any of subsections 5(a), (b) or (d) which provides Investor Relations Activities (an “**Investor Relations Person**”).

For purposes of the foregoing, a Company is an “**Affiliate**” of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term “**Investor Relations Activities**” means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- a. the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - i. to promote the sale of products or services of the Corporation, or
 - ii. to raise public awareness of the Corporation,
 - iii. that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- b. activities or communications necessary to comply with the requirements of:
 - i. applicable securities laws, policies or regulations,
 - ii. the rules, and regulations of the TSX Venture Exchange (“**TSX-V**”) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
 - iii. communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (1) the communication is only through the newspaper, magazine or publication, and
 - (2) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
- c. activities or communications that may be otherwise specified by the TSX-V.

For stock options to Employees, Consultants, Management Company Employees or Investor Relations Persons, the Corporation and the optionee must each represent that the optionee is a *bona fide* Employee, Consultant, Management Company Employee or Investor Relations Person as the case may be. The terms “insider”, “controlled” and “subsidiary” shall have the meanings ascribed thereto in the *Securities Act* (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSONS

- a. The maximum number of stock options which may be granted to any one Consultant under the Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- b. The maximum number of stock options which may be granted to Investor Relations Persons under the Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

7. PRICE

The purchase price (the “**Price**”) for the shares of the Corporation under each option shall be determined by the board of directors or Committee, as applicable, on the basis of the market price, where “market price” shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, “market price” shall mean the average of the daily high and low board lot trading prices of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade for the five (5) immediately preceding trading days, provided that in the event the shares are listed on the TSX-V, the Price may be the market price less any discounts from the market price allowed by the TSX-V, subject to a minimum price of \$0.05. In the event the shares are not listed on any exchange and do not trade on any dealing network, the market price will be determined by the board of directors. The approval of disinterested shareholders will be required for any reduction in the Price, or extension of the term, of a previously granted option to an insider of the Corporation.

8. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 10, 11 and 18 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding five years. Subject to paragraph 9 below, the shares to be purchased upon each exercise of any option (the “**optioned shares**”) shall be paid for in full at the time of such exercise. Except as provided in paragraphs 10, 11 and 18 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

9. NET EXERCISE RIGHT

Subject to the rules and policies of the TSX-V, and except with respect to options held by Investor Relations Persons, the board of directors may, in its discretion and at any time, determine to grant an optionee the alternative, when entitled to exercise an option, upon such terms and conditions as the board of directors may determine in its discretion, the right (the “**Net Exercise Right**”), in lieu of the right to exercise an option with a cash payment, to exercise such option in whole or in part on a “net exercise” basis without a cash payment, and, in lieu of receiving the shares to which such exercised option relates, to receive the number of shares (the “**option shares**”), disregarding fractions, which is equal to the quotient obtained by dividing:

- a. the product of the number of options being exercised multiplied by the difference between the volume weighted average trading price of the shares listed on the TSX-V (calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the applicable reference date) (the “**VWAP**”) of the underlying shares and the exercise price of the options; by
- b. the VWAP of the underlying shares on the date of exercise,

and, where the optionee is subject to the Tax Act in respect of the option to the extent permissible, the Corporation shall make the election provided for in subsection 110(1.1) of the Tax Act.

For greater certainty, the number of shares determined by the above formula may be reduced by that amount of tax obligations, being all withholding required under any governing tax law with respect to the payment of any amount with respect to the exercise of an option, applicable to the receipt of the option shares.

If an optionee exercises a Net Exercise Right in connection with an option, it is exercisable only to the extent and on the same conditions that the related option is exercisable under this Plan.

10. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 11 below, if any optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days (unless such period is extended by the board of directors or the Committee, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the shares of the Corporation trade where required), or thirty days if the Eligible Person is an Investor Relations Person (unless such period is extended by the board of directors or the Committee, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the shares of the Corporation trade where required), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided in paragraph 11 below.

11. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death. Before expiry of an option under this paragraph 11, the board of directors or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

12. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

13. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price, or extension of the term, of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

14. AMENDMENT AND TERMINATION OF THE PLAN

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

15. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

16. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

17. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the

number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

Alternatively, subject to the provisions of the Plan, the particular option, and the rules and policies of the TSX-V, an option may be exercised in connection with an optionee's (except for optionees who are Investor Relations Persons) exercise of his or her Net Exercise Right from time to time by delivering to the Corporation at its registered office (i) a written notice specifying that the optionee is exercising his or her Net Exercise Right in respect of a certain number of his or her options, and (ii) the payment of an amount for any tax withholding or remittance obligations of the optionee or the Corporation arising under applicable law and verified by the Corporation to its satisfaction (or by entering into some other arrangement acceptable to the Corporation in its discretion, if any).

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares or the option shares, as applicable, in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative.

18. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable, provided that if required by any stock exchange on which the shares of the Corporation trade, options issued to Investor Relations Consultants must vest in stages over not less than 12 months with no more than one-quarter (1/4) of the options vesting in any three month period.

19. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

- a. the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- b. a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

- a. the acquisition by any "offeror" (as defined in National Instrument 62-104) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- b. any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;

- c. any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or
- d. the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

20. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

21. TAX MATTERS

The Corporation shall have the power and the right to deduct or withhold, or require an optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any stock option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the optionee (whether arising pursuant to the optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of shares issuable upon exercise of the stock options as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligations net of selling costs. The optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such shares issuable upon exercise of the stock options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such shares issuable upon exercise of the stock options.

22. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

23. EXPIRY OF OPTION

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

SCHEDULE "C"

SHAREHOLDER RIGHTS PLAN AGREEMENT

See attached.

SHAREHOLDER RIGHTS PLAN AGREEMENT

DATED AS OF JULY 18, 2022

BETWEEN

SABLE RESOURCES LTD.

AND

TSX TRUST COMPANY, AS RIGHTS AGENT

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION

1.1	Certain Definitions	6
1.2	Currency	18
1.3	Descriptive Headings	18
1.4	Number and Gender	18
1.5	References to Agreement	18
1.6	Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares	18
1.7	Acting Jointly or in Concert	19

ARTICLE 2 THE RIGHTS

2.1	Legend on Certificates	19
2.2	Execution, Authentication, Delivery and Dating of Rights Certificates	20
2.3	Registration, Registration of Transfer and Exchange	20
2.4	Mutilated, Destroyed, Lost and Stolen Rights Certificates	21
2.5	Persons Deemed Owners of Rights	21
2.6	Delivery and Cancellation of Certificates	21
2.7	Agreement of Rights Holders	22
2.8	Rights Certificate Holder Not Deemed a Shareholder	22

ARTICLE 3 EXERCISE OF THE RIGHTS

3.1	Initial Exercise Price; Exercise of Rights; Detachment of Rights	23
3.2	Adjustments to Exercise Price; Number of Rights	25
3.3	Date on Which Exercise Is Effective	29

ARTICLE 4 ADJUSTMENT TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

4.1	Flip-in Event	29
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ARTICLE 5 THE RIGHTS AGENT

5.1	General	30
5.2	Merger or Amalgamation or Change of Name of Rights Agent	31
5.3	Duties of Rights Agent	32
5.4	Change of Rights Agent	33
5.5	Compliance with Anti-Money Laundering Legislation	33
5.6	Liability	34

ARTICLE 6 MISCELLANEOUS

6.1	Redemption and Waiver	34
6.2	Expiration	36
6.3	Issuance of New Rights Certificate	36
6.4	Fractional Rights and Fractional Shares	36
6.5	Supplements and Amendments	36
6.6	Rights of Action	38
6.7	Notice of Proposed Actions	38
6.8	Notices	38
6.9	Costs of Enforcement	39
6.10	Successors	39

6.11	Benefits of this Agreement	39
6.12	Governing Law	39
6.13	Counterparts	40
6.14	Severability.....	40
6.15	Effective Date	40
6.16	Determinations and Actions by the Board of Directors	40
6.17	Time of the Essence	40
6.18	Regulatory Approvals.....	40
6.19	Declaration as to Non-Canadian and Non-U.S. Holders	41
6.20	Fiduciary Duties of the Directors	41
6.21	Privacy Legislation	41
6.22	Force Majeure	41
6.23	Language	41

RIGHTS PLAN AGREEMENT

THIS AGREEMENT dated as of July 18, 2022

BETWEEN :

SABLE RESOURCES LTD.,

a corporation existing under the laws of the Province of British Columbia,

(hereinafter referred to as the "**Corporation**")

- and -

TSX TRUST COMPANY,

a corporation existing under the laws of Canada, as rights agent

(hereinafter referred to as the "**Rights Agent**")

RECITALS:

- A. The Board of Directors (as defined herein) of the Corporation has determined that it is advisable and in the best interests of the Corporation to adopt a shareholder rights plan (the "**Rights Plan**") to:
- i. ensure, to the extent possible, that all holders of the Common Shares (as defined herein) of the Corporation and the Board of Directors have adequate time to consider and evaluate any unsolicited Take-over Bid (as defined herein) for the Common Shares;
 - ii. provide the Board of Directors with adequate time to identify, solicit, develop and negotiate value-enhancing alternatives, as considered appropriate, to any unsolicited Take-over Bid;
 - iii. encourage the fair treatment of the Corporation's shareholders in connection with any unsolicited Take-over Bid; and
 - iv. generally assist the Board of Directors in enhancing shareholder value.
- B. In order to implement the Rights Plan, the Board of Directors has authorized:
- i. the issuance of one Right (as defined herein) in respect of each Voting Share (as defined herein) outstanding at the Record Time (as defined herein); and
 - ii. the issuance of one Right in respect of each Voting Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.
- C. Each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth in this Agreement.
- D. The Corporation wishes to appoint the Rights Agent to act on behalf of the Corporation and holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to in this Agreement.

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Certain Definitions

For the purposes of this Agreement, the following terms have the meanings indicated:

(a) **“Acquiring Person”** shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term **“Acquiring Person”** shall not include:

- (i) the Corporation or any Subsidiary of the Corporation;
- (ii) any Person who becomes the Beneficial Owner of 20% or more of the then outstanding Voting Shares as a result of any one or any combination of:
 - (A) a Voting Share Reduction;
 - (B) a Permitted Bid Acquisition;
 - (C) an Exempt Acquisition;
 - (D) a Pro Rata Acquisition; or
 - (E) a Convertible Security Acquisition,

provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding by reason of one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition and thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Voting Shares then outstanding, increases the number of Voting Shares beneficially owned by such Person by more than 1.0% of the number of Voting Shares then outstanding (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition) then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Voting Shares, such Person shall be an **“Acquiring Person”**;

- (iii) for a period of 10 days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on or no longer being a Person described in Section 1.1(e)(vi) solely because such Person or such Person’s Affiliates or Associates makes or announces an intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person. For the purpose of this defined term, **“Disqualification Date”** means the first date of a public announcement of facts indicating that such Person is making or intends to make a Take-over Bid either alone, through such Person’s Affiliates or Associates, or by acting jointly or in concert with any other Person;
- (iv) an underwriter or member of a banking or selling group acting in such capacity that becomes the Beneficial Owner of 20% or more of the Voting Shares in connection with a distribution of securities of the Corporation pursuant to a prospectus or by way of a private placement; or
- (v) a Person (a **“Grandfathered Person”**) who is the Beneficial Owner of 20% or more of the outstanding Voting Shares determined as at the Record Time; provided,

however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of additional Voting Shares that increases its Beneficial Ownership of Voting Shares by more than 1.0% of the number of Voting Shares outstanding (other than through one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition);

(b) **“Affiliate”**, when used to indicate a relationship with a Person, shall mean a Person that directly, or indirectly through one or more controlled intermediaries, controls, or is a Person controlled by, or is a Person under common control with, such specified Person;

(c) **“Associate”**, when used to indicate a relationship with a Person, shall mean (i) a spouse of that Person, (ii) any Person who resides in the same home as that Person and to whom that Person is married or with whom that Person is living in a conjugal relationship outside marriage, a child of that Person or (iii) a relative of that Person or of a Person mentioned in clause (i) or (ii) of this definition if the relative resides in the same home as that Person;

(d) **“BCBCA”** shall mean the *Business Corporations Act* (British Columbia), as amended, and the regulations made thereunder and any comparable or successor laws or regulations thereto;

(e) a Person shall be deemed the **“Beneficial Owner”** of, and to have **“Beneficial Ownership”** of, and to **“Beneficially Own”**:

- (i) any securities as to which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;
- (ii) any securities as to which such Person or any of such Person’s Affiliates or Associates has or shares the right or obligation to acquire or become the owner at law or in equity upon the purchase, exercise, conversion or exchange of any Convertible Security or pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, in each case where such right or obligation is exercisable immediately or within a period of 60 days thereafter and whether or not on conditions or upon the happening of any contingency, or the making of any payment, other than pursuant to any:
 - (A) customary agreements with and between the Corporation and underwriters and members of banking groups or selling groups with respect to a distribution of securities by the Corporation pursuant to a prospectus or by way of private placement;
 - (B) pledges or hypothecations of securities granted as security in the ordinary course of business of the pledgee or hypothecatee; or
 - (C) agreements between the Corporation and any Person pursuant to an amalgamation, merger, arrangement, business combination or other similar transaction (statutory or otherwise, but for greater certainty not including a Take-over Bid) that is conditional upon the approval of the shareholders of the Corporation to be obtained prior to such Person acquiring such securities;
- (iii) any securities which are subject to a lock-up agreement or similar commitment to deposit or tender such securities to a Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or any other Person acting jointly or in concert with such Person; and

- (iv) any securities which are Beneficially Owned within the meaning of the foregoing provisions of this Section 1.1(e) by any other Person with which such Person is acting jointly or in concert with respect to the Corporation or any of its securities;

provided, however, that a Person shall not be deemed the “Beneficial Owner” of, or to have “Beneficial Ownership” of, or to “Beneficially Own”, any security solely because:

- (v) such security has been or had been agreed to be deposited or tendered pursuant to a Permitted Lock-Up Agreement or is otherwise deposited or tendered pursuant to any Take-over Bid made by such Person, made by any of such Person’s Affiliates or Associates or made by any other Person acting jointly or in concert with such Person until such deposited or tendered security has been taken up or paid for, whichever shall occur first;
- (vi) such Person or any of the Affiliates or Associates of such Person or any other Person acting jointly or in concert with such Person holds such security and:
 - (A) the ordinary business of any such Person (a “**Fund Manager**”) includes the management of investment funds for others (which for greater certainty may include, or be limited to, employee benefit plans or pension plans) and such security is held by the Fund Manager in the ordinary course of such business in the performance of such Fund Manager’s duties for the account of any other Person (a “**Client**”), including non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable law;
 - (B) such Person (a “**Trust Company**”) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an “**Estate Account**”) or in relation to other accounts (each an “**Other Account**”) and holds such security in the ordinary course of such duties for such Estate Accounts or for such Other Accounts;
 - (C) such Person is a pension fund or plan registered under the laws of Canada or any province thereof or the laws of the United States of America or any state thereof (a “**Plan**”) and such security is held by the Plan in the ordinary course of the Plan’s activities;
 - (D) such Person (a “**Plan Administrator**”) is the administrator or the trustee of one or more Plans and such security is held by the Plan Administrator in the ordinary course of such Plan Administrator’s activities;
 - (E) such Person (a “**Statutory Body**”) is established by statute for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans and insurance plans of various public bodies and such security is held by the Statutory Body in the ordinary course of the management of such investment funds;
 - (F) such Person is a Crown Agent or agency (a “**Crown Agent**”); or
 - (G) such Person (a “**Manager**”) is the manager or trustee of a mutual fund (a “**Mutual Fund**”) that is registered or qualified to issue its securities to investors under the securities laws of any province of Canada or the laws of the United States of America or is a Mutual Fund;

provided, however, that in any of the foregoing cases, the Fund Manager, the Trust Company, the Plan, the Plan Administrator, the Statutory Body, the Crown Agent, the Manager or the Mutual Fund, as the case may be, is not then making a Take-over Bid, has not then announced an intention to make a Take-over Bid and is not then acting jointly or in concert with any other Person who is making a Take-over Bid or who has announced an intention to make a Take-over Bid, other than an Offer to Acquire Voting Shares or other securities (X) pursuant to a distribution by the Corporation, (Y) by means of a Permitted Bid or a Competing Permitted Bid or (Z) by means of market transactions made in the ordinary course of the business of such Person (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market;

- (vii) such Person is (A) a Client of the same Fund Manager as another Person on whose account the Fund Manager holds such security or (B) an Estate Account or Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or (C) a Plan with the same Plan Administrator as another Plan on whose account the Plan Administrator holds such securities;
- (viii) such Person is (A) a Client of a Fund Manager and such security is owned at law or in equity by the Fund Manager or (B) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (C) a Plan and such security is owned at law or in equity by the Plan Administrator; or
- (ix) because such Person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository;

(f) **“Board of Directors”** shall mean the board of directors of the Corporation or, if duly constituted and whenever duly empowered, any committee of the board of directors of the Corporation;

(g) **“Book Entry Form”** means, in reference to securities, securities that have been issued and registered in uncertificated form and includes securities evidenced by an advice or other statement and securities which are maintained electronically on the records of the Corporation’s transfer agent but for which no certificate has been issued;

(h) **“Book Entry Rights Exercise Procedures”** has the meaning ascribed to it in Section 3.1(d);

(i) **“Business Day”** shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in Vancouver, British Columbia and Toronto, Ontario are authorized or obligated by law to close;

(j) **“Canadian Dollar Equivalent”** of any amount which is expressed in United States dollars shall mean, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date;

(k) **“certificate”** shall have the meaning ascribed thereto in Section 2.5;

(l) **“close of business”** on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the office of the transfer agent for the Common Shares in Toronto, Ontario (or, after the Separation Time, the office of the Rights Agent in Toronto, Ontario) is closed to the public provided, however, that for the purposes of the definitions of “Competing Permitted Bid” and “Permitted Bid”, “close of business” on any date means 11:59 p.m. (local time at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time at the place of deposit) on the next succeeding Business Day);

(m) **“Common Share”** shall mean a common share of the Corporation and any other share of the Corporation into which such share may be subdivided, consolidated, reclassified or changed from time to time;

(n) **“Competing Permitted Bid”** shall mean a Take-over Bid that is made by means of a take-over bid circular and that also complies with the following additional provisions:

- (i) is made after any previous Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry, termination or withdrawal of any previous Permitted Bid or Competing Permitted Bid;
- (ii) satisfies all of the provisions of the definition of Permitted Bid in Section 1.1(jj) other than the requirements set out in clause (ii)(A) of the definition of Permitted Bid; and
- (iii) contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Voting Shares and/or Convertible Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits or tenders of securities thereunder pursuant to NI 62-104 after the date of the Take-over Bid constituting the Competing Permitted Bid;

provided, however, that a Take-over Bid that qualified as a Competing Permitted Bid shall cease to be a Competing Permitted Bid at any time and as soon as such time when such Take-over Bid ceases to meet any of the provisions of this definition, and provided that, at such time, any acquisitions of securities made pursuant to such Competing Permitted Bid, including any acquisition of securities made prior to such time, will cease to be a Permitted Bid Acquisition;

(o) **“controlled”**: a Person is **“controlled”** by another Person or two or more Persons acting jointly or in concert if:

- (i) in the case of a Person other than a partnership or a limited partnership, including a corporation or body corporate: (A) securities entitled to vote in the election of directors or trustees of such body corporate carrying more than 50% of the votes for the election of the directors or trustees are held, directly or indirectly, by or for the benefit of the other Person or two or more Persons acting jointly or in concert, and (B) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors or trustees of such Person;
- (ii) in the case of a partnership other than a limited partnership, more than 50% of the voting or equity interests of such partnership are held, directly or indirectly, by or for the benefit of the other Person or Persons; and
- (iii) in the case of a limited partnership: (A) the other Person or each of the other Persons is a general partner of the limited partnership or (B) the general partner of such limited partnership is controlled by such other Person or Persons within the meaning of this definition,

and **“controls”**, **“controlling”** and **“under common control with”** shall be interpreted accordingly;

(p) **“Convertible Security”** shall mean a security that is convertible, exercisable or exchangeable into a Voting Share (including rights, warrants, convertible notes and options, but excluding the Rights) carrying any purchase, exercise, conversion or exchange rights, pursuant to which the holder of Convertible Securities may acquire Voting Shares or other securities convertible into or exercisable or exchangeable for Voting Shares, directly or indirectly (in each case, whether such right is exercisable

immediately or after a specified period and whether or not on condition or the happening of any contingency or the making of any payment);

(q) **“Convertible Security Acquisition”** shall mean the acquisition of Voting Shares by a Person upon the purchase, exercise, conversion or exchange of Convertible Securities acquired or received by such Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition;

(r) **“Co-Rights Agent”** shall have the meaning ascribed thereto in Section 5.1(a);

(s) **“dividends paid in the ordinary course”** shall mean cash dividends paid in any financial year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:

- (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding financial year;
- (ii) 300% of the arithmetic average of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding financial years; and
- (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding financial year;

(t) **“Effective Date”** means July 18, 2022;

(u) **“Election to Exercise”** shall have the meaning ascribed thereto in Section 3.1(e)(ii);

(v) **“equivalent common shares”** shall have the meaning ascribed thereto in Section 3.2(b);

(w) **“Exempt Acquisition”** shall mean an acquisition by a Person of Voting Shares and/or Convertible Securities:

- (i) in respect of which the Board of Directors has waived the application of Section 4.1 pursuant to the provisions of Section 6.1(b), Section 6.1(c), or Section 6.1(d);
- (ii) made as an intermediate step in a series of related transactions in connection with the acquisition by the Corporation or one or more of its Subsidiaries of securities or assets of a Person, provided that the Person who acquires such Voting Shares and/or Convertible Securities distributes or is deemed to distribute such Voting Shares and/or Convertible Securities to its security holders within 10 Business Days of the completion of such acquisition, and following such distribution no Person has become the Beneficial Owner of 20% or more of the then outstanding Voting Shares; or
- (iii) pursuant to a distribution of Voting Shares and/or Convertible Securities (and the conversion or exchange of such securities) made by the Corporation:
 - (A) to the public pursuant to a prospectus or similar document, provided that such Person does not thereby become the Beneficial Owner of a greater percentage of Voting Shares and/or Convertible Securities so offered than the percentage of Voting Shares and/or Convertible Securities Beneficially Owned by such Person immediately prior to such distribution; or
 - (B) by way of a private placement or under a share purchase plan or option plan of the Corporation or any Subsidiaries or other distribution made by the Corporation that is exempt from the prospectus requirements of applicable law (other than a Pro Rata Acquisition), provided that (x) all necessary stock exchange approvals for such private placement, stock option plan, share purchase plan or other distribution made by the

Corporation that is exempt from the prospectus requirements of applicable law have been obtained and such private placement, stock option plan, share purchase plan or other distribution made by the Corporation that is exempt from the prospectus requirements of applicable law complies with the terms and conditions of such approvals, and (y) such Person does not thereby become the Beneficial Owner of a greater percentage of Voting Shares so offered than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such acquisition;

(iv) pursuant to an amalgamation, merger, re-organization, arrangement, business combination or other similar transaction (statutory or otherwise, but for greater certainty not including a Take-over Bid) requiring approval by shareholders of the Corporation prior to such Person acquiring such securities; or

(v) pursuant to the exercise of Rights;

(x) **“Exercise Price”** shall mean, as of any date, the price at which a holder of a Right may purchase the securities issuable upon exercise of such Right. Until adjustment thereof in accordance with the terms hereof, the Exercise Price for each Right shall be:

(i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and

(ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share;

of: (y) **“Expiration Time”** shall mean, subject to Section 6.15, the close of business on the earlier

(i) the date on which the right to exercise Rights shall terminate pursuant to Section 6.1(g); and

(ii) that date that is the earliest date of termination of this Agreement as provided for in Section 6.15;

provided that the Expiration Time shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 6.1) prior to the date upon which the Expiration Time would otherwise have occurred;

(z) **“Flip-in Event”** shall mean a transaction or other action in or pursuant to which any Person becomes an Acquiring Person;

(aa) **“Grandfathered Person”** shall have the meaning ascribed thereto in Section 1.1(a)(v);

(bb) **“holder”** shall have the meaning ascribed thereto in Section 2.5;

(cc) **“Independent Shareholders”** shall mean holders of Voting Shares other than Voting Shares Beneficially Owned by:

(i) an Acquiring Person;

(ii) an Offeror, other than any Person who by virtue of Section 1.1(e)(vi) is not deemed to Beneficially Own the Voting Shares held by such Person;

(iii) any Associate or Affiliate of such Acquiring Person or Offeror;

(iv) any Person acting jointly or in concert with such Acquiring Person or Offeror; and

(v) any employee benefit plan, stock purchase plan, deferred profit sharing plan and any other similar plan or trust for the benefit of employees of the Corporation or a

Subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;

(dd) **“Market Price”** per share of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) for the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 3.2 shall have caused the closing prices in respect of any Trading Day used to determine the Market Price not to be fully comparable with the closing prices on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 3.2 in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:

- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each such share on such date, as reported by the principal stock exchange in Canada on which such securities are listed or admitted to trading;
- (ii) if for any reason none of such prices described in (i) above is available for such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the last sale price or, if such price is not available, the average of the closing bid and asked prices, for each such share on such date, as reported by such other securities exchange on which such securities are listed or admitted to trading (and if such securities are listed or admitted to trading on more than one other securities exchange such prices shall be determined based on the securities exchange on which such securities are then listed or admitted to trading on which the largest number of such shares were traded during the most recently completed financial year);
- (iii) if for any reason none of such prices described in (ii) above is available for such day or the securities are not listed or admitted to trading on a Canadian stock exchange or other securities exchange, the last sale price, or if no sale takes place, the average of the high bid and low asked prices for each such share on such date in the over-the-counter market, as quoted by any reporting system then in use (as determined in good faith by the Board of Directors); or
- (iv) if for any such date none of such prices described in (iii) above is available or the securities are not listed or admitted to trading on a Canadian stock exchange or any other securities exchange and are not quoted by any such reporting system, the average of the closing bid and asked prices for such date as furnished by a professional market maker making a market in the securities selected in good faith by the Board of Directors,

provided, however, that if on any such date none of such prices is available, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker chosen by the Corporation with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;

(ee) “**NI 62-104**” shall mean National Instrument 62-104 – *Take-Over Bids and Issuer Bids* adopted by the Canadian securities regulatory authorities, as amended, re- enacted or replaced from time to time, and any comparable or successor laws or instruments thereto;

(ff) “**Nominee**” shall have the meaning ascribed thereto in Section 3.1(d);

(gg) “**Offer to Acquire**” shall include:

- (i) an offer to purchase, or a solicitation of an offer to sell; and
- (ii) an acceptance of an offer to sell, whether or not such offer to sell has been solicited,

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;

(hh) “**Offeror**” shall mean a Person that has announced a current intention to make or who is making a Take-over Bid, but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired;

(ii) “**Permitted Bid**” shall mean a Take-over Bid that is made by means of a take-over bid circular and which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of Voting Shares as registered on the books of the Corporation, other than the Offeror;
- (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Voting Shares and/or Convertible Securities will be taken up or paid for pursuant to the Take-over Bid:
 - (A) prior to the close of business on the date which is not less than 105 days after the date of the Take-over Bid or such shorter minimum initial deposit period that a take-over bid (that is not exempt from the general take-over bid requirements contained in Part 2 of NI 62-104) must remain open for deposits of securities, in the applicable circumstances at such time, pursuant to NI 62-104; and
 - (B) then only if, at the date in (A), more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
- (iii) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares and/or Convertible Securities, as applicable, may be deposited or tendered pursuant to such Take-over Bid at any time during the period of time between the date of the Take-over Bid and the date on which Voting Shares and/or Convertible Securities subject to the Take-over Bid may be taken up and paid for and that any Voting Shares and/or Convertible Securities deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- (iv) the Take-over Bid contains an irrevocable and unqualified provision that in the event that the deposit condition set forth in clause (ii) above is satisfied, the Offeror shall make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares and/or Convertible Securities, as applicable, for not less than 10 days from the date of such public announcement;

provided, however, that a Take-over Bid that qualified as a Permitted Bid ceases to be a Permitted Bid at any time and as soon as such time when such Take-over Bid ceases to meet any or all of

the provisions of this definition, and provided that, at such time, any acquisitions of securities made pursuant to such Permitted Bid, including any acquisition of securities made prior to such time, will cease to be a Permitted Bid Acquisition. The term "Permitted Bid" shall include a Competing Permitted Bid;

(jj) **"Permitted Bid Acquisition"** shall mean an acquisition of Voting Shares and/or Convertible Securities made pursuant to a Permitted Bid or a Competing Permitted Bid;

(kk) **"Permitted Lock-Up Agreement"** shall mean an agreement between a Person and one or more holders of Voting Shares and/or Convertible Securities pursuant to which such holders (each a **"Locked-Up Person"**) agree to deposit or tender Voting Shares and/or Convertible Securities to a Take-over Bid (the **"Lock-Up Bid"**) made or to be made by such Person or any of such Person's Affiliates or Associates or any other Person with which such Person is acting jointly or in concert, provided that:

(i) the terms of such agreement are publicly disclosed and a copy of such agreement is made available to the public (including the Corporation) not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has been made prior to the date on which such agreement is entered into, not later than the first Business Day following the date of such agreement;

(ii) the agreement permits a Locked-Up Person to terminate its obligation to deposit or tender Voting Shares and/or Convertible Securities to, or not to withdraw such Voting Shares and/or Convertible Securities from, the Lock-Up Bid, and to terminate any obligation with respect to the voting of such Voting Shares and/or Convertible Securities, in order to tender or deposit the Voting Shares and/or Convertible Securities to another Take-over Bid or to support another transaction:

(A) where the price or value of the consideration per Voting Share and/or Convertible Security offered under such other Take-over Bid or transaction:

(I) is greater than the price or value of the consideration per Voting Share and/or Convertible Security at which the Locked-Up Person has agreed to deposit or tender Voting Shares or Convertible Securities to the Lock-Up Bid; or

(II) exceeds by as much as or more than a specified amount (the **"Specified Amount"**) the price or value of the consideration per Voting Share and/or Convertible Security at which the Locked-Up Person has agreed to deposit or tender Voting Shares and/or Convertible Securities to the Lock-Up Bid, provided that such Specified Amount is not greater than 7% of the price or value of the consideration per Voting Share and/or Convertible Security at which the Locked-Up Person has agreed to deposit or tender Voting Shares or Convertible Securities to the Lock-Up Bid; and

(B) if the number of Voting Shares and/or Convertible Securities offered to be purchased under the Lock-Up Bid is less than 100% of the Voting Shares and/or Convertible Securities held by Independent Shareholders, where the number of Voting Shares and/or Convertible Securities to be purchased under such other Take-over Bid or transaction at a price or value per Voting Share or Convertible Security that is not less than the price or value per Voting Share or Convertible Security offered under the Lock-Up Bid:

(I) is greater than the number of Voting Shares and/or Convertible Securities that the Offeror has offered to purchase under the Lock-Up Bid; or

- (II) exceeds by as much as or more than a specified number (the “**Specified Number**”) the number of Voting Shares or Convertible Securities that the Offeror has offered to purchase under the Lock-Up Bid, provided that the Specified Number is not greater than 7% of the number of Voting Shares or Convertible Securities offered to be purchased under the Lock-Up Bid,

and, for greater clarity, the agreement may contain a right of first refusal or require a period of delay to give the Person who made the Lock-Up Bid an opportunity to match a higher price or value in such other Take-over Bid or transaction or other similar limitation on a Locked-Up Person’s right to withdraw Voting Shares and/or Convertible Securities from the agreement and not tender such Voting Shares and/or Convertible Securities to the Take-over Bid to which the Locked-Up Person has agreed to deposit or tender, so long as the limitation does not preclude the exercise by the Locked-Up Person of the right to withdraw Voting Shares and/or Convertible Securities in sufficient time to tender during the period for acceptance of the other Take-over Bid or support the other transaction; and

- (iii) no “break-up” fees, “top-up” fees, penalties, expenses or other amounts that exceed in aggregate the greater of:
 - (A) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock-Up Bid to a Locked-Up Person; and
 - (B) 50% of the amount by which the price or value of the consideration paid under another Take-over Bid or transaction exceeds the price or value of the consideration that the Locked-Up Person would have received under the Lock-Up Bid,

shall be payable by such Locked-Up Person pursuant to the agreement if the Locked-Up Person fails to deposit or tender Voting Shares or Convertible Securities to the Lock-Up Bid, withdraws Voting Shares or Convertible Securities previously tendered thereto or supports another transaction;

(II) “**Person**” shall include any individual, body corporate, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, group, unincorporated organization, syndicate, government or governmental agency or instrumentality or other entity;

(mm) “**Privacy Laws**” shall have the meaning ascribed thereto in Section 6.21;

(nn) “**Pro Rata Acquisition**” shall mean an acquisition by a Person of Voting Shares and/or Convertible Securities as a result of or pursuant to:

- (i) a stock dividend, a stock split or other event pursuant to which a Person receives or acquires Voting Shares or Convertible Securities on the same pro rata basis as all other holders of the same class of Voting Shares or Convertible Securities;
- (ii) any dividend reinvestment plan or other plan made available by the Corporation to holders of all of its Voting Shares (other than holders resident in any jurisdiction where participation in such plan is restricted or impractical to the Corporation as a result of applicable law); or
- (iii) the receipt and/or exercise of rights (other than the Rights) issued by the Corporation to all the holders of a class of Voting Shares to subscribe for or purchase Voting Shares and/or Convertible Securities (other than holders resident in any jurisdiction where the distribution or exercise of such rights is restricted or impractical as a result of applicable law), provided that such rights are acquired directly from the Corporation and not from any other Person, and provided that the

Person does not thereby Beneficially Own a greater percentage of the Voting Shares so offered than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such acquisition;

- (oo) **“Record Time”** shall mean 12:01 a.m. (Vancouver time) on the Effective Date;
- (pp) **“Redemption Price”** shall have the meaning ascribed thereto in Section 6.1(a);
- (qq) **“Right”** shall mean a right to purchase a Common Share of the Corporation, upon the terms and subject to the conditions set out in this Agreement;
- (rr) **“Rights Agent”** shall mean TSX Trust Company and its successors or permitted assigns;
- (ss) **“Rights Certificates”** shall mean the certificates representing the Rights after the Separation Time, which shall be in the form attached hereto as Exhibit A;
- (tt) **“Rights Register”** and **“Rights Registrar”** shall have the respective meanings ascribed thereto in Section 2.3(a);
- (uu) **“Securities Act”** shall mean the *Securities Act* (British Columbia), as amended, and the regulations and rules thereunder, and any comparable or successor laws or regulations thereto;
- (vv) **“Separation Time”** shall mean, subject to Section 6.1(d), the close of business on the tenth Trading Day after the earlier of:
 - (i) the Stock Acquisition Date;
 - (ii) the date of the commencement of, or first public announcement of, the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
 - (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such;or such later time as may be determined by the Board of Directors; provided that if the foregoing results in the Separation Time being prior to the Record Time, the Separation Time shall be the Record Time and provided further that, if any Take-over Bid referred to in Section 1.1(wv)(ii) expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this Section 1.1(wv), never to have been made;
- (ww) **“Stock Acquisition Date”** shall mean the date of the first public announcement (which, for purposes of this definition, shall include, without limitation, the filing of a report pursuant to section 5.2(1) of NI 62-104 or section 13(d) of the U.S. Exchange Act) by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person;
- (xx) **“Subsidiary”** a Person is a Subsidiary of another corporation if:
 - (i) it is controlled by (A) that other; or (B) that other and one or more Persons each of which is controlled by that other; or (C) two or more Persons, each of which is controlled by that other; or
 - (ii) it is a Subsidiary of a Person that is that other’s Subsidiary;
- (yy) **“Take-over Bid”** shall mean an Offer to Acquire Voting Shares or other securities of the Corporation if, assuming that the Voting Shares or other securities of the Corporation subject to the Offer to Acquire are acquired at the date of such Offer to Acquire by the Person making such Offer to Acquire, the Voting Shares Beneficially Owned by the Person making the Offer to Acquire would constitute, in the aggregate, 20% or more of the Voting Shares of the Corporation then outstanding;

(zz) **“Trading Day”**, when used with respect to any securities, shall mean a day on which the principal stock exchange (as determined by volume of trading for the relevant 20 consecutive Trading Days) on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any stock exchange, a Business Day;

(aaa) **“Transferee”** shall have the meaning ascribed thereto in Section 4.1(b);

(bbb) **“U.S.-Canadian Exchange Rate”** shall mean, on any date:

- (i) if, on such date, the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; or
- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of Directors from time to time acting in good faith;

(ccc) **“U.S. Exchange Act”** shall mean the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations thereunder as from time to time in effect;

(ddd) **“U.S. Securities Act”** shall mean the United States *Securities Act of 1933*, as amended, and the rules and regulations thereunder as from time to time in effect;

(eee) **“Voting Share”** shall mean the Common Shares any other share in the capital of the Corporation to which is attached a right to vote for the election of all directors generally; and

(fff) **“Voting Share Reduction”** shall mean an acquisition or redemption by the Corporation or a Subsidiary of the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding, increases the percentage of outstanding Voting Shares Beneficially Owned by any Person to 20% or more of the Voting Shares then outstanding.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Descriptive Headings

Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

1.4 Number and Gender

Wherever the context so requires, terms used herein importing the singular number only shall include the plural and vice-versa and words importing only one gender shall include all others.

1.5 References to Agreement

References to **“this Agreement”**, **“hereto”**, **“herein”**, **“hereby”**, **“hereunder”**, **“hereof”** and similar expressions refer to this Agreement as amended or supplemented from time to time and not to any particular Article or Section or other portion hereof and include any and every instrument supplemental or ancillary hereto.

1.6 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares

(a) For the purposes of this Agreement, in determining the percentage of the outstanding Voting Shares with respect to which a Person is or is deemed to be the Beneficial Owner, all unissued Voting Shares of the Corporation of which such Person is deemed to be the Beneficial Owner shall be deemed to be outstanding.

(b) The percentage of outstanding Voting Shares Beneficially Owned by any Person shall, for the purposes of this Agreement, be and be deemed to be the product determined by the formula:

$$100 \times \frac{A}{B}$$

where:

- A* = the number of votes for the election of all directors generally attaching to the outstanding Voting Shares Beneficially Owned by such Person; and
- B* = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

The percentage of outstanding Voting Shares represented by any particular group of Voting Shares acquired or held by any Person shall be determined in like manner *mutatis mutandis*.

1.7 Acting Jointly or in Concert

For purposes of this Agreement, a Person is acting jointly or in concert with its Affiliates and Associates and with every Person who is a party to an agreement, commitment, arrangement or understanding, whether formal or informal or written or unwritten, with the first Person, or with any other Person acting jointly or in concert with the first Person, to acquire or Offer to Acquire any Voting Shares or Convertible Securities (other than (i) customary agreements with and between the Corporation and underwriters and members of banking groups or selling groups with respect to a distribution of securities by the Corporation and (ii) pledges or hypothecations of securities granted as security in the ordinary course of business of the pledgee or hypothecate).

ARTICLE 2 **THE RIGHTS**

2.1 Legend on Certificates

Certificates for Common Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence, in addition to the Common Shares, one Right for each Common Share evidenced thereby and shall have impressed on, printed on, written on or otherwise affixed to them, substantially the following legend:

UNTIL THE EARLIER OF THE SEPARATION TIME AND THE EXPIRATION TIME (AS DEFINED IN THE RIGHTS AGREEMENT REFERRED TO BELOW), THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN A SHAREHOLDER RIGHTS PLAN AGREEMENT, DATED AS OF JULY 18, 2022 BETWEEN SABLE RESOURCES LTD (THE "**CORPORATION**") AND TSX TRUST COMPANY, AS RIGHTS AGENT, (AS THE SAME MAY BE AMENDED, RESTATED OR SUPPLEMENTED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS THEREOF) (THE "**RIGHTS AGREEMENT**") THE TERMS OF WHICH ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND A COPY OF WHICH MAY BE INSPECTED DURING NORMAL BUSINESS HOURS AT THE PRINCIPAL EXECUTIVE OFFICES OF THE CORPORATION. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, SUCH RIGHTS MAY BE REDEEMED OR TERMINATED, MAY EXPIRE, MAY BECOME VOID (IF, IN CERTAIN CASES, THEY ARE "BENEFICIALLY OWNED" BY AN "ACQUIRING PERSON", AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT,

WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR ANY SUBSEQUENT HOLDER) OR MAY BE EVIDENCED BY SEPARATE CERTIFICATES AND MAY NO LONGER BE EVIDENCED BY THIS CERTIFICATE. THE CORPORATION WILL MAIL OR ARRANGE FOR THE MAILING OF A COPY OF THE RIGHTS AGREEMENT TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE AS SOON AS IS PRACTICABLE AFTER THE RECEIPT OF A WRITTEN REQUEST THEREFOR.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

2.2 Execution, Authentication, Delivery and Dating of Rights Certificates

(a) The Rights Certificates shall be executed on behalf of the Corporation by any of the Chair of the Board of Directors, the Chief Executive Officer, the President or any Vice- President, together with any other of such Persons or together with any one of the Secretary, the Treasurer, any Assistant Secretary or any Assistant Treasurer. The signature of any of the officers of the Corporation on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

(b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature and a disclosure statement describing the Rights, and the Rights Agent shall countersign such Rights Certificates in a manner satisfactory to the Corporation and deliver such Rights Certificates and disclosure statement to the holders of the Rights pursuant to Section 3.1(d). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

(c) Each Rights Certificate shall be dated the date of the countersignature thereof.

2.3 Registration, Registration of Transfer and Exchange

(a) After the Separation Time, the Corporation will cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed the “**Rights Registrar**” for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times. After the Separation Time and prior to the Expiration Time, upon surrender for registration, but subject to the provisions of Section 2.3(c) and Section 4.1(b), the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder’s instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered. Alternatively, in the case of the exercise of Rights in Book Entry Form, the Rights Agent shall provide the holder or designated transferee or transferees with one or more statements issued under the Right Agent’s direct registration system evidencing the same aggregate number of Rights as did the direct registration system’s records for the Rights transferred or exchanged.

(b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder’s attorney duly

authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.3, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.4 Mutilated, Destroyed, Lost and Stolen Rights Certificates

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so surrendered.

(b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time: (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate; and (ii) such security and indemnity as may be required by each of them, in their sole discretion, to save each of them and any of their agents harmless, then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Corporation shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so destroyed, lost or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this Section 2.4, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

(d) Every new Rights Certificate issued pursuant to Section 2.4(b) in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Corporation.

2.5 Persons Deemed Owners of Rights

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate or if no certificate evidences the Common Share registration, satisfactory evidence of the associated Common Share registration) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term “**holder**” of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares) and the term “**certificate**”, when used in the context of a certificate representing Voting Shares or a Rights Certificate, shall include any document or written acknowledgement constituting evidence of book-entry ownership of the applicable securities as may be adopted from time to time by the Corporation.

2.6 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided for in this Section 2.6, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation on request.

2.7 Agreement of Rights Holders

Every holder of Rights by accepting the same becomes a party to this Agreement and for greater certainty is bound by the provisions herein and consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

(a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of the Rights held;

(b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share certificate representing such Right;

(c) that after the Separation Time, the Rights Certificates will be transferable only upon registration of the transfer on the Rights Register as provided herein;

(d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer or exchange, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;

(e) that such holder of Rights has waived its right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided herein);

(f) that, subject to the provisions of Section 6.5, without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and

(g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by a governmental authority, prohibiting or otherwise restraining performance of such obligations.

2.8 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Right or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share which may at any time be issuable on the exercise of such Right, nor shall anything contained herein or in any Rights Certificate be construed or deemed to confer upon the holder of any Right or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a shareholder of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of Common Shares at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any shareholder of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by any Rights Certificate shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3
EXERCISE OF THE RIGHTS

3.1 Initial Exercise Price; Exercise of Rights; Detachment of Rights

(a) Subject to adjustment as herein set forth, from and after the Separation Time and prior to the Expiration Time, each Right will entitle the holder thereof to purchase one Common Share for the Exercise Price (which Exercise Price and number of Common Shares are subject to adjustment as set forth below).

(b) Until the Separation Time:

- (i) the Rights shall not be exercisable and no Right may be exercised; and
- (ii) each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to be a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.

(c) From and after the Separation Time and prior to the Expiration Time:

- (i) the Rights shall be exercisable; and
- (ii) the registration and transfer of the Rights shall be separate from and independent of Common Shares.

(d) Promptly following the Separation Time, the Corporation will determine whether it wishes to issue Rights Certificates or whether it will maintain the Rights in Book Entry Form. In the event the Corporation determines to maintain the Rights in Book Entry Form, it will put in place such alternative procedures as are directed by the Rights Agent for the Rights to be maintained in Book Entry Form (the "**Book Entry Rights Exercise Procedures**"), it being hereby acknowledged that such procedures shall, to the greatest extent possible, replicate in all substantive respects the procedures set out in this Agreement with respect to the exercise of the Rights Certificates and the procedures set out in this Agreement shall be modified only to the extent necessary, as determined by the Rights Agent, to permit the Corporation to maintain the Rights in Book Entry Form. In such event, the Book Entry Rights Exercise Procedures shall be deemed to replace the procedures set out in this Agreement with respect to the exercise of Rights and all provisions of this Agreement referring to Rights Certificates shall be applicable to Rights registered in Book Entry Form in like manner as to Rights in certificated form. In the event that the Corporation determines to issue Rights Certificates, the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person or any other Person whose Rights are or become void pursuant to the provisions of Section 4.1(b) and other than, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")), and, in respect of each Convertible Security converted into Common Shares after the Separation Time and prior to the Expiration Time, promptly after such conversion, the Corporation will prepare or cause to be prepared and the Rights Agent will mail to the holder so converting (other than an Acquiring Person, any other Person whose Rights are or become void pursuant to the provisions of Section 4.1(b) and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the Nominees), at such holder's address as shown by the records of the Corporation (and the Corporation will furnish copies of such records to the Rights Agent for this purpose):

- (A) a Rights Certificate representing the number of Rights held by such holder at the Separation Time in substantially the form of Exhibit A hereto, appropriately completed and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order

or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and

(B) a disclosure statement describing the Rights,

provided that a Nominee shall be sent the materials provided for in clauses (A) and (B) above only in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Common Shares which are Beneficially Owned by another Person, the Corporation may require such first Person to furnish such information and documentation as the Corporation deems necessary.

(e) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its principal office in Toronto, Ontario or any other office of the Rights Agent designated for that purpose from time to time by the Corporation:

- (i) the Rights Certificate evidencing such Rights;
- (ii) an election to exercise such Rights (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate duly completed and executed by the holder or his or her executors or administrators or other personal representatives or his, her or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
- (iii) payment, by certified cheque, wire transfer, banker’s draft or money order payable to the order of the Rights Agent, of a sum equal to the applicable Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or other governmental charge which may be payable in respect of the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for the relevant Common Shares in a name other than that of the holder of the Rights being exercised.

(f) In the event that the Corporation determines to issue Rights Certificates, then upon receipt of the Rights Certificate which is accompanied by a completed Election to Exercise that does not indicate that such Right is null and void as provided by Section 4.1(b) and payment as set forth in Section 3.1(e), the Rights Agent (unless otherwise instructed in writing by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:

- (i) requisition from a transfer agent for the relevant Common Shares, certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agents to comply with all such requisitions);
- (ii) when appropriate, and subject to Section 6.4, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;
- (iii) after receipt of such Common Share certificate, deliver the same to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
- (iv) when appropriate, after receipt, deliver such cash referred to in Section 3.1(f)(ii) to or to the order of the registered holder of the Rights Certificate; and
- (v) tender to the Corporation all payments received on exercise of the Rights.

(g) In case the holder of any Rights exercises less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of Section 6.4) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(h) The Corporation covenants and agrees that it will:

- (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates representing such Common Shares or registration in Book Entry Form of such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, issued and delivered as fully paid and non-assessable;
- (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the BCBCA, the *Securities Act*, the U.S. Securities Act, the U.S. Exchange Act and the applicable securities laws or comparable legislation of each of the other provinces and territories of Canada and states of the United States and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;
- (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the principal exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;
- (iv) cause to be reserved and kept available out of its authorized and unissued Common Shares the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
- (v) pay when due and payable any and all applicable federal and provincial transfer taxes and charges (for greater certainty, not including any income taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for or registration in Book Entry Form of Common Shares to be issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or other governmental charge which may be payable in respect of the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares or registration in Book Entry Form of Common Shares in a name other than that of the holder of the Rights being transferred or exercised; and
- (vi) not, after the Separation Time, except as permitted by Section 6.1 or Section 6.5, take (or permit any Subsidiary of the Corporation to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

3.2 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number of Common Shares or other securities subject to purchase upon the exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 3.2 and in Section 4.1(a).

(a) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time:

- (i) declare or pay a dividend on the Common Shares payable in Common Shares or Convertible Securities other than pursuant to any dividend reinvestment program;
- (ii) subdivide or change the outstanding Common Shares into a greater number of Common Shares;
- (iii) combine or change the outstanding Common Shares into a smaller number of Common Shares; or
- (iv) issue any Common Shares or Convertible Securities in respect of, in lieu of or in exchange for existing Common Shares,

the Exercise Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or other change, and the number of Common Shares or other securities, as the case may be, issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive, upon payment of the applicable Exercise Price then in effect, the aggregate number of Common Shares or other securities, as the case may be, which, if such Right had been exercised immediately prior to such date and at a time when the share transfer books of the Corporation were open, such holder would have been entitled to receive as a result of such dividend, subdivision, combination or reclassification.

(b) In case the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them to subscribe for or purchase (for a period expiring within 45 calendar days after such record date) Common Shares (or shares having the same rights, privileges and preferences as Common Shares (“**equivalent common shares**”)) or securities convertible into Common Shares or equivalent common shares at a price per Common Share or per equivalent common share (or having a conversion price per share, if a security convertible into Common Shares or equivalent common shares) less than 90% of the Market Price per Common Share on the second Trading Day immediately preceding such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares and/or equivalent common shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Market Price per Common Share; and (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares and/or equivalent common shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed and, in the event that such rights, options or warrants are not so issued or, if issued, are not exercised prior to the expiration thereof, the Exercise Price in respect of the Rights shall be re-adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed or, to the Exercise Price which would be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

(c) For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to a dividend reinvestment plan or any employee benefit, stock option or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in all such cases, the right to purchase Common Shares is at a price per share of not less than 90% of the then current market price per share (determined as provided in such plans) of the Common Shares.

(d) In case the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger or amalgamation in which the Corporation is the continuing corporation) of evidences of indebtedness or assets, including cash (other than a dividend paid in the ordinary course or a dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares), or subscription rights or warrants entitling them to subscribe for or purchase Common Shares (excluding those referred to in Section 3.2(b)) at a price per Common Share that is less than 90% of the Market Price per Common Share on the second Trading Day immediately preceding such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to a Common Share; and (ii) the denominator of which shall be such Market Price per Common Share. Such adjustments shall be made successively whenever such a record date is fixed and, in the event that such distribution is not so made, the Exercise Price in respect of the Rights shall be adjusted to be the Exercise Price in respect of the Rights which would have been in effect if such record date had not been fixed.

(e) Notwithstanding anything herein to the contrary, no adjustment in an Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such Exercise Price; provided, however, that any adjustments which by reason of this Section 3.2(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 3.2 shall be made to the nearest cent or to the nearest ten-thousandth of a Common Share or other share, as the case may be. Notwithstanding the first sentence of this Section 3.2(e), any adjustment required by this Section 3.2 shall be made no later than the earlier of: (i) three years from the date of the transaction which mandates such adjustment; and (ii) the Expiration Time.

(f) If as a result of an adjustment made pursuant to Section 4.1(a), the holder of any Right thereafter exercised shall become entitled to receive any shares other than Common Shares, thereafter the number of such other shares so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as is practicable to the provisions with respect to the Common Shares contained in this Section 3.2, and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Corporation subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the respective number of Common Shares, as the case may be, purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Corporation shall have exercised its election as provided in Section 3.2(i), upon each adjustment of an Exercise Price as a result of the calculations made in Section 3.2(b) and Section 3.2(d), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares, as the case may be (calculated to the nearest one ten-thousandth), obtained by:

- (i) multiplying:
 - (A) the number of such Common Shares which would have been issuable upon the exercise of a Right immediately prior to this adjustment; by
 - (B) the relevant Exercise Price in effect immediately prior to such adjustment of the relevant Exercise Price; and
- (ii) dividing the product so obtained by the relevant Exercise Price in effect immediately after such adjustment of the relevant Exercise Price.

(i) The Corporation may elect, on or after the date of any adjustment of an Exercise Price, to adjust the number of Rights in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which such a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of the relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Corporation shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 3.2(i), the Corporation shall, as promptly as is practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing, subject to Section 6.4, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Corporation, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Corporation, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Corporation, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in an Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the relevant Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.

(k) In any case in which this Section 3.2 shall require that an adjustment in an Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer, until the occurrence of such event, the issuance to the holder of any Right exercised after such record date of the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the relevant Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional Common Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

(l) Notwithstanding anything in this Section 3.2 to the contrary, the Corporation shall be entitled to make such reductions in each Exercise Price, in addition to those adjustments expressly required by this Section 3.2, as and to the extent that in its good faith judgment the Board of Directors shall determine to be advisable in order that any: (i) consolidation or subdivision of Common Shares; (ii) issuance wholly for cash of any Common Share or securities that by their terms are convertible into or exchangeable for Common Shares; (iii) stock dividends; or (iv) issuance of rights, options or warrants referred to in this Section 3.2, hereafter made by the Corporation to holders of its Common Shares, shall not be taxable to such shareholders.

(m) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made at any time after the Separation Time pursuant to this Section 3.2, the Corporation shall promptly:

- (i) file with the Rights Agent and with the transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and
- (ii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights;

provided that failure to file such certificate or cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

3.3 Date on Which Exercise Is Effective

Each Person in whose name any certificate for Common Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the relevant Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the relevant Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the holder of record of such Common Shares on, and such certificate shall be dated, the next succeeding Business Day on which the relevant Common Share transfer books of the Corporation are open.

ARTICLE 4 ADJUSTMENT TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

4.1 Flip-in Event

(a) Subject to Section 4.1(b), Section 6.1, in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall constitute, effective on and after the later of its date of issue and the close of business on the tenth Trading Day following the Stock Acquisition Date or such longer period as may be required to satisfy all applicable requirements of the Securities Act and the securities laws or comparable legislation of each of the other provinces and territories of Canada and, if applicable, of the United States of America and each of the states thereof, the right to purchase from the Corporation, upon payment of the relevant Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of occurrence of such Flip-in Event equal to twice the relevant Exercise Price for an amount in cash equal to the relevant Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustments provided for in Section 3.2 upon each occurrence after the Stock Acquisition Date of any event analogous to any of the events described in Section 3.2).

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by: (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or (ii) a transferee or other successor in title, directly or indirectly, (a “**Transferee**”) of Rights held by an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) that becomes a Transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), that has the purpose or effect of avoiding this Section 4.1(b) shall become null and void without any further action, and any holder of such Rights (including any Transferee) shall not have any right whatsoever to exercise such Rights under any provision of this Agreement and shall not have thereafter any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set out in the Rights Certificate establishing that such Rights are not void under this Section 4.1(b) shall be deemed to be an Acquiring Person for the purposes of this Section 4.1(b) and such Rights shall become null and void.

(c) In the event that there shall not be sufficient Common Shares authorized for issuance to permit the exercise in full of the Rights in accordance with this Section 4.1, the Corporation shall take all such action as may be necessary to authorize additional Common Shares for issuance upon the exercise of the Rights.

(d) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 4.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the BCBCA, the *Securities Act*, the U.S. Securities Act, the U.S. Exchange Act, and the applicable securities laws or comparable legislation of each of the provinces and territories of Canada and states of the United States of America (and any other applicable jurisdiction), in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

(e) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Section 4.1(b)(i) or Section 4.1(b)(ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence shall contain the following legend:

THE RIGHTS REPRESENTED BY THIS RIGHTS CERTIFICATE ARE OR WERE BENEFICIALLY OWNED BY A PERSON WHO WAS AN ACQUIRING PERSON OR AN AFFILIATE OR AN ASSOCIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR A PERSON WHO WAS ACTING JOINTLY OR IN CONCERT WITH AN ACQUIRING PERSON OR AN AFFILIATE OF AN ACQUIRING PERSON (INCLUDING, WITHOUT LIMITATION, A PERSON WHO HAS ENTERED INTO AN AGREEMENT OR ARRANGEMENT TO SELL SHARES TO AN ACQUIRING PERSON). THIS RIGHTS CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY ARE VOID OR SHALL BECOME VOID IN THE CIRCUMSTANCES SPECIFIED IN SECTION 4.1(b) OF THE RIGHTS AGREEMENT.

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such Person is not a Person described in such legend.

ARTICLE 5 **THE RIGHTS AGENT**

5.1 General

(a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint one or more co-rights agents (each, a “**Co-Rights Agent**”) as it may deem necessary or desirable, subject to the prior written approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and Co-Rights Agents will be as the Corporation may determine with the written approval of the Rights Agent and the Co-Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder or otherwise agreed to with the Corporation in writing and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder (including the reasonable fees and disbursements of any expert or advisor retained by the Rights Agent with the prior approval of the Corporation, such approval not to be unnecessarily withheld). The Corporation also agrees to indemnify the Rights Agent, and its officers, directors, employees, Affiliates and agents for, and to hold it and them harmless against any loss, liability, cost, claim, action, damage, demand, suit, penalty, levy,

disbursement or expense, including legal fees and disbursements of whatever kind or nature, incurred without gross negligence, bad faith or wilful misconduct on the part of the Rights Agent or its directors, officers, employees, Affiliates and agents, for anything done, suffered or omitted by the Rights Agent or such persons in connection with the acceptance, execution and administration of this Agreement and the exercise and performance of its duties hereunder, including costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement and the resignation or removal of the Rights Agent. In the event of any disagreement arising regarding the terms of this Agreement, the Rights Agent shall be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by written agreement between the parties to this Agreement or by a court of competent jurisdiction.

(b) The Corporation will inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time, upon request, will provide to the Rights Agent an incumbency certificate with respect to the then current directors of the Corporation, provided that failure to inform the Rights Agent of any such events, or any defect therein, will not affect the validity of any action taken hereunder in relation to such events.

(c) The Rights Agent will be protected and will incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Common Share registration confirmed in writing by the transfer agent of the Corporation (unless such transfer agent is the Rights Agent or any Affiliate thereof), any certificate or other evidence of ownership for Common Shares, Rights Certificate, certificate or other evidence of ownership for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons. The Rights Agent need not investigate any fact or matter stated in any such document, but it may, in its discretion, make such further inquiry or investigation into such facts or matters as it may see fit.

(d) None of the provisions contained in this Agreement shall require the Rights Agent to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as foresaid.

(e) The Rights Agent shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake, in fact or law, or for anything which it may do or refrain from doing in connection herewith except arising out of its own gross negligence, bad faith or willful misconduct.

5.2 Merger or Amalgamation or Change of Name of Rights Agent

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or to which all or substantially all of its corporate trust business is sold or otherwise transferred, or any Corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 5.4. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates have been countersigned but not delivered, the Rights Agent may adopt the

countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

5.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the holders of Rights Certificates, by their acceptance thereof, will be bound:

(a) the Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information, instructions or for any other reason whatsoever, the Rights Agent, acting reasonably, determines that such act is conflicting with or contrary to the terms of this Agreement or the law or regulation of any jurisdiction or any order or directive of any court, governmental agency or other regulatory body;

(b) the Rights Agent may retain and consult (at the Corporation's expense) with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (where such approval may reasonably be obtained and such approval not to be unreasonably withheld), retain and consult with such other experts or advisors as the Rights Agent considers necessary or appropriate to properly carry out the duties and obligations imposed under the agreement (at the expense of the Corporation) and the Rights Agent will be entitled to act and rely and shall be protected in so acting and relying in good faith on the advice of any such expert or advisor;

(c) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof is specifically prescribed in this Agreement) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be a director, the Chief Executive Officer or the Chief Financial Officer of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

(d) nothing in this Agreement shall be construed as relieving the Rights Agent from liability for its own gross negligence, bad faith or wilful misconduct;

(e) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;

(f) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 4.1(b)) or any adjustment required under the provisions of Section 3.2 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by section 3.2 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this

Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;

(g) the Corporation will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

(h) the Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any Person designated in writing by the Corporation, and to apply to such Persons for advice or instructions in connection with its duties, and it will not be liable for any action taken, omitted or suffered by it in good faith in accordance with the instructions of any such Persons. It is understood that instructions to the Rights Agent shall, except where circumstances make it impractical or the Rights Agent otherwise agrees, be given in writing (including by e-mail) and, where not in writing, such instructions shall be confirmed in writing (including by e-mail) as soon as is reasonably practicable after the giving of such instructions;

(i) the Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein will preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and

(j) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, omission default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, omission, default, neglect or misconduct, provided reasonable care was exercised in good faith in the selection and continued employment thereof.

5.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days' notice in writing (or such lesser notice as is acceptable to the Corporation) mailed to the Corporation and to each transfer agent of Common Shares by registered or certified mail, and to the holders of Rights in accordance with Section 6.8, all of which will be at the Corporation's expense. The Corporation may remove the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 6.8. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 60 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder, with such notice, must submit such holder's Rights Certificate for inspection by the Corporation), then the outgoing Rights Agent or holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, must be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Corporation to the predecessor Rights Agent of all outstanding fees and expenses owing by the Corporation to the predecessor Rights Agent pursuant to this Agreement, will deliver and transfer to the successor Rights Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and mail or cause to be mailed a notice thereof in writing to the holders of the Rights. Failure to give any notice provided

for in this Section 5.4, however, or any defect therein, will not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

5.5 Compliance with Anti-Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, economic sanctions, regulation or guideline. Further, should the Rights Agent, in its sole judgment, determine at any time that its acting under this Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, economic sanctions, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

5.6 Liability

Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

ARTICLE 6 MISCELLANEOUS

6.1 Redemption and Waiver

(a) Until the occurrence of a Flip-in Event as to which the application of Section 4.1 has not been waived pursuant to this Section 6.1, the Board of Directors may, with the prior consent of the holders of Voting Shares or the holders of Rights given in accordance with Section 6.1(i) or Section 6.1(j), as the case may be, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right, rounded down to the nearest whole cent for each holder of Rights, appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 3.2, if an event of the type analogous to any of the events described in Section 3.2 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").

(b) Until the occurrence of a Flip-in Event as to which the application of Section 4.1 has not been waived pursuant to this Section 6.1, upon written notice to the Rights Agent, the Board of Directors, with the prior consent of the holders of Voting Shares given in accordance with Section 6.1(j), may determine, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular to all holders of Voting Shares and otherwise than in the circumstances set forth in Section 6.1(d), to waive the application of Section 4.1 to such Flip-in Event. If the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than ten Business Days following the meeting of shareholders called to approve such waiver.

(c) Until the occurrence of a Flip-in Event as to which the application of Section 4.1 has not been waived pursuant to this Section 6.1, upon written notice delivered to the Rights Agent, the Board of Directors may determine to waive the application of Section 4.1 to any Flip-in Event provided that the Flip-in Event would occur by reason of a Take-over Bid made by take-over bid circular sent to all holders of Voting Shares and provided further that if the Board of Directors waives the application of Section 4.1 to such Flip-in Event, the Board of Directors shall be deemed to have waived the application of Section 4.1 to any other Flip-in Event occurring by reason of any Take-over Bid made by take-over bid circular to all holders of Voting Shares which is made prior to the expiry of any Take-over Bid (as the same may be

extended from time to time) made by take-over bid circular in respect of which a waiver is, or is deemed to have been, granted under this Section 6.1(c).

(d) The Board of Directors may, following a Stock Acquisition Date and prior to the Separation Time, upon written notice to the Rights Agent, waive the application of Section 4.1 in respect of any Flip-in Event, provided that the Board of Directors has determined that the Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person. Any such waiver pursuant to this Section 6.1(d) must be on the condition that such Person, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "**Disposition Date**"), has reduced its Beneficial Ownership of Voting Securities such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 4.1 shall apply thereto. Subject to the foregoing, in the event of any such waiver, for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred and the Separation Time shall be deemed not to have occurred as a result of such Person having inadvertently become an Acquiring Person.

(e) The Board of Directors shall be deemed to have elected to redeem, without further formality, the Rights at the Redemption Price on the date that a Person that has made a Permitted Bid, a Competing Permitted Bid or Take-over Bid in respect of which the Board of Directors has waived, or is deemed to have waived, pursuant to this Section 6.1, the application of Section 4.1, takes up and pays for Voting Shares pursuant to the terms and conditions of such Permitted Bid, Competing Permitted Bid or Take-over Bid, as the case may be.

(f) Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid expires, is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the then outstanding Rights, without the consent of the holders of Voting Shares or the holders of Rights, as the case may be, at the Redemption Price and reissue Rights under this Agreement to holders of record of Common Shares immediately following the time of such redemption and, thereafter, all of the provisions of this Agreement shall continue in full force and effect and such Rights, without any further formality, shall be attached to the outstanding Voting Shares in the same manner as prior to the occurrence of such Separation Time.

(g) If the Board of Directors elects or is deemed to have elected to redeem the Rights and, in circumstances in which Section 6.1(a) is applicable, such redemption is approved by the holders of Voting Shares or the holders of Rights in accordance with Section 6.1(j) or Section 6.1(k), as the case may be, the right to exercise the Rights will thereupon, without further action and without notice, terminate, and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

(h) Within 10 Business Days after the Board of Directors electing or having been deemed to have elected to redeem the Rights or, if Section 6.1(a) applies, within 10 Business Days after the holders of Voting Shares or the holders of Rights have approved the redemption of Rights in accordance with Section 6.1(i) or Section 6.1(j), as the case may be, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at such holder's last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 6.1, and other than in connection with the purchase of Common Shares prior to the Separation Time.

(i) If a redemption of Rights pursuant to Section 6.1(a) or a waiver of a Flip-in Event pursuant to Section 6.1(b) is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Voting Shares. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent

Shareholders represented in person or by proxy at a meeting of such holders duly held in accordance with applicable laws and the Corporation's articles.

(j) If a redemption of Rights pursuant to Section 6.1(a) is proposed at any time after the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by holders of Rights by a majority of the votes cast by the holders of Rights represented in person or by proxy at and entitled to vote at a meeting of such holders. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in clauses (i) to (v) (inclusive) of the definition of Independent Shareholders or whose Rights have become null and void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's articles and the BCBCA with respect to meetings of shareholders of the Corporation.

(k) The Corporation shall not be obligated to make a payment of the Redemption Price to any holder of Rights unless the holder is entitled to receive at least \$1.00 in respect of all Rights held by such holder.

6.2 Expiration

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 5.1.

6.3 Issuance of New Rights Certificate

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

6.4 Fractional Rights and Fractional Shares

(a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Right would otherwise be issuable, an amount in cash equal to the fraction of the Market Price of a whole Right that the fraction of a Right which would otherwise be issuable is of one whole Right.

(b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of a whole Common Share that the fraction of a Common Share which would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise.

(c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to Section 6.4(a) or Section 6.4(b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be.

6.5 Supplements and Amendments

(a) The Corporation may make amendments to this Agreement to correct any clerical or typographical error or, subject to Section 6.5(e), which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder. The Corporation may, after delivery to the shareholders of the Corporation of the applicable meeting materials and the public filing of a copy of the Agreement and up to five days prior to the date of the applicable shareholders' meeting of the Corporation referred to in Section 6.15, or any adjournment or postponement

thereof, to be held for shareholders of the Corporation to consider and, if deemed advisable, to adopt a resolution approving, ratifying and confirming this Agreement and the Rights issued or issuable or any renewal hereof pursuant hereto, supplement or amend this Agreement without the approval of any holders of Rights or Voting Shares in order to make any changes which the Board of Directors acting in good faith may deem necessary or desirable; provided that the Corporation shall promptly notify the shareholders of any such change by generally disseminating a news release through a widely circulated news or wire service. Notwithstanding anything in this Section 6.5 to the contrary, no such supplement or amendment shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent to such supplement or amendment.

(b) Subject to Section 6.5(a), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time prior to the Separation Time, supplement or amend any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Voting Shares duly called and held in compliance with applicable laws and the articles and by-laws of the Corporation.

(c) Subject to Section 6.5(a), the Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time, supplement or amend any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such supplement or amendment shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent thereto.

(d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in clauses (i) to (v) inclusive of the definition of Independent Shareholders or whose Rights have become null and void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the BCBCA with respect to meetings of shareholders of the Corporation.

(e) Any amendments made by the Corporation to this Agreement pursuant to Section 6.5(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rule or regulation thereunder shall:

- (i) if made before the Separation Time, be submitted to the holders of Voting Shares of the Corporation at the next meeting of shareholders, and the holders of Voting Shares may, by the majority referred to in Section 6.5(b) confirm or reject such amendment; and
- (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Section 6.5(d), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was

not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent amendment to this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights, as the case may be.

(f) The Corporation shall give notice in writing to the Rights Agent of any amendment or supplement to this Agreement pursuant to Section 6.5 within five Business Days of the date of any such amendment or supplement, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such supplement or amendment.

6.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights. Any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against, actual or threatened violations of, the obligations of any Person subject to this Agreement.

6.7 Notice of Proposed Actions

If the Corporation proposes after the Separation Time and prior to the Expiration Time:

(a) to effect or permit (in cases where the Corporation's permission is required) any Flip-in Event; or

(b) to effect the liquidation, dissolution or winding-up of the Corporation or the sale of all or substantially all of the Corporation's assets, then, in each case, the Corporation shall give to each holder of a Right, in accordance with Section 6.8, a notice of such proposed action, which shall specify the date on which such Flip-in Event, liquidation, dissolution or winding-up is to take place, and such notice shall be so given at least 20 Business Days prior to the date of taking such proposed action.

6.8 Notices

(a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation will be sufficiently given or made if delivered or sent by email or by first-class mail, postage prepaid, addressed (until another email address or address is filed in writing with the Rights Agent) as follows::

Sable Resources Ltd.
999 West Hastings Street
Suite 900
Vancouver, BC V6C 2W2

Attention: President and Chief Executive Officer
Email: ruben.padilla@sableresources.com

(b) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent will be sufficiently given or made if delivered or sent by email or by first-class mail, postage prepaid, addressed (until another email address or address is filed in writing with the Corporation) as follows:

TSX Trust Company
100 Adelaide Street West, Suite 301
Toronto, Ontario M5H 4H1

Attention: Vice President, Corporate Trust Service
Email: tmxestaff-corporatetrust@tmx.com

(c) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights will be sufficiently given or made if delivered or sent by email (if such holder has consented to receive notices or demands by email) or first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided will be deemed given, whether or not the holder receives the notice.

(d) Any notice given or made in accordance with this Section 6.8 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of sending by facsimile or other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

(e) If mail service is or is threatened to be interrupted at a time when the Corporation or the Rights Agent wishes to give a notice or demand hereunder to or on the holders of the Rights, the Corporation or the Rights Agent may, notwithstanding the foregoing provisions of this Section 6.8, give such notice by means, of publication once in each of two successive weeks in the business section of the Financial Post and, so long as the Corporation has a transfer agent in the United States, in a daily publication in the United States designated by the Corporation, or in such other publication or publications as may be designated by the Corporation and notice so published shall be deemed to have been given on the date on which the first publication of such notice in any such publication has taken place.

(f) A requirement under this Agreement that a notice, document or other information be given or made in writing may be satisfied by the Corporation or the Rights Agent by providing an electronic notice, document or other information in accordance with the BCBCA, the *Electronic Transactions Act* (British Columbia) and other applicable laws. An electronic document is deemed to have been received when it enters the information system designated by the addressee or, if the notice, document or information is posted on or made available through a generally accessible electronic source, when the addressee receives notice in writing of the availability and location of that electronic notice, document or information or, if such notice is sent electronically, when it enters the information system designated by the addressee. Accidental error or omission in giving notice or accidental failure to mail notice to any holders of the Rights will not invalidate any action or proceeding founded thereon.

6.9 Costs of Enforcement

The Corporation agrees that if it or any other Person the securities of which are purchasable upon exercise of Rights fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation or such Person will reimburse the holder of any Rights for the costs and expenses (including reasonable legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

6.10 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

6.11 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

6.12 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of British Columbia and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

6.13 Counterparts

This Agreement may be executed and delivered, including by electronic means, in any number of counterparts, with the same effect as if all parties had signed and delivered the same document, and all counterparts will be construed together to be an original and will constitute one and the same agreement. Each of the parties hereto shall be entitled to rely on delivery of a facsimile or PDF copy of this Agreement and acceptance by each such party of any such facsimile or PDF copy shall be legally effective to create a valid and binding agreement between the parties hereto in accordance with the terms hereof.

6.14 Severability

If any Section, term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such Section, term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining Sections, terms and provisions hereof or the application of such Section, term or provision to circumstances other than those as to which it is held invalid or unenforceable.

6.15 Effective Date

(a) This Agreement is effective and in full force and effect in accordance with its terms from and after the Effective Date. Notwithstanding the foregoing, if this Agreement is not approved by resolution passed by a majority of the votes cast by shareholders of the Corporation (subject to any additional requirements relating to such vote prescribed by a stock exchange on which the Voting Shares are then listed) who vote in respect of such approval at the 2022 annual meeting of shareholders of the Corporation (and in any case on or before January 18, 2023), then this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect from and after the end of such annual meeting of the shareholders of the Corporation.

(b) This Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders present or represented by proxy at a meeting of shareholders of the Corporation at the third annual meeting following each shareholders' meeting at which this Agreement is either ratified or reconfirmed. If this Agreement is not so reconfirmed or is not presented for reconfirmation at such annual meeting, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of such annual meeting; provided that the termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 6.1(b), Section 6.1(c), or Section 6.1(d)), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 6.15.

6.16 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors in good faith in connection with this Agreement (i) may be relied on by the Rights Agent and (ii) will not subject the Board of Directors or any director of the Corporation to any liability to the holders of the Rights.

6.17 Time of the Essence

Time shall be of the essence in this Agreement.

6.18 Regulatory Approvals

Any obligation of the Corporation or action contemplated by this Agreement, including any amendment hereto, shall be subject to the receipt of any requisite approval or consent from any applicable regulatory authority including, without limiting the generality of the foregoing, any necessary approvals of the TSX Venture Exchange or any other stock exchange.

6.19 Declaration as to Non-Canadian and Non-U.S. Holders

If, in the opinion of the Board of Directors (who may rely upon the advice of counsel), any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada or the United States of America, the Board of Directors acting in good faith shall take such actions as it may deem appropriate to ensure compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

6.20 Fiduciary Duties of the Directors

Nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Voting Shares and/or Convertible Securities reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to shareholders that the directors believe are necessary or appropriate in the exercise of their fiduciary duties.

6.21 Privacy Legislation

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

6.22 Force Majeure

No party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 6.22.

6.23 Language

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

SABLE RESOURCES LTD.

By: (signed) "Ruben Padilla"
Name: Ruben Padilla
Title: President and CEO

By: (signed) "Kelso Cartwright"
Name: Kelso Cartwright
Title: CFO

TSX TRUST COMPANY

By: (signed) "Sumit Khanna"
Name: Sumit Khanna
Title: Corporate Trust Officer

By: (signed) "Donald Crawford"
Name: Donald Crawford
Title: Senior Trust Officer

EXHIBIT A
SABLE RESOURCES LTD.
FORM OF RIGHTS CERTIFICATE

Certificate No. _____

_____ Rights

RIGHTS CERTIFICATE

This certifies that _____ is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement dated as of July 18, 2022, as the same may be amended, restated or supplemented from time to time (the "**Rights Agreement**") between Sable resources Ltd., a corporation existing under the laws of the Province of British Columbia (the "**Corporation**") and TSX Trust Company, a corporation existing under the laws of Canada, as rights agent (the "**Rights Agent**", which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Corporation at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid Common Share of the Corporation (a "**Common Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise and Declaration of Ownership duly executed and submitted to the Rights Agent at its principal office in Toronto, Ontario or any other office of the Rights Agent designated for that purpose for time to time by the Rights Agent. Until adjustment thereof in certain events as provided in the Rights Agreement, the Exercise Price shall be: (a) until the Separation Time, an amount equal to three times the Market Price (as such term is defined in the Rights Agreement), from time to time, per Common Share; and (b) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase more or less than one Common Share, all as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the registered office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate may be, and under certain circumstances are required to be, redeemed by the Corporation at a Redemption Price of \$0.00001 per Right.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders of the Corporation at any meeting

thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders of the Corporation (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been manually countersigned by the Rights Agent.

WITNESS the facsimile or electronic signature of the proper officers of the Corporation and its corporate seal.

Date: _____

SABLE RESOURCES LTD.

By: _____
Authorized Signatory

By: _____
Authorized Signatory

Countersigned:

TSX TRUST COMPANY

By: _____
Authorized Signatory

FORM OF ELECTION TO EXERCISE

TO: SABLE RESOURCES LTD.

AND TO: TSX TRUST COMPANY

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares issuable upon the exercise of such Rights and requests that certificates for such Common Shares be issued to:

Name

Address

City and Province

Social Insurance Number or other taxpayer identification number

Dated: _____

Signature

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by an "Eligible Institution", i.e., a Canadian Schedule I chartered bank or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, including certain trust companies in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in Canada or the United States.

(To be completed if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any other Person acting jointly or in concert with any of the foregoing (as such terms are defined in the Rights Agreement).

Signature

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desired to transfer the Rights Certificate)

FOR VALUE RECEIVED _____

hereby sells, assigns and transfers unto _____

(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ as attorney, to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated: _____

Signature

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by an "Eligible Institution", i.e., a Canadian Schedule I chartered bank or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, including certain trust companies in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in Canada or the United States.

(To be completed if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any other Person acting jointly or in concert with any of the foregoing (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights will be null and void.



SABLE RESOURCES LTD.

**Audited Consolidated Financial Statements
For the years ended December 31, 2021 and 2020**



Tel: (604) 688-5421
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www.bdo.ca

BDO Canada LLP
Unit 1100 - Royal Centre
1055 West Georgia Street
Vancouver, BC
V6C 3P3

Independent Auditor's Report

To the Shareholders of Sable Resources Ltd.

Opinion

We have audited the consolidated financial statements of Sable Resources Ltd. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2021 and December 31, 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jeremy East.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

May 2, 2022

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

	Note	December 31 2021	December 31 2020
Assets			
Current Assets			
Cash and cash equivalents	6	\$ 22,751,313	\$ 17,068,469
Marketable securities	7	1,054,709	3,368,947
Receivables	8,20	30,393	183,444
Prepaid expenses and deposits		76,976	41,083
		23,913,391	20,661,943
Property and equipment	9	387,877	189,800
Mineral property interests	10	4,168,275	3,805,600
		\$ 28,469,543	\$ 24,657,343
Liabilities			
Current Liabilities			
Payables and accruals	11,20	\$ 1,049,954	\$ 632,939
Income tax payable	17	101,891	819,606
Current portion of lease liability	12	29,275	26,968
		1,181,120	1,479,513
Lease liability	12	88,276	117,551
Deferred exploration recovery	26	1,839,655	-
		3,109,051	1,597,064
Shareholders' equity			
Issued capital	14	53,067,068	40,504,571
Accumulated other comprehensive loss		(949,959)	(145,510)
Contributed surplus	14	4,849,305	4,167,555
Deficit		(31,605,922)	(21,466,337)
		25,360,492	23,060,279
		\$ 28,469,543	\$ 24,657,343

Nature of operations (Note 1)

APPROVED ON BEHALF OF THE BOARD:

Signed: "Thomas Obradovich"

Thomas Obradovich
Director

Signed: "Andres Tinajero"

Andres Tinajero
Director

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

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

Year ended December 31,	Note	2021		2020
Property related expenses				
Exploration expenditures	16,20	\$ 10,208,806	\$	3,292,123
General and administrative expenses	16,20	1,799,772		1,289,482
Property investigation and evaluation		-		13,889
Share-based expense	14	493,000		629,900
		12,501,578		5,225,394
Other expenses (income)				
Gain on sale of mineral property interests, net	5	-		(3,654,882)
Gain on sale of royalty	24	-		(5,445,519)
Write-down of mineral property interests	10	-		87,301
Settlement of contingent liability	13	-		(846,566)
Provision (recovery of) for value-added tax receivable	8	1,894,026		(255,328)
Interest income		(49,880)		(36,098)
Foreign exchange		(214,971)		(360,867)
Gain on use of marketable securities	21	(4,100,044)		-
Net (loss) income from continuing operations before income taxes		(10,030,709)		5,286,565
Income tax expense	17	108,876		863,574
Net (loss) income from continuing operations		(10,139,585)		4,422,991
Net loss from discontinued operations		-		14,577
Net (loss) income		\$ (10,139,585)	\$	4,408,414
Items that may be reclassified subsequently to profit and loss:				
Change in fair value of marketable securities	7	786,271		151,639
Foreign currency translation adjustment		18,178		(212,263)
Other comprehensive loss (income)		804,449		(60,624)
Net comprehensive (loss) income		\$ (10,944,034)	\$	4,469,038
(Loss) income per share				
Basic and diluted	15	\$ (0.04)	\$	0.02
Weighted average number of common shares outstanding - Basic				
		256,067,830		182,459,013
Weighted average number of common shares outstanding - Diluted				
		256,067,830		244,520,474

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

SABLE RESOURCES LTD.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Note	Number of shares	Share Capital	Accumulated Other Comprehensive Loss	Contributed Surplus	Accumulated Deficit	Total
Balance, December 31, 2019		162,141,897	\$ 31,313,479	\$ (206,134)	\$ 3,391,324	\$ (25,874,751)	\$ 8,623,918
Net Income		-	-	-	-	4,408,414	4,408,414
Other comprehensive income		-	-	60,624	-	-	60,624
Shares issued from private placements	14	65,914,707	9,887,206	-	-	-	9,887,206
Shares issued in acquisition of claims	10, 14	100,000	9,000	-	-	-	9,000
Exercise of options	14	1,600,000	230,000	-	-	-	230,000
Share issue costs	14	-	(935,114)	-	146,331	-	(788,783)
Share-based expense	14, 20	-	-	-	629,900	-	629,900
Balance, December 31, 2020		229,756,604	\$ 40,504,571	\$ (145,510)	\$ 4,167,555	\$ (21,466,337)	\$ 23,060,279
Net Loss		-	-	-	-	(10,139,585)	(10,139,585)
Other comprehensive loss		-	-	(804,449)	-	-	(804,449)
Shares issued from private placements	14	41,666,600	12,499,980	-	-	-	12,499,980
Shares issued in acquisition of claims	10, 14	200,000	44,000	-	-	-	44,000
Exercise of options	14	725,000	88,750	-	-	-	88,750
Exercise of warrants	14	4,750,028	1,071,100	-	-	-	1,071,100
Share issue costs	14	-	(1,141,333)	-	188,750	-	(952,583)
Share-based expense	14, 20	-	-	-	493,000	-	493,000
Balance, December 31, 2021		277,098,232	\$ 53,067,068	\$ (949,959)	\$ 4,849,305	\$ (31,605,922)	\$ 25,360,492

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

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

Year ended December 31,	Note	2021	2020
Operating Activities			
Net (loss) income		\$ (10,139,585)	\$ 4,408,414
Items not involving cash:			
Amortization	9	46,597	28,861
Gain on sale of mineral property interests, net	5	-	(3,654,882)
Gain on sale of royalty	24	-	(5,445,519)
Write-down of mineral property interests	10	-	87,301
Settlement of contingent liability	13	-	(846,566)
Share-based expense	14,20	493,000	629,900
Provision for value-added tax receivable	8	1,894,026	-
Interest income		(49,880)	(36,098)
		(7,755,842)	(4,828,589)
Changes in non-cash working capital	25	(2,077,568)	1,000,021
Total cash flows used in operating activities		(9,833,410)	(3,828,568)
Financing Activities			
Principle payments on lease liability	12	(26,968)	(25,826)
Proceeds from issuance of shares pursuant to private placement	14	12,499,980	9,887,206
Share issuance costs	14	(952,583)	(788,783)
Proceeds on sale of royalty on exploration and evaluation assets	24	-	5,500,000
Proceeds from option exercise	14	88,750	230,000
Proceeds from warrant exercise	14	1,071,100	-
Total cash flows from financing activities		12,680,279	14,802,597
Investing Activities			
Purchase of equipment		(234,409)	(50,304)
Acquisition of mineral claims	10	(333,248)	(159,949)
Proceeds from deferred exploration recovery	26	1,839,655	-
Proceeds from sale of exploration and evaluation assets	5	-	1,500,000
Proceeds from sale of marketable securities	7	1,527,968	-
Interest income		49,880	36,098
Total cash flows from investing activities		2,849,846	1,325,845
Effect of foreign exchange on cash		(13,871)	(11,581)
Increase in cash and cash equivalents		5,682,844	12,288,293
Cash and cash equivalents, beginning of period		17,068,469	4,780,176
Cash and cash equivalents, end of period		\$ 22,751,313	\$ 17,068,469
Supplemental cash flow information:			
Broker warrants issued as share issuance costs	14	\$ 188,750	\$ 146,331
Shares issued in acquisition of mineral claims	10,14	\$ 44,000	\$ 9,000
Shares received in disposal of mineral property interests		\$ -	\$ 3,500,000

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

1. NATURE OF OPERATIONS

Sable Resources Ltd. (the "Company") is incorporated under the Business Corporation Act (British Columbia). The Company is engaged in the acquisition, exploration and development of mineral resource properties in Argentina and Mexico. The address of the Company's corporate office and principal place of business is Suite 900, 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2. The Company's shares are listed on the TSX Venture Exchange ("TSXV") and on the OTC Venture Market ("OTCQB") under the symbols SAE and SBLRF, respectively.

The Company has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as mineral property interests is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and future profitable production or proceeds from the disposition of its properties. There is no assurance that The Company's funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of mineral properties and deferred exploration.

These consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on April 28, 2022.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements represent the Company's presentation of its results and financial position under IFRS. These accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be applicable at that time. The policies set out below were consistently applied to all presented unless otherwise noted.

b) Basis of Measurement

These consolidated financial statements were prepared on an accrual basis, are based on historical costs except for financial instruments measured at fair value and are presented in Canadian dollars, which is the functional currency of the Company's Canadian entity. The functional currency of the Company's foreign subsidiaries is US dollars.

c) Subsidiaries

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

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

These consolidated financial statements for the years ended December 31, 2021 and 2020 include the financial position, financial performance and cash flows of the Company and its subsidiaries detailed below:

Name	Location	Ownership	Status	Functional Currency
Sable Resources Ltd.	Canada	Parent	Consolidated	CAD
Exploraciones Sable, S.de R.L. de C.V.	Mexico	100%	Consolidated	USD
Exploraciones Tres Cordilleras, S.A. de C.V.	Mexico	100%	Consolidated	USD
Exploraciones Catalinas, S.A. de C.V.	Mexico	100%	Consolidated	USD
Exploraciones Vientos de Sur, S.A. de C.V.	Mexico	100%	Consolidated	USD
Sable Argentina S.A.	Argentina	100%	Consolidated	USD
Olivares S.A.	Argentina	100%	Consolidated	USD

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at acquisition, that are readily convertible to specified amounts of cash.

b) Mineral Property Interests

Direct costs related to the acquisition of mineral properties are capitalized until the commercial viability of the asset is established. All direct costs including option payments related to the acquisition of mineral property interests are capitalized into mineral property interests on a property by property basis. Exploration and evaluation expenditures are expensed in the period incurred until such time as it has been determined that a property has economically recoverable reserves. In which case, subsequent exploration costs and the costs incurred to develop a property are capitalized into "mineral properties". Mineral property interests are recorded at cost less accumulated impairment losses. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company expenses those costs as property-related expenses.

Management reviews the facts and circumstances suggesting if the carrying amount of the mineral property interests capitalized exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on each property in accordance with the provisions of IAS 36. Exploration stage assets and development stage assets are considered separate cash-generating units ("CGU") for impairment testing purposes.

The Company does not recognize any gain or loss on its exploration and evaluation royalty transactions until the consideration received is in excess of the carrying amount of the associated asset on which the royalty is to be earned.

c) Property and Equipment

Equipment is recorded at cost less accumulated amortization and any impairment losses. Equipment includes in its purchase price, any costs directly attributable to bringing equipment to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset. Upon sale or abandonment of any equipment, the cost and related accumulated amortization and impairment losses, are written off and any gains or losses thereon are included in the consolidated statement of net income and comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amounts of equipment are amortized on a straight-line basis over its estimated useful life. When parts of an item of equipment have different useful lives, they are accounted for as separate items (or components).

- Equipment: 5-year basis
- Right of use assets: 6-year basis (determined by lease term)

Amortization methods and useful lives are reviewed at each annual reporting date and adjusted as appropriate. Amortization is expensed through the consolidated statement of net (loss) income and comprehensive (loss) income.

d) Impairment of Non-Financial Assets

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell. 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 the statement of net loss and comprehensive loss. 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.

e) Taxes

Income Taxes

Income taxes comprises both current and deferred tax. Income tax is recognized in the statement of net income and comprehensive income except to the extent that it relates to items recognized in other comprehensive loss (income) or directly in equity, in which case the income tax is also recognized in other comprehensive loss (income) or directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Income Taxes

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is the case when they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for items comprising temporary differences.

Sale of Royalty Interest

The Company records the proceeds from the sale of a royalty interest on a property against the value of the mineral property interests in the statement of financial position and does not recognize any gain or loss on its exploration and evaluation royalty transactions until the consideration received is in excess of the carrying amount of the associated asset on which the royalty is to be earned.

f) Financial Instruments

Financial instruments are recognized on the consolidated statements of financial position on the date on which the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the categories below.

Financial Assets

Financial Assets at Amortized Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company's reclamation deposit and trade receivables consists of fixed or determined cash flows related solely to principal and interest amounts. The Company's intent is to hold this financial asset until the related cash flows are collected. Trade receivables are recognized initially at fair value, net of any transaction costs incurred, and subsequently measured at amortized cost, using the effective interest method.

The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial Assets at Fair Value through Other Comprehensive Income (loss) ("FVTOCI")

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss (income).

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or at fair value through other comprehensive income. At initial recognition, the financial assets, which are subsequently measured as FVTPL are measured at fair value with associated transaction costs and unrealized gains and losses arising from changes into fair values recognized in the statement of net (loss) income and comprehensive (loss) income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the consolidated statements of net loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

IFRS 9 established a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized (as well as the amount of interest revenue).

Upon initial recognition of a financial asset, the Company recognizes a loss allowance equal to the 12-month expected credit losses. These are the credit losses that are expected to result from default events that are possible within 12-months from the Company's reporting date. This means that the actual loss does not need to take place within the 12-month period; it is the occurrence of the default event that ultimately results in that loss.

After initial recognition, the three stages are applied as follows:

- Stage 1: Credit risk has not increased significantly since initial recognition - recognize 12-month expected credit losses.
- Stage 2: Credit risk has increased significantly since initial recognition - recognize lifetime expected losses with interest revenue being calculated based on the gross amount of the asset.
- Stage 3: There is objective evidence of impairment as at the reporting date - recognize lifetime expected losses, with interest revenue being based on the net amount of the asset (that is, based on the impaired amount of the asset).

The Company has had no impairment loss from financial assets at initial recognition and as at December 31, 2021.

Financial Liabilities

Financial Liabilities at Amortized Cost

Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Company has opted to measure them at FVTPL. Payables and accruals are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest method.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

g) Financial Liabilities and Equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Earnings Per Share

For both continuing and discontinued operations, the Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing the results of operations attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the results of operations attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options and warrants.

i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

j) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects. The proceeds from the issuance of units are allocated to common shares based on the fair value. The market price on the date of the issuance of the shares are used to determine the relative fair value.

k) Share-based Payments

The Company issues equity instruments such as common shares, share options and warrants, for services rendered by employees and non-employees.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of comprehensive loss over the vesting period, described at the period during which all the vesting conditions are satisfied.

Where equity settled share options are awarded to employees, the fair value of the options at the date of the grant is charged to the statement of the comprehensive loss over the vesting period. Performance vesting conditions are considered by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the good or services received in the statement of comprehensive (loss) income unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All exercisable equity settled share-based payments are reflected in contributed surplus until exercised, the amount reflected in contributed surplus is credited to share capital along with the consideration paid for those shares. Where the terms and conditions of equity settled share-based payments are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is charged to the statement of comprehensive loss over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

Where equity instruments are granted in connection with the acquisition of mineral property interests, they are recorded at the fair value of the property received. Where the fair value of the mineral property interest is not reliably determinable, the fair value of the equity instrument granted is applied instead.

l) Leases

All leases are accounted for by the Company by recognizing a right-of-use asset and lease liability in the consolidated statement of financial position except for leases of low-value assets and short-term leases. Lease liabilities are initially measured as the present value of contractual future lease payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and any initial direct costs incurred.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining useful economic life of the asset if this is shorter than the lease term.

For short-term leases (lease terms of 12 months or less) and leases of low-value or immaterial assets, the Company has opted to recognize these lease payments as expenses on the consolidated statement of net (loss) income as permitted by IFRS 16. This expense is presented within property related expenses.

m) New Accounting Standards Issued and Effective

IAS 16 – Property, Plant and Equipment

Amendments to IAS 16, Property, Plant and Equipment—Proceeds before Intended Use. Effective on January 1, 2022, the amendments to IAS 16 require that entities are no longer able to deduct the net proceeds from selling any items from an asset's carrying amount before it is capable of operating in the manner intended by management. Instead, the proceeds should be recognised in accordance with applicable standards and applying the measurement requirements of IAS 2 for the cost of those items. The Amendments to IAS 16 may impact the Company's development projects. The Company early adopted the amendment in January 2021. There was no impact to the current period or comparative periods presented as a result of the amendment.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND UNCERTAINTIES

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

a) Critical Accounting Estimates and Assumptions

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

Share-Based payments

The Company applies the Black-Scholes pricing model to estimate the fair value of stock options granted and warrants issued, which is expensed to the statement of net (loss) income and comprehensive (loss) income 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.

b) Critical Accounting Judgments

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

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.

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.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND UNCERTAINTIES (continued)

Recoverability of value-added tax receivables

The Company reviews and evaluates assumptions regarding the recoverability of value-added tax ("VAT") receivables in Mexico and Argentina 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 government in Mexico and Argentina, including receiving approval from Argentina government authorities to apply for VAT, and on the Mexican properties moving into commercial production, 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 (Note 26) 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 Limited's ("South32") investment in Olivares S.A. ("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. The deferred exploration recovery liability has been initially recorded and measured at fair value, this being determined to be based on the cash contributions received by South32 at the year end. Subsequent to initial measurement, the liability is measured at fair with any changes recognised in value through statement of net (loss) income and comprehensive (loss) income. The fair value of the liability has been assessed as of December 31, 2021 and management has determined that the fair value has not changed since inception.

COVID-19

The outbreak of the novel coronavirus ("COVID-19"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. It is management's assumption that the Company will continue to operate as a going concern.

5. SALE OF MINERAL PROPERTY INTERESTS

On November 18, 2020, the Company announced that it had completed the sale of its option to acquire the Margarita Silver Project, located in Chihuahua State, Mexico, to Molimentales del Noroeste, S.A. de C.V., a subsidiary of Magna.

The Company received total compensation of \$1,500,000 in cash and 3,219,278 Magna common shares at a deemed price of \$1.0872 per Magna share equal in value to \$3,500,000, calculated based on the volume weighted average price of Magna shares on the TSXV for the 15 trading days prior to the date of the option acquisition agreement.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

5. SALE OF MINERAL PROPERTY INTERESTS (continued)

The gain on the sale of the option to acquire the Margarita Silver Project was calculated as follows:

Consideration received:		
Fair value of common shares	\$	3,500,000
Cash consideration		1,500,000
Total consideration received	\$	5,000,000
Mineral property interests		1,345,118
Net assets sold		1,345,118
Gain on sale of mineral properties, net	\$	3,654,882

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit with major Canadian, Argentinian and Mexican banks in general interest-bearing accounts totaling \$22,751,313 (December 31, 2020 - \$17,068,469).

Cash and cash equivalents include:

- \$40,000 (December 31, 2020 - \$40,000) one-year cashable guaranteed investment certificate (GIC) held with the Royal Bank of Canada with an interest rate of 0.5% and maturing on July 1, 2022.
- \$5,000,000 one year cashable GIC held with the Royal Bank of Canada with an interest rate of 0.85% and maturing on December 8, 2022.

7. MARKETABLE SECURITIES

The Company's marketable securities are as follows:

	December 31, 2021	December 31, 2020
<u>Talisker Resources Ltd.</u>		
Nil shares (December 31, 2020 - 62,382 shares)	\$ -	\$ 20,898
<u>Magna Gold Corp.</u>		
1,406,278 shares (December 31, 2020 - 3,219,278 shares)	1,054,709	3,348,049
	\$ 1,054,709	\$ 3,368,947

The Company's marketable securities consist of common shares held in Canadian publicly traded companies. Fair value of shares was determined at the closing price on December 31, 2021. The Company recorded an unrealized loss of \$407,821 (December 31, 2020 - \$151,639).

During the year ended December 31, 2021, the Company:

- Sold a total of 62,382 common shares of Talisker Resources Ltd. ("Talisker") for net proceeds of \$19,762 which resulted in a net loss on the sale of \$1,136.
- Sold a total of 1,813,000 common shares of Magna Gold Corp. ("Magna") for net proceeds of \$1,508,206 which resulted in a net loss on the sale of \$377,314.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

8. RECEIVABLES

	December 31, 2021	December 31, 2020
Receivables	\$ -	\$ 1,690
Goods and services tax	30,393	36,324
Value added tax	1,932,735	184,303
Less: Provision for value added tax	(1,932,735)	(38,873)
	\$ 30,393	\$ 183,444

The value added tax receivables (“VAT”) includes \$1,842,479 (December 31, 2020 - \$145,430) due from the Argentinian tax authorities, and \$90,256 (December 31, 2020 - \$38,873) due from the Mexican tax authorities. The Company assesses the recoverability of the amount’s receivable at each reporting date.

As at December 31, 2021, the Company has recorded a provision for the entire value added tax receivable upon consideration of the Company’s history of collection in Mexico and Argentina, and the uncertainty that the properties in Mexico will enter into production in the future. The provision for value-added tax of \$1,894,026 (December 31, 2020 – recovery of \$255,328) has been recognized in the consolidated statement of net (loss) income and comprehensive (loss) income.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

<u>Cost</u>	<u>Machinery & equipment</u>	<u>Right-of-Use Asset</u>	<u>Total</u>
Balance at December 31, 2019	\$ -	\$ 187,599	\$ 187,599
Additions	50,304	-	50,304
Balance at December 31, 2020	50,304	187,599	237,903
Additions	234,409	-	234,409
Currency translation adjustment	9,668	-	9,668
Balance at December 31, 2021	\$ 294,381	\$ 187,599	\$ 481,980
<u>Accumulated amortization</u>			
Balance at December 31, 2019	\$ -	\$ 40,888	\$ 40,888
Amortization	-	7,215	7,215
Balance at December 31, 2020	-	48,103	48,103
Amortization	17,736	28,861	46,597
Currency translation adjustment	(597)	-	(597)
Balance at December 31, 2021	\$ 17,139	\$ 76,964	\$ 94,103
Net book value at:			
December 31, 2020		\$	\$ 189,800
December 31, 2021		\$	\$ 387,877

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

10. MINERAL PROPERTY INTERESTS

	<u>Mexico</u>	<u>Argentina</u>	<u>Peru</u>	<u>Total</u>
Balance at December 31, 2019	\$ 4,863,928	\$ 203,806	\$ 87,301	\$ 5,155,035
Cost of Acquisition	-	168,949	-	168,949
Write-down of assets	-	-	(87,301)	(87,301)
Sale of Royalty (note 24)	(51,124)	(3,357)	-	(54,481)
Disposal of Asset (note 5)	(1,345,118)	-	-	(1,345,118)
Currency Translation Adjustment	(31,484)	-	-	(31,484)
Balance at December 31, 2020	3,436,202	369,398	-	3,805,600
Cost of Acquisition	-	377,248	-	377,247
Currency Translation Adjustment	(14,573)	-	-	(14,573)
Balance at December 31, 2021	\$ 3,421,629	\$ 746,646	\$ -	\$ 4,168,275

Argentina

a) Don Julio and Don Julio Regional Project

On December 6, 2017, the Company entered into an agreement to acquire up to a 100% interest in the Don Julio and Don Julio Regional Project (collectively, "Don Julio") located in San Juan Province, Argentina, subject to a 2% net smelter royalty, of which one half may be purchased by the Company for US\$2,500,000 anytime after 12 months from which commercial production has been declared for any part of Don Julio. This was subsequently amended on June 1, 2020, whereby the remaining 1% net smelter royalty can be purchased by the Company for US\$5,000,000.

On May 31, 2018, the Company received the environmental impact assessment permit for Don Julio.

To earn the initial 50% interest of Don Julio the Company must:

- Make payment of US\$25,000 upon signing of the letter of intent (\$31,988 or US\$25,000 equivalent paid during the year ended December 31, 2017);
- Issue 200,000 common shares (issued) and make payment of US\$25,000 (\$32,640 or US\$25,000 equivalent was paid during the year ended December 31, 2018);
- Issue 100,000 common shares and make payment of US\$50,000 prior to the one-year anniversary of the receipt of an environmental impact assessment permit (\$67,191 or US\$50,000 equivalent was paid, and 100,000 common shares valued at \$10,000 were issued during year ended December 31, 2019);
- Issue 100,000 common shares and make payment of US\$60,000 prior to the second anniversary of the permit date (\$82,500 or US\$60,000 equivalent was paid, and 100,000 common shares valued at \$9,000 were issued during the year ended December 31, 2020);
- Issue 200,000 common shares and make payment of US\$120,000 prior to the third anniversary of the permit date (\$152,136 or US\$120,000 equivalent was paid, and 200,000 common shares valued at \$44,000 were issued during the year ended December 31, 2021);
- Issue 400,000 common shares and make payment of US\$120,000 prior to the fourth anniversary of the permit date (paid subsequent to December 31, 2021); and
- Issue 200,000 common shares and make payment of US\$200,000 prior to the fifth anniversary of the permit date.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

10. MINERAL PROPERTY INTERESTS (continued)

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

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

See Note 26.

b) El Fierro Project

On February 25, 2020, the Company entered into option agreements to acquire 100% interest in the El Fierro Project (“El Fierro”) located in San Juan Province, Argentina. To earn 100% interest in El Fierro, the Company must:

- Make payment of US\$30,000 on the signing of the agreement (\$40,365 or US\$30,000 equivalent paid during the year ended December 31, 2020);
- Make payment of US\$70,000 prior to March 1, 2021 (\$88,291 or US\$70,000 equivalent paid during the year ended December 31, 2021);
- Make payment of US\$150,000 prior to March 1, 2022 (paid subsequent to December 31, 2021);
- Make payment of US\$200,000 prior to March 1, 2023; and
- Make payment of US\$1,660,000 prior to March 1, 2024.

There is a 1.5% net smelter royalty on a portion of El Fierro, which can be purchased by the Company for US\$1,000,000.

a) Laspina Project

On September 17, 2020, the Company entered into option agreements to acquire 100% interest in the Laspina Project (“Laspina”) located next to El Fierro in San Juan Province, Argentina. To earn 100% interest in Laspina, the Company must:

- Make payment of US\$8,000 on the signing of the agreement (\$10,818 or US\$8,000 equivalent paid during year ended December 31, 2020);
- Make payment of US\$13,000 prior to September 17, 2021 (\$15,189 or US\$13,000 equivalent paid during the year ended December 31, 2021);
- Make payment of US\$25,000 prior to September 17, 2022; and
- Make payment of US\$35,000 prior to September 17, 2023.

b) El Fierrazo Project

On October 1, 2020, the Company entered into option agreements to acquire 100% interest in the El Fierrazo project (“El Fierrazo”) located next to El Fierro in San Juan Province, Argentina. To earn 51% interest in El Fierrazo, the Company must:

- Make payment of US\$20,000 on the signing of the agreement (\$26,266 or US\$20,000 equivalent paid during year ended December 31, 2020);

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

10. MINERAL PROPERTY INTERESTS (continued)

- Make payment of US\$40,000 prior to October 1, 2021 (\$51,025 or US\$40,000 equivalent paid during the year ended December 31, 2021);
- Make payment of US\$80,000 prior to October 1, 2022;
- Make payment of US\$100,000 prior to October 1, 2023; and
- Make payment of US\$400,000 prior to October 1, 2024.

To earn additional interest in El Fierrazo up to 100%, the Company must make payment of US\$900,000 before October 1, 2025. There is a 1.5% net smelter royalty on El Fierrazo, which may be purchased by the Company for US\$1,500,000.

c) La Poncha Project

On July 17, 2020, the Company entered into a Letter of Intent ("LOI") to acquire a 100% interest in the La Poncha project ("La Poncha") located in San Juan Province, Argentina. On March 15, 2021, the Company exercised its right under the letter of intent to enter into an option agreement for La Poncha. To earn 100% interest in La Poncha, the Company must:

- Make payment of US\$20,000 on the signing of the option agreement (\$26,608 or US\$20,000 equivalent paid during the year ended December 31, 2021);
- Make payment of US\$40,000 and complete US\$100,000 in exploration work prior to March 15, 2022 (paid subsequent to December 31, 2021);
- Make payment of US\$80,000 and complete an additional US\$200,000 in exploration work prior to March 15, 2023;
- Make payment of US\$150,000 and complete an additional US\$500,000 in exploration work prior to March 15, 2024; and
- Make payment of US\$1,210,000 and complete an additional US\$800,000 in exploration work prior to March 15, 2025.

There is a 1% net smelter royalty on La Poncha, which may be purchased by the Company for US\$1,000,000.

Mexico

a) Margarita Silver Project

The Company had the option to acquire 100% of the Margarita Silver project located in Chihuahua State, Mexico. During the year ended December 31, 2020, the option agreement was disposed. See Note 5.

b) BlueJoint Mineral Applications

On January 29, 2018, the Company acquired five mineral applications in Mexico in connection with the acquisition of BlueJoint. Each mineral application contains exploration targets consistent to the Company's exploration methodology. The mineral applications are subject to a 1% net smelter royalty, which may be purchased by the Company for US\$3,000,000.

The Company has identified two projects within this land package: Vinata and El Escarpe.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

10. MINERAL PROPERTY INTERESTS (continued)

Peru

a) Scorpius Project

On September 15, 2018, the Company entered into an agreement to acquire up to a 100% interest in the Scorpius Project located in central Peru, which agreement was subject to a 1% net smelter royalty purchasable by the Company for US\$1,500,000 any time after 12 months from which commercial production had been declared on any portion of the project. During the year ended December 31, 2020, the Company terminated the agreement.

b) Kirio Project

On July 24, 2019, the Company entered into an agreement to acquire 100% interest in the Kirio Project, located in the Miocene Gold Belt, Central Peru, from Teck Peru S.A. ("Teck") which agreement was subject to the Company expending a minimum of US\$150,000 in exploration work prior to October 22, 2020, or paying Teck in cash the difference between the US\$150,000 and the actual amount of exploration expenditures incurred. During the year ended December 31, 2020, the Company terminated the agreement, with Teck agreeing to waive the owed difference between the actual amount of exploration expenditures incurred and US\$150,000.

11. PAYABLES AND ACCRUALS

	December 31, 2021	December 31, 2020
Trade payables	\$ 553,477	\$ 269,248
Accruals and other	496,477	363,691
	\$ 1,049,954	\$ 632,939

12. LEASE LIABILITY

The Company's lease liability relates to its lease for the office premises. The lease comprises only fixed payments over the lease term.

	December 31, 2021	December 31, 2020
Opening balance	\$ 144,519	\$ 170,345
New obligation under finance lease	-	-
Repayments	(26,968)	(25,826)
Ending balance	117,551	144,519
Less current portion	(29,275)	(26,968)
Non-current obligation	\$ 88,276	\$ 117,551
1 year	\$ 32,651	\$ 31,255
2-3 years	65,303	65,302
4-5 years	27,209	59,860
6+ years	-	-
Future interest expense on lease obligations	(7,612)	(11,898)
	\$ 117,551	\$ 144,519

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

12. LEASE LIABILITY (continued)

During the year ended December 31, 2021, the Company recognized \$4,287 (December 31, 2020 - \$5,152) in interest expense on its lease liability. During the year ended December 31, 2021, the Company expensed \$2,282,938 (December 31, 2020 - \$295,569) related to leases that did not meet the definition of a contractual lease and \$7,706 (December 31, 2020 - \$5,856) for leases of low-value assets. The incremental borrowing rate applied to the lease liabilities was 3.24%.

13. DUE TO RELATED PARTY

For the year ended December 31, 2019, the asset retirement obligation of \$316,266 was assumed by Talisker in connection with the sale of the Company's former mineral properties located in the Province of British Columbia that closed in April 2019. In connection with the sale of these mineral properties, the Company agreed to indemnify Talisker for any future reclamation costs incurred on the Baker Shasta property greater than the associated asset retirement obligation of \$311,266. As at December 31, 2019, the estimated reclamation obligation of the Baker Shasta property was \$1,157,832.

On July 8, 2020, Talisker entered into an agreement with TDG Gold Corp. ("TDG Gold") for TDG Gold to acquire several of Talisker's mineral resource properties, including the Baker Shasta property. As part of the agreement, TDG Gold assumed all liabilities related to the Baker Shasta property, including the reclamation obligation. The transaction was completed on December 14, 2020, releasing the Company from its indemnification liability with Talisker relating to the Baker Shasta property reclamation obligation. (See Note 20)

14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS

a) Issued Capital

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

During the year ended December 31, 2021:

- On April 1, 2021, the Company issued 200,000 common shares at a price of \$0.22 per common share, the fair value of the common shares on grant date, for a gross value of \$44,000 in connection with the Don Julio Project (Note 10).
- On June 15, 2021, the Company completed a private placement of 41,666,600 common shares at a price of \$0.30 per unit for gross proceeds of \$12,499,980.

The Company incurred \$1,141,333 in issue costs, including an agent cash commission of \$749,999, representing 6% of the gross proceeds of the offering and issued 1,249,998 broker warrants with each broker warrant entitling the agent to purchase one common share at a price of \$0.30 until June 15, 2023.

The fair value of the 1,249,998 broker warrants was estimated at \$188,750 using the Black Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest rate 0.20%; volatility 77% and an expected life of two years.

During the year ended December 31, 2020:

- On May 31, 2020, the Company issued 100,000 common shares at a price of \$0.09 per common share, the fair value of the common shares on grant date, for a gross value of \$9,000 in connection with the Don Julio Project (Note 10).

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS (continued)

a) Issued Capital (continued)

During the year ended December 31, 2020:

- On May 31, 2020, the Company issued 100,000 common shares at a price of \$0.09 per common share, the fair value of the common shares on grant date, for a gross value of \$9,000 in connection with the Don Julio Project (Note 10).
- On September 10, 2020, the Company completed a private placement of 65,914,707 units at a price of \$0.15 per unit for gross proceeds of \$9,887,206. Each unit was comprised of one common share and one half of one common share purchase warrant entitling the holder thereof to purchase a common share at a price of \$0.20 until September 10, 2023.

The Company incurred \$935,114 in issue costs, including an agent cash commission of \$593,232, representing 6% of the gross proceeds of the offering and issued 1,977,441 broker warrants with each broker warrant entitling the agent to purchase one unit at a price of \$0.15 until September 10, 2022.

The fair value of the 1,977,441 broker warrants was estimated at \$146,331 using the Black Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest rate 0.21%; volatility 83% and an expected life of two years.

b) Stock options

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with regulatory policies. The option exercise price is decided by the Board of Directors but may not be less than the discounted market price of the Company's shares in accordance with regulatory requirements.

	<u>Number of stock options</u>	<u>Weighted average exercise price</u>
Balance at December 31, 2019	12,500,000	\$ 0.19
Options issued during the year	7,100,000	0.18
Options exercised during the year	(1,600,000)	(0.14)
Options cancelled during the year	(1,750,000)	(0.22)
Balance at December 31, 2020	16,250,000	\$ 0.18
Options issued during the year	4,250,000	0.25
Options exercised during the year	(725,000)	(0.12)
Options cancelled during the year	(525,000)	(0.21)
Balance at December 31, 2021	19,250,000	\$ 0.20

14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS (continued)

b) Stock options (continued)

During the year ended December 31, 2021:

- On October 7, 2021, the Company granted an aggregate of 4,250,000 options to purchase common shares of the Company exercisable at a price of \$0.25 per common share for a period of five years to certain directors, officers, and consultants.

The fair value of the 4,250,000 options was estimated at \$493,000 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 0.28%; volatility 65% and an expected life of five years.

During the year ended December 31, 2020:

- On March 11, 2020, the Company granted an aggregate of 1,700,000 options to purchase common shares of the Company exercisable at a price of \$0.10 per common share for a period of five years to certain directors, officers, and consultants.

The fair value of the 1,700,000 options was estimated at \$69,700 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 0.44%; volatility 84% and an expected life of five years.

- On May 13, 2020, the Company granted an aggregate of 1,350,000 options to purchase common shares of the Company exercisable at a price of \$0.10 per common share for a period of five years to certain directors and officers.

The fair value of the 1,350,000 options was estimated at \$60,750 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 0.29%; volatility 86% and an expected life of five years.

- On October 1, 2020, the Company granted an aggregate of 4,050,000 options to purchase common shares of the Company exercisable at a price of \$0.20 per common share for a period of five years to certain directors, officers, and consultants.

The fair value of the 4,050,000 options was estimated at \$510,300 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 0.17%; volatility 91% and an expected life of five years.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS (continued)

b) Stock options (continued)

As at December 31, 2021, the following stock options were outstanding and exercisable:

<u>Expiry date</u>	<u>Number of options outstanding</u>	<u>Number of stock options vested</u>	<u>Weighted average Exercise Price</u>	<u>Weighted average number of years to expiry</u>
May 3, 2022	1,900,000	1,900,000	\$ 0.15	0.34
November 9, 2022	700,000	700,000	0.17	0.86
March 26, 2023	2,300,000	2,300,000	0.25	1.23
October 26, 2023	800,000	800,000	0.30	1.82
February 26, 2024	450,000	450,000	0.25	2.16
June 26, 2024	2,150,000	2,150,000	0.15	2.49
March 11, 2025	1,300,000	1,300,000	0.10	3.19
May 13, 2025	1,350,000	1,350,000	0.10	3.37
October 1, 2025	4,050,000	4,050,000	0.20	3.75
October 7, 2026	4,250,000	4,250,000	0.25	4.77
Balance at December 31, 2021	19,250,000	19,250,000	\$ 0.20	2.91

As at December 31, 2021, there were no RSUs issued or outstanding.

c) Share Purchase Warrants

Share purchase warrants enable the holders to acquire common shares of the Company upon exercise. Continuity of share purchase warrants issued and outstanding:

	<u># of warrants</u>	<u>Weighted average exercise price</u>
Balance at December 31, 2019	20,618,617	\$ 0.28
Share warrants issued	32,957,353	0.20
Broker warrants issued	1,977,441	0.15
Share warrants expired	(5,600,000)	(0.34)
Balance at December 31, 2020	49,953,411	\$ 0.21
Broker warrants issued	1,249,998	\$ 0.30
Share warrants issued	142,389	0.20
Broker warrants exercised	(284,779)	(0.15)
Share warrants exercised	(4,465,249)	(0.23)
Share warrants expired	(4,311,950)	(0.35)
Balance at December 31, 2021	42,283,820	\$ 0.20

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS (continued)

c) Share Purchase Warrants

During the year ended December 30, 2021:

- On January 18, 2021, in connection with the exercise of 284,779 broker warrants, the Company granted 142,389 warrants to purchase common shares of the Company exercisable at a price of \$0.20 per common share for period up to September 10, 2023.
- On June 15, 2021, the Company granted 1,249,998 warrants to purchase common shares of the Company exercisable at a price of \$0.30 per common share for a period of two years.

During the year ended December 31, 2020:

- On September 10, 2020, the Company granted 32,957,354 warrants to purchase common shares of the Company exercisable at a price of \$0.20 per common share for a period of three years.
- On September 10, 2020, the Company granted 1,977,441 warrants to purchase common shares of the Company and one half warrant to purchase one common share of the Company exercisable at a price of \$0.15 per common share for a period of two years.

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

<u>Expiry date</u>	<u>Number of warrants outstanding</u>	<u>Weighted average exercise price</u>	<u>Weighted average number of years to expiry</u>
August 29, 2022	8,000,000	\$ 0.21	0.66
September 10, 2022	1,692,662	0.15	0.69
June 15, 2023	1,249,998	0.30	1.45
September 10, 2023	31,341,160	0.20	1.69
Balance at December 31, 2021	42,283,820	\$ 0.20	1.45

15. EARNINGS PER SHARE

	December 31, 2021	December 31, 2020
Net (loss) income	\$ (10,139,585)	\$ 4,408,414
Weighted average number of common shares - basic	256,067,830	182,459,013
Adjustments for calculation of diluted earnings per share - basic		
Options	-	16,250,000
Warrants	-	45,811,461
Weighted average number of common shares - diluted	256,067,830	244,520,474

During the year ended December 31, 2021, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

16. PROPERTY RELATED EXPENSES

	2021	2020
Exploration expenditures		
Employee compensation	\$ 409,420	\$ 408,300
Camp and transportation	811,709	253,561
Consultants, geochemistry, and geophysics	2,755,834	1,354,315
Drilling	1,909,624	224,078
Maintenance	-	4,403
Fuel	428,130	47,257
Freight	-	139,651
Field supplies	774,714	86,524
Lease and rentals	2,302,707	284,110
Office and general and administrative	349,199	336,383
Insurance, bank fees and taxes (non-income)	449,733	153,541
Depreciation	17,736	-
Total exploration expenditures	\$ 10,208,806	\$ 3,292,123

	2021	2020
General and administrative expenditures		
Salaries and director fees	\$ 779,132	\$ 583,993
Travel	19,460	22,949
Shareholder communication and investor relations	219,230	145,226
Filing and transfer agent fees	144,587	109,592
Professional fees	287,460	231,871
Lease and rentals	17,283	10,889
Office and general and administrative	101,331	110,347
Insurance, bank fees and taxes (non-income)	202,428	45,754
Depreciation	28,861	28,861
Total general and administrative expenditures	\$ 1,799,772	\$ 1,289,482

17. TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	December 31, 2021	December 31, 2020
Net loss before taxes	\$ (10,030,709)	\$ 5,286,565
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax expense (recovery) based on above rates	(2,708,290)	1,427,373
Increase(decrease) due to:		
Non-deductible expenses	422,393	16,475
Difference between Canadian and Foreign tax rates	(412,509)	74,646
Impact of under (over) provision from prior year	93,663	748,515
Change in unrecognized deductible temporary differences	2,719,390	(1,396,450)
Other	(5,771)	(6,985)
	\$ 108,876	\$ 863,574

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

17. TAXES (continued)

The significant components of the Company's unrecognized deferred tax assets / (liabilities) are as follows:

	December 31, 2021	December 31, 2020
Property, plant and equipment	\$ 74,000	\$ 108,000
Mineral property interest	7,610,000	8,655,000
Share issuance costs	418,000	253,000
Capital losses	640,000	534,000
Non-capital losses available for future periods	5,341,000	1,399,000
Total deferred income tax assets	14,083,000	10,949,000
Unrecognized deferred tax assets	(14,083,000)	(10,949,000)
Net deferred tax assets	\$ -	\$ -

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

Tax losses carried forward are as follows:

	December 31, 2021	December 31, 2020	Expiry date range
Non-capital losses available for future periods	\$ 19,391,000	\$ 5,145,000	2025 to 2041

The deferred tax assets related to the temporary differences were not recognized, as its recoverability was not considered to be probable.

18. FINANCIAL INSTRUMENTS

Financial assets and liabilities as at December 31, 2021 and 2020 are as follows:

	Assets at fair value through other comprehensive income	Amortized cost	Other financial liabilities	Total
As at December 31, 2021				
Cash and cash equivalents	\$ -	\$ 22,751,313	\$ -	\$ 22,751,313
Marketable securities	1,054,709	-	-	1,054,709
Payables and accruals	-	-	1,049,954	819,606
As at December 31, 2020				
Cash and cash equivalents	\$ -	\$ 17,068,469	\$ -	\$ 17,068,469
Marketable securities	3,368,947	-	-	3,368,947
Receivables	-	1,690	-	1,690
Payables and accruals	-	-	632,939	632,939

18. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data

The carrying value of cash and cash equivalents, amounts receivable, and payables and accruals approximate fair value because of the limited terms of these instruments.

The carrying value of marketable securities were based on the quoted market prices of the shares as at December 31, 2021 and was therefore considered to be Level 1

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

19. SEGMENTED INFORMATION

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

Year ended December 31, 2021	Canada		Mexico		Argentina		Peru		Total
Exploration expenditures	\$ -	\$ 448,264	\$ 9,760,542	\$ -	\$ 10,208,806				
General and administrative expenses	1,417,914	33,160	348,698	-	1,799,772				
As at December 31, 2021									
Total assets	\$ 22,901,766	\$ 3,759,489	\$ 1,808,288	\$ -	\$ 28,469,543				
Total liabilities	881,417	2,209	2,225,425	-	3,109,051				
Year ended December 31, 2020									
Exploration expenditures	\$ -	\$ 868,006	\$ 2,340,046	\$ 84,071	\$ 3,292,123				
General and administrative expenses	1,183,336	66,340	39,806	-	1,289,482				
As at December 31, 2020									
Total assets	\$ 22,319,640	\$ 2,020,410	\$ 317,293	\$ -	\$ 24,657,343				
Total liabilities	669,724	919,559	7,781	-	1,597,064				

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

20. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the years ended December 31, 2021 and 2020:

- The Company incurred exploration costs in the amount of \$18,577 (December 31, 2020 - \$57,031) paid to Talisker Exploration Services Ltd., a private company with shared directors and officers. Included in payables and accruals at December 31, 2021 are \$6,924 (December 31, 2020 - \$nil).
- The Company incurred general and administrative expenses in the amount of \$12,720 (December 31, 2020 - \$3,436) paid to JDS Energy & Mining Inc., a private company with a shared director. Included in payables and accruals at December 31, 2021 are \$nil (December 31, 2020 - \$369).
- The Company was remunerated for shared exploration and general and administrative costs of \$nil (December 31, 2020 - \$41,090) by Talisker, a public company with shared directors and officers, for expenses relating to the Baker Shasta property and shared administrative costs. Included in receivables at December 31, 2021 are \$nil (December 31, 2020 - \$36,007).
- The Company was remunerated for exploration costs of \$10,057 (December 31, 2020 - \$nil) by TDG Gold Corp., a public company with a shared director, for expenses relating to the Baker Shasta property.
- The Company had an indemnification agreement for a reclamation obligation relating to the Baker Shasta property with Talisker. The estimated liability was \$846,566. During the year ended December 31, 2020, Talisker entered into a purchase and sale agreement with TDG Gold Corp., whereby TDG Gold acquired the Baker Shasta property along with certain other mineral properties from Talisker and assumed the reclamation obligations of both Talisker and Sable (Note 13).

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 years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Salaries and director fees	\$ 1,278,443	\$ 1,043,243
Share based payments	411,800	440,870
	\$ 1,690,243	\$ 1,484,113

As at December 31, 2021, an amount of \$410,558 (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.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

21. USE OF MARKETABLE SECURITIES

From time to time, the Company may acquire and transfer marketable securities to facilitate intragroup funding transfers between the Canadian parent and its Argentine operating subsidiaries.

The Company does not acquire marketable securities or engage in these transactions for speculative purposes. In this regard, under this strategy, the Company generally uses marketable securities of large and well established companies, with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the marketable securities occurs over several days, some fluctuations are unavoidable.

As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments, between acquisition and disposition, are recognized through profit or loss. The Company conducts such transactions on an intra-period basis and does not hold the equity instruments at period end.

As a result of having utilized this mechanism for intragroup funding for the year ended December 31, 2021, the Company realized a net gain of \$4,100,044 (December 31, 2020: \$nil), comprised of a favorable foreign currency impact of \$4,099,537 (December 31, 2020: \$nil) and a trading gain of \$507 (December 31, 2020: \$nil).

22. CAPITAL MANAGEMENT

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

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

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

The Company's capital consists of the following:

	December 31, 2021	December 31, 2020
Working capital surplus	\$ 22,732,271	\$ 19,182,430
Share capital	53,067,068	40,504,571
Share-based payment reserve (included in contributed surplus)	4,849,305	4,167,555
Accumulated deficit	<u>(31,605,922)</u>	<u>(21,466,337)</u>
	\$ 49,042,722	\$ 42,388,219

23. 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.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

23. FINANCIAL RISK FACTORS (continued)

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 December 31, 2021, the Company had a cash and cash equivalents balance of \$22,751,313 (December 31, 2020 - \$17,068,469) as well as marketable securities of \$1,054,709 (December 31, 2020 - \$3,368,947) to settle current liabilities of \$1,181,120 (December 31, 2020 - \$1,479,513). Working capital for the Company as at December 31, 2021 was \$22,732,271 (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, payables and accruals that are denominated in US dollars, Argentine Peso and the Mexican Peso.

Based on the foreign currency balances at December 31, 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 \$119,815. 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 (note 7). A 10% change in the share price would affect net comprehensive loss by approximately \$105,470.

24. SALE OF NET SMELTER ROYALTY

	December 31, 2021	December 31, 2020
Consideration received	\$ -	\$ 5,500,000
Less: 1% of previously capitalized acquisition costs	-	(54,481)
	\$ -	\$ 5,445,519

- On October 13, 2020, the Company amended the agreement with Osisko Gold Royalties Ltd ("Osisko"), pursuant to which Osisko purchased an additional 1% net smelter return royalty ("Royalty") on all the Company's current mineral property interests and any future mineral properties acquired within four years of the closing date. Consideration received was \$5,500,000 in cash. There are no ongoing performance obligations relating to the agreement with Osisko.

SABLE RESOURCES LTD.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

24. SALE OF NET SMELTER ROYALTY (continued)

The Company has allocated the proceeds of the royalty to its mineral property interests based on the sale of 1% of its carrying value at the date of grant. As a result, the Company has decreased the carrying value of mineral properties by \$54,481 and recognized a gain on sale of net smelter royalty of \$5,445,519.

25. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital items during the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Receivables	\$ (1,740,975)	\$ 137,999
Prepays and deposits	(35,893)	111,289
Payables and accruals	417,015	(68,873)
Income tax payable	(717,715)	819,606
	\$ (2,077,568)	\$ 1,000,021

26. SOUTH32 EARN-IN AGREEMENT

During the year ended December 31, 2021, the Company and its wholly-owned subsidiary Olivares signed an earn-in agreement ("EIA") with a wholly-owned subsidiary of South32, to jointly explore the Don Julio and Don Julio Regional Project.

Earn-in Agreement

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 assuming responsibility for paying 100% of the cash option payments due to the underlying owners of the Project during the EIA Period. 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. Pursuant to the terms of the EIA, to maintain the option to acquire a 100% interest in the Project in good standing, the Company retains the obligation to issue shares to the underlying owners.

During the year ended December 31, 2021, Olivares received payments of \$1,839,655 or US\$1,563,387 equivalent. These payments have been deferred as a liability and represent 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 as discussed above.

Shareholders' Agreement

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. The Company, Olivares and South32 would then enter into a Shareholders' Agreement, on terms agreed and appended to the EIA.

During the period governed by the Shareholders' Agreement (the "Joint Venture Period"), Sable and South32 will contribute their proportionate share of further exploration and development expenditures or dilute on a straight-line basis. Other key terms of the Shareholders' Agreement include:

- If South32 elects not to contribute to the first approved program and budget of the Joint Venture Period (which budget must be a minimum of US\$4,000,000), then its interest in Olivares will be immediately reduced to 49%, with Sable's interest immediately increasing to 51%;

26. SOUTH32 EARN-IN AGREEMENT (continued)

- At any time, South32 may elect to sole fund a Preliminary Economic Assessment ("PEA") in exchange for an additional 10% interest in Olivares, such PEA to be delivered within five years of South32's election;
- If South32 elects not to contribute to the first approved program and budget of the Joint Venture Period (which budget must be a minimum of US\$4,000,000), then its interest in Olivares will be immediately reduced to 49%, with Sable's interest immediately increasing to 51%;
- At any time, South32 may elect to sole fund a Preliminary Economic Assessment ("PEA") in exchange for an additional 10% interest in Olivares, such PEA to be delivered within five years of South32's election;
- The Shareholder with the larger interest in Olivares will have the right to act as Operator either directly or through an affiliate;
- For as long as South32 continues to hold the larger interest in Olivares, South32 will have the right to appoint an affiliate to act as the worldwide marketing and distribution agent for product produced;
- In the event that Sable or South32 dilute below a 10% interest in Olivares, then the non-diluted party is entitled to buy out the diluted party's participating interest; and
- At any time, should the surrender or abandonment of part of the Project be authorized by Olivares, each shareholder will have the right to elect to take an assignment of the surrendered or abandoned portion, subject to any prior rights of third parties.

27. COMMITMENTS AND CONTINGENCIES

Due to the size, complexity, and nature of the Company's operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.



SABLE RESOURCES LTD.

**Management's Discussion and Analysis
For the year ended December 31, 2021**

Management Discussion and Analysis as of May 2, 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 consolidated financial statements of the Company for the year ended December 31, 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, economic and political instability in foreign jurisdictions, 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 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 Sprout 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, from October 2021 to May 2022, included up to 20,000 metres of drilling and extensive surface work as outlined below. The Company expects to receive the results from the current drill program in Q2 2022.

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. See the Option, Joint Venture and Earn In Agreements risk discussed in "Risk Factors" below.

For the 2021-2022 season, the Company and South32 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 2021 with the camp setup and road cleaning. Drilling commenced in January 2022 with 1,295 metres of drilling in three holes completed as of the date of this MD&A.

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. Exploration activities at Los Pumas were undertaken from September through November 2021 with the completion of construction of a temporary camp, more than 20km of road access, approximately 1.5km of trenching, and the collection of 294 rock samples.

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 planned a second drilling campaign. The 2021-2022 exploration season started in early September with camp construction, mapping and geophysics. As of the date of this MD&A, the Company has drilled 9,422 metres in 59 holes of the second drilling campaign. Besides the Ag-Au-Pb-Zn veins that initially characterized El Fierro, Sable has started drilling its recently discovered Pyros Cu-Au-Mo porphyry target.

La Poncha

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. Work performed since that date includes geological mapping of the two main mineralized zones (Poncha North and Poncha South); extensive trenching; collection of 744 rock and 145 soil samples; reprocessing of historical geophysics; 478 TerraSpec samples; and 5 geochronology samples in preparation for drilling. Drilling planned for December 2021 had to be postponed to March 2022 due to logistical issues with drilling companies. At the time of this MD&A, drilling is ongoing at Poncha North.

Mexico

In Mexico, Sable will continue with the evaluation of existing anomalies within its land package and continue evaluating 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:

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



Don Julio Projects

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, Don Julio Cluster and other associated regional properties (“Don Julio Regional”), collectively “Don Julio” or the “Don Julio Projects” which properties are subject to the EIA with South32. Located in the pro-mining province of San Juan, the mineral claims are 62 km south of Barrick’s Alturas gold deposit. Under the EIA, South32 and the Company will jointly explore the Don Julio Projects.

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 are fully drill permitted and show large alteration footprints which would allow hosting significant concealed mineralized systems.

After preliminary mapping of the Don Julio lithocap, the Company launched an initial 3,101 metre drilling campaign in late 2018 targeting high-sulfidation mineralization at Esperanza and Heaven Hill zones. 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.

Punta Cana Target

Additional to the porphyry targets located within the Don Julio lithocap, the Company successfully discovered the outcropping Punta Cana porphyry in November 2021 with Au-Cu porphyry style mineralization identified from a magnetic anomaly from the 2020 UAV Mag survey. The Punta Cana porphyry is located approximately 1.5km west of the southern margin of the known lithocap and it's represented by different phases of dioritic and andesitic intrusives hosting Maricunga, M, A, and B type veinlets over an area of approximately 400 by 400m. Initial values from samples collected within the porphyry zone range from <0.1 to 3 g/t Au, and <0.1%Cu to 0.5% Cu. The Punta Cana porphyry will be one of the targets tested during the current drilling campaign.



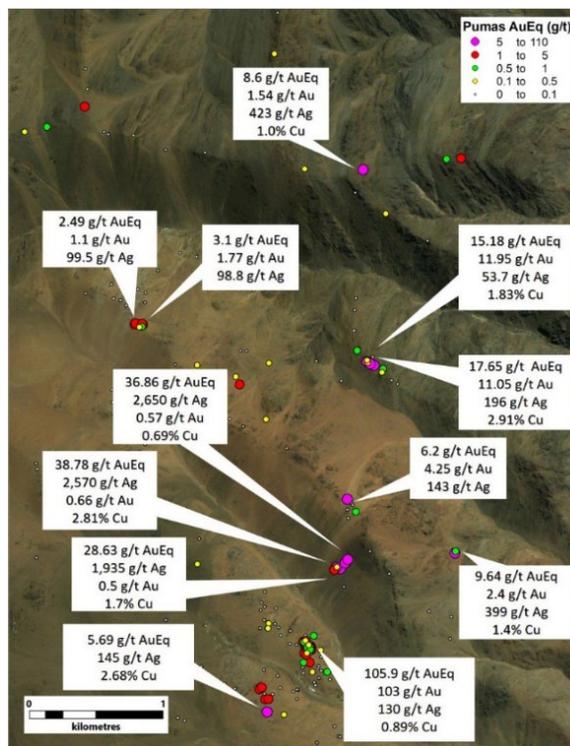
Mineralized specimens from the Punta Cana porphyry showing typical veinlets

Los Pumas Project

In January 2021, Sable press 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 were 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 for this season was initiated in September 2021 with more than 20km of road construction, >1.5km of trenching; mapping, prospection, and 294 rock samples. Encouraging results for Au-Cu-Ag have been received from different zones of the project.



Distribution of Gold Equivalent values at Los Pumas Project

Additional to Los Pumas Project, the Company holds large unexplored areas within the regional block of Don Julio. The Company is already planning additional regional work for 2023 season. All the exploration work at Don Julio, Los Pumas, and Don Julio Regional are fully financed by South32.

After the first drilling campaign in 2018, the Company extended the mapping to previously unexplored zones of the property along with extensive rock and talus sampling. As a result of this exploration work, several targets were discovered including Intermediate Sulfidation (Lodo Norte, Lodo Sur, and San Gabriel); skarn (Fermin); and hydrothermal breccias (Colorado).

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 sulfidation 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 sulfidation to intermediate sulfidation 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.

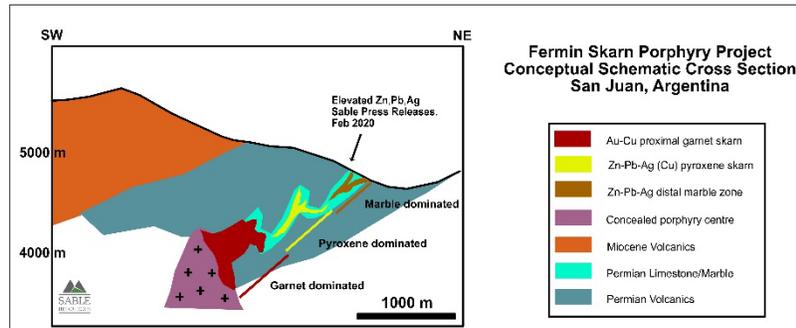
Results from the extensive channel and panel chip samples done during the 2018-2019 field season reported maximum values of some elements as follows. For San Gabriel Sur: Au up to 7.6 g/t (selective small veinlets) and 1.5 ppm next highest value, Ag 188 g/t, Ba 4,800 ppm, Cu 2450 ppm, Mn up to 25,700 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 sulfidation 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.

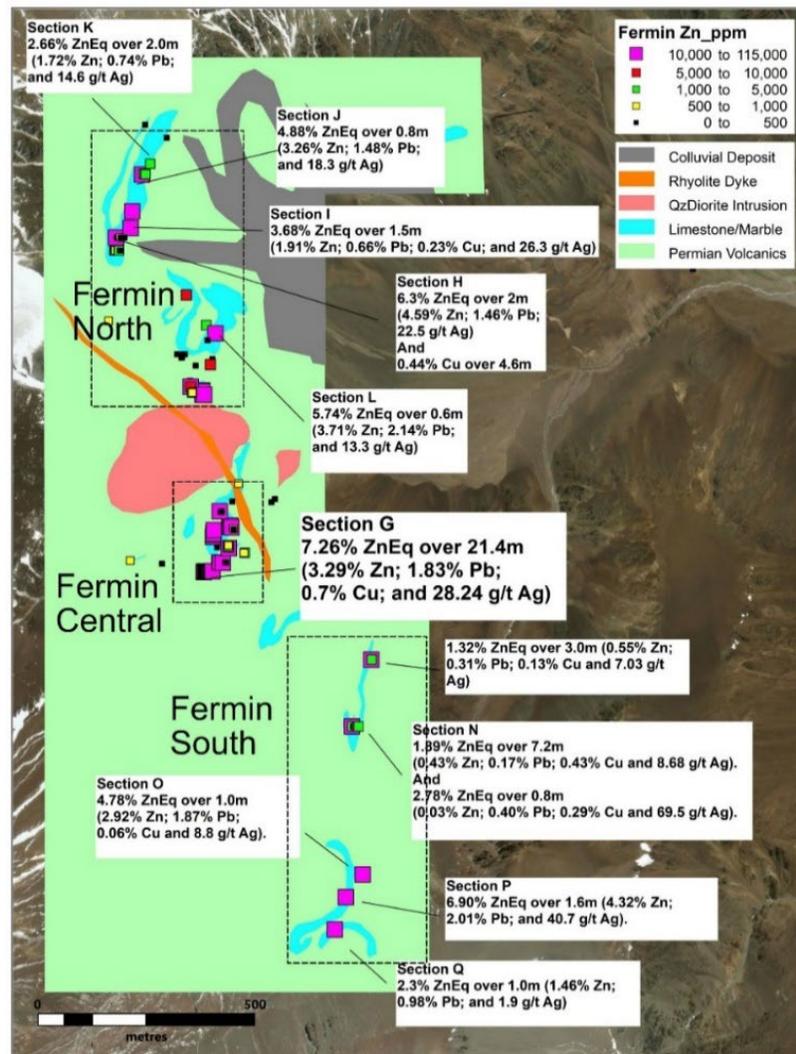
Fermin Skarn Target

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.



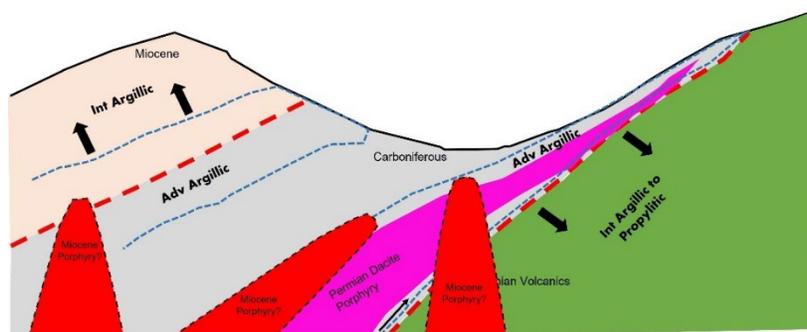
Conceptual Section of the Fermin Skarn target



ZnEq values in different sampling sections at the Fermin Skarn target

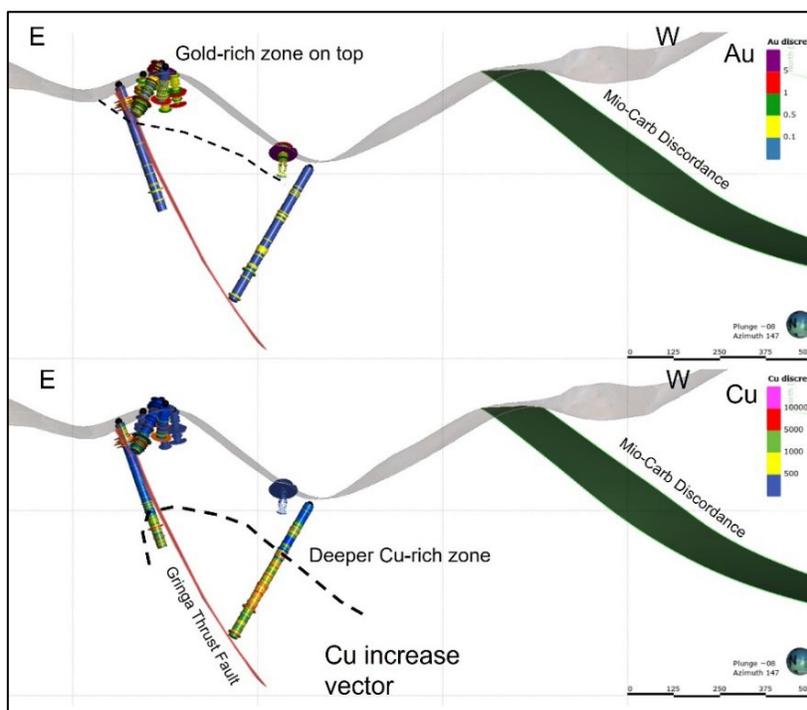
La Gringa Amarillo and Poposa Targets

In 2021, the Company relogged historical core available from the La Gringa and Amarillo zones within the Don Julio lithocap. Based on this relogging and supported by additional mapping, TerraSpec, and geochemistry a complete re-interpretation of the lithocap was done showing that most of the Don Julio advanced argillic alteration is controlled by two main surfaces - the Gringa thrust fault and the discordance between the Miocene volcanics and the Carboniferous basement with a clear vector for porphyry mineralization towards the west.



Schematic section showing the structures controlling the location of the advanced argillic alteration within the Don Julio lithocap

After understanding the geometry of the lithocap, the Company has defined at least two possible porphyry centres as causative of the extensive advanced argillic zone. These two targets are now named Gringa-Amarillo and Poposa targets. These two Au-Cu porphyry targets are integral part of the current drilling campaign.

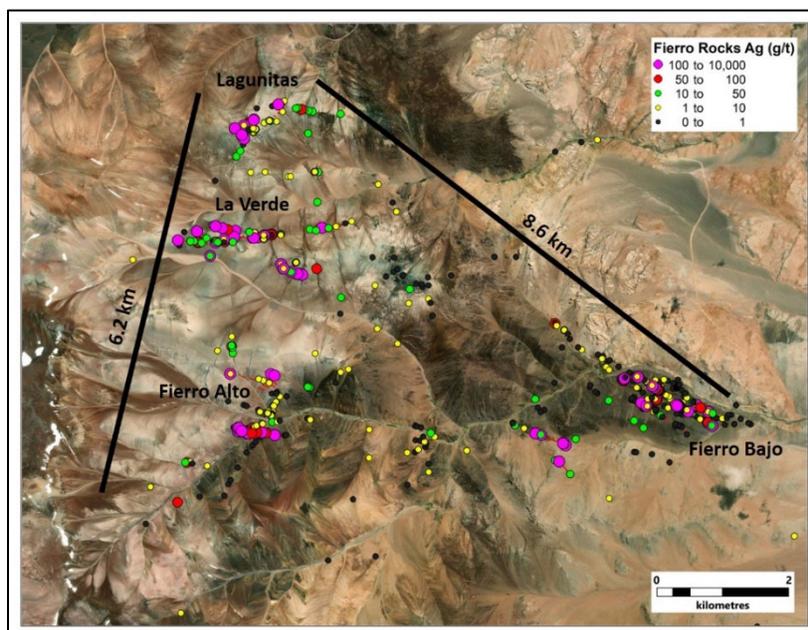


EW Section across the Gringa thrust fault showing the transition from shallow gold rich values into deeper copper high values with a clear westward vector

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 from the late 1800s until the 1960's decade. The area has not seen any modern exploration and has never been drilled before Sable's drill program conducted in Q1 and Q2 of 2021.

Fieldwork 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. Encouraging results granted a second drilling campaign which started in October 2021. As of the date of this MD&A, 9,422m in 59 holes have been completed of the second drilling campaign. Some of the most important intercepts from both campaigns include:

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

Hole LV-DH-21-36

- 353.98 g/t AgEq (167 g/t Ag; 0.72 g/t Au; 0.61% Cu; 1.23% Pb; 0.39% Zn) over 1.25m from 38.40 to 39.65m

Hole LV-DH-21-42

- 372.44 g/t AgEq (161 g/t Ag; 1.18 g/t Au; 0.46%Cu; 1.49% Pb; 0.26% Zn) over 0.5m from 137.45 to 137.95m

Hole LV-DH-21-43

- 324.14 g/t AgEq (68.3 g/t Ag; 1.95 g/t Au; 2.6% Pb; 0.21% Zn) over 0.60m from 21.40 to 22.00m
- 269.72 g/t AgEq (66.61 g/t Ag; 1.26 g/t Au; 0.33% Cu; 0.97% Pb; 0.65% Zn) over 5.60m from 26.60 to 32.20m
 - Including 753.85 g/t AgEq (42.35 g/t Ag; 5.53 g/t Au; 0.48% Cu; 2.51% Pb; 2.73% Zn) over 1.0m from 27.10 to 28.10m
 - Including 981.08 g/t AgEq (63 g/t Ag; 7.84 g/t Au; 0.64% Cu; 3.37% Pb; 1.97% Zn) over 0.50m from 27.10 to 27.60m • 341.97 g/t AgEq (171 g/t Ag; 1.09 g/t Au; 0.39% Cu; 0.66% Pb; 0.31% Zn) over 0.50m from 31.10 to 31.60m

Hole LV-DH-21-45

- 592.78 g/t AgEq (50.4 g/t Ag; 6.14 g/t Au; 0.1% Cu; 0.58% Pb) over 0.50m from 98.00 to 98.50m
- 529.96 g/t AgEq (149 g/t Ag; 4.34 g/t Au; 0.12% Cu; 0.16% Pb) over 0.50m from 99.00 to 99.50m

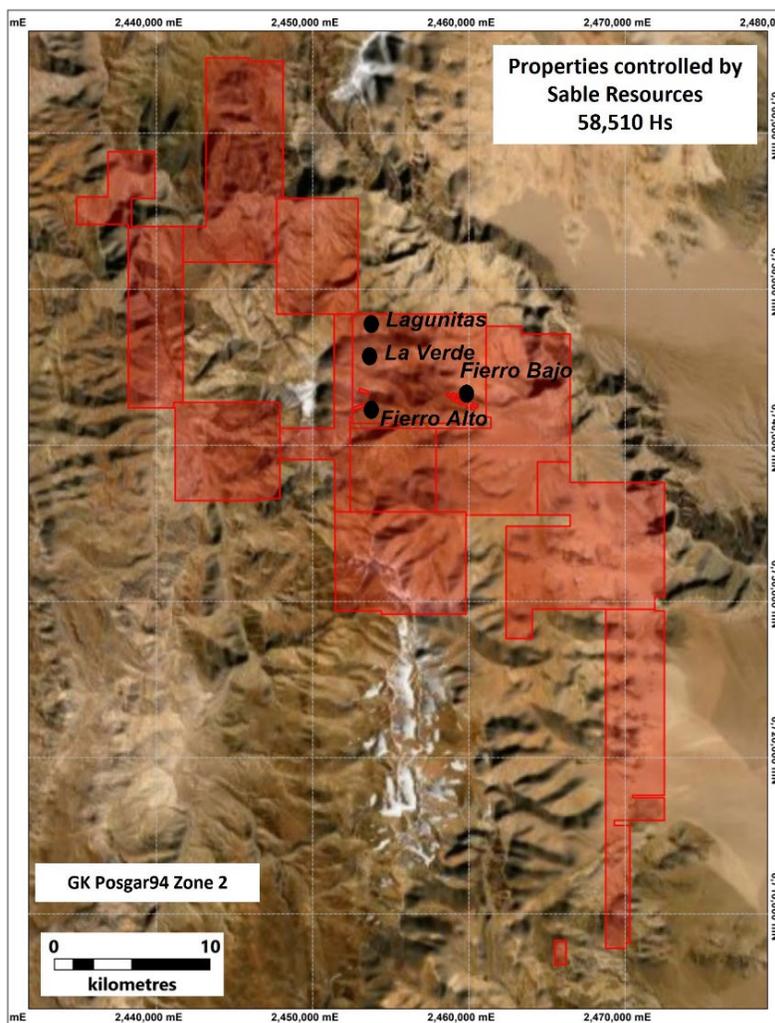
Hole LAG-DH-21-47

- 265.23 g/t AgEq (112.1 g/t Ag; 0.16 g/t Au; 0.19% Cu; 0.93% Pb; 2.07% Zn) over 1.0m from 59.10 to 60.10m

Mineralization intercepted in the released holes typically 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.

The Company's current 20,000 m drill plan has proved the extension of the mineralization of the La Verde Vein at El Fierro (see January 11th and February 15th press releases) and has intercepted porphyry style mineralization in four of the five porphyry targets undergoing their first drill test. As of the date of this MD&A, no analytical results are available from the drill holes drilled at the porphyry targets.

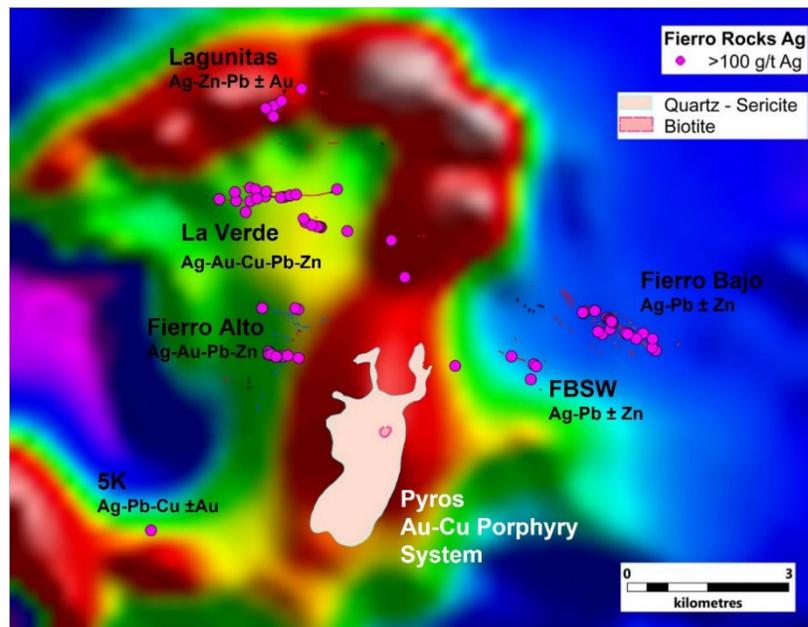
Through additional staking in 2021, the Company increased its land position in El Fierro from 46,391 hectares to 58,510 hectares. A significant portion of Sable's property at El Fierro remains totally unexplored, increasing the potential for finding additional mineralized zones.



Properties controlled by Sable at El Fierro Project

Pyros Target

As a result of exploration in the newly staked ground at the El Fierro Project, the Company discovered the Pyros porphyry target which is being actively drilled now. Pyros is a large porphyry system characterized by a sericitic alteration zone of approximately 4km by 2km hosted within Permian felsic rocks with a small erosional window of diorite porphyry with potassic alteration, biotite veinlets and chalcopyrite mineralization. Geochronological analyses of zircons in the diorites and sericite within the felsic rocks show that Pyros is a Miocene porphyry ($\approx 20\text{Ma}$); the obtained age is similar to the ones along the well-endowed porphyry and epithermal Maricunga belt. Surface geochemistry suggests Pyros is a Cu-Mo system with Au anomalies on the margins of the sericitic zone. Most of the sulfide within the phyllic zone is oxidized forming a pronounced leached cap, which opens the potential for Cu-supergene mineralization. Due to the large size and intense alteration, the Company has planned to complete two fences of drilling across the system totaling 3,900 metres in the 2021-2022 season.



Location of the Pyros porphyry system with respect to the main vein zones of El Fierro Project

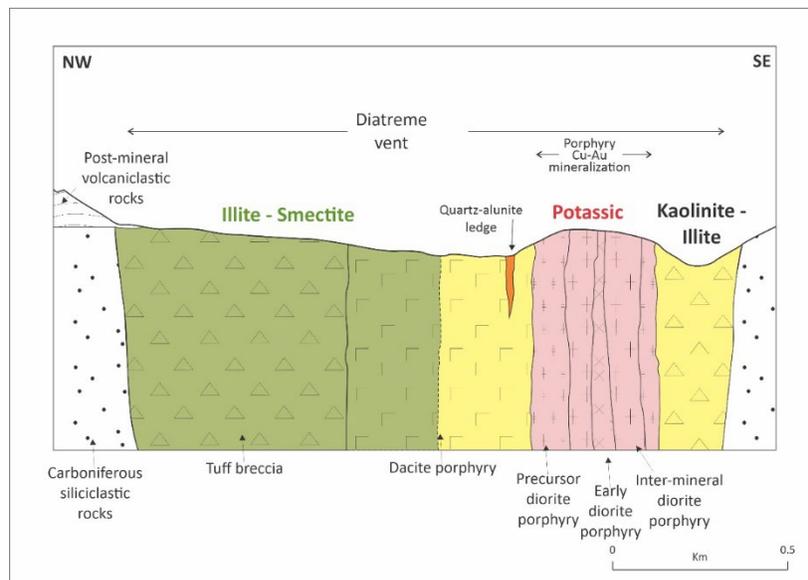


Photo from the Pyros porphyry target showing A and B veins with pyrite > chalcopyrite - molybdenite in inter-mineral diorite strongly altered to secondary biotite

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.

Since the signing of the option agreement, the Company has advanced exploration in the two main mineralized zones of the project (Poncha North and Poncha South). Poncha North is an outcropping Au-Cu porphyry system where at least four different phases of diorites have been mapped. The porphyry system at Poncha North is intruding an Intermineral diatreme breccia, which is crosscutting Carboniferous sedimentary rocks. Sable has opened 16 trenches at Poncha North to get more exposure and improve the understanding of dykes geometries. U-Pb and Ar-Ar dating indicates that the porphyry mineralization at Poncha North is 18Ma, 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).



Schematic section across the Poncha North porphyry system showing the mineralized diorite phases and the surrounding diatreme vent



Photo from the Poncha North porphyry target showing A and B veins with pyrite > chalcopyrite - molybdenite in inter-mineral diorite with sericitic alteration overprinting early potassic alteration

At Poncha South, Sable has identified a porphyry-style mineralization that was not previously recognized as well as extensions of the historically explored epithermal mineralization. Geochronology studies conducted by The Company 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 started exploration activities in October 2021 with camp setup and road work. Sable has collected 744 rock samples and 145 soil samples, most of them at Poncha North which will be the main focus of the drilling program. The Company started a drilling campaign on xx, 2023, theta consist of a minimum of 2,500 metres and up to 5,000 depending on weather conditions.

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 opening up 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.

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.

El Escarpe Target

The style of mineralization at El Escarpe is a high-level, volcanic-hosted, low to intermediate sulfidation 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 El 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 December 31, 2021 and 2020:

Net loss for the three month period ended December 31, 2021 was \$4,833,710 compared with a net income \$7,140,112 for the three month period ended December 31, 2020. Changes period over period are attributable to the one-time gains recognized on the disposal of the option to acquire the Margarita Silver Project of \$3,654,882, and the gain on the sale of the royalty for \$5,445,519. The removal of these one-time items would have resulted in a net loss of \$1,960,289 for the three-month period ended December 31, 2020.

Comparing the periods without the one-time gains relating to the disposal of the option to acquire the Margarita Silver Project and the sale of royalty, the variances between the two periods include:

- Exploration expenditures were \$5,052,118 for the three-month period ended December 31, 2021 (December 31, 2020 - \$1,438,388). The increase is primarily due to increased exploration activity at our Argentina-based projects.
- General and administrative expense were \$801,742 for the three-month period ended December 31, 2021 (December 30, 2020 - \$575,221). 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 \$736,116 for value-added tax receivables for the three-month period ended December 31, 2021 (December 31, 2020 – recovery of \$255,328). The increase is due to increased exploration expenses at the Argentina properties that were subject to value-added tax.
- Gain of \$2,037,514 on use of marketable securities for the three-month period ended December 31, 2021 (December 31, 2020 – \$nil). The difference is due to the trend in the Argentine Peso versus the Canadian and US dollars during the respective periods.

For the years ended December 31, 2021 and 2020:

Net loss for the year ended December 31, 2021 was \$10,139,585 compared with net income of \$4,408,414 for the year ended December 31, 2020. Changes period over period are attributable to the one-time gain recognized on the disposal of the option to acquire the Margarita Silver Project of \$3,654,882 and the gain on the sale of the royalty for \$5,445,519. The removal of these one-time items would have resulted in a net loss of \$4,691,987 for the year ended December 31, 2020.

Comparing the periods without the one-time gains relating to the disposal of the option to acquire the Margarita Silver Project and the sale of royalty, the variances between the two periods include:

- Exploration expenditures were \$10,208,806 for the year ended December 31, 2021 (December 31, 2020 - \$3,292,123). The increase is primarily due to increased exploration activity at the El Fierro, La Poncha, and Don Julio Regional projects.
- Share-based expense was \$493,000 for the year ended December 31, 2021 (December 31, 2020 - \$629,900). The decrease is due to a lower number of options issued and their related valuation.
- General and administrative expense were \$1,799,772 for the year ended December 31, 2021 (December 31, 2020 - \$1,289,482). The increase is due to higher legal and tax fees associated with various corporate activities, as well as higher general office and other costs associated with activities required to support the exploration objectives.
- Provision of \$1,894,026 for value-added tax receivables for the year ended December 31, 2021 (December 31, 2020 – recovery of \$255,328). The increase is due to an increase in exploration expenses at the Argentina properties that were subject to value-added tax.
- Gain of \$4,100,044 on use of marketable securities for the year ended December 31, 2021 (December 31, 2020 – \$nil). The difference is due to the trend in the Argentine Peso versus the Canadian and US dollars during the respective periods.
- Income tax expense for the year ended December 31, 2021 was \$108,876 (December 31, 2020 - \$863,574) The income tax expense incurred for the year ended December 31, 2021 was due to net income realized in our wholly-owned subsidiary Olivares S.A., relating the gain on use of marketable securities. In comparison, in 2020 the income tax expense incurred was due to net income realized in our wholly-owned subsidiary Exploraciones Sable relating to the disposition of the option to acquire the Margarita Silver Project.

Exploration Expenditures

Exploration expenditures by type

	Three months ended December 31,	
	2021	2020
Exploration expenditures		
Employee compensation	\$ 156,917	\$ 234,000
Camp and transportation	376,402	96,495
Consultants, geochemistry, and geophysics	1,164,071	431,666
Drilling	1,176,964	194,775
Fuel	235,872	21,153
Freight	-	24,503
Field supplies	340,113	86,524
Lease and rentals	1,370,896	204,960
Office and general and administrative	39,583	95,415
Insurance, bank fees and taxes (non-income)	173,777	48,897
Depreciation	17,523	-
Total exploration expenditures	\$ 5,052,118	\$ 1,438,388

	Year ended December 31,	
	2021	2020
Exploration expenditures		
Employee compensation	\$ 409,420	\$ 408,300
Camp and transportation	811,709	253,561
Consultants, geochemistry, and geophysics	2,755,834	1,354,315
Drilling	1,909,624	224,078
Maintenance	-	4,403
Fuel	428,130	47,257
Freight	-	139,651
Field supplies	774,714	86,524
Lease and rentals	2,302,707	284,110
Office and general and administrative	349,199	336,383
Insurance, bank fees and taxes (non-income)	449,733	153,541
Depreciation	17,736	-
Total exploration expenditures	\$ 10,208,806	\$ 3,292,123

Exploration expenditures by project

	Three months ended December 31,	
	2021	2020
Exploration expenditures		
Don Julio	\$ 660,095	\$ 183,219
Don Julio Regional	362,603	-
El Fierro	3,313,579	748,470
La Poncha	613,544	77,454
Mexico Regional	102,297	46,628
Vinata	-	380,949
Margarita	-	1,668
Total exploration	\$ 5,052,118	\$ 1,438,388

	Year ended December 31,	
	2021	2020
Exploration expenditures		
Don Julio	\$ 1,502,925	\$ 1,266,231
Don Julio Regional	515,791	-
El Fierro	6,685,975	937,994
La Poncha	1,055,851	135,820
Mexico Regional	274,598	185,559
Vinata	173,666	678,056
Margarita	-	4,392
Kirio	-	23,727
Scorpius	-	60,344
Total exploration	\$ 10,208,806	\$ 3,292,123

SELECTED FINANCIAL INFORMATION

The following selected financial data for the Company's most recently completed financial periods are derived from the audited financial statements of the Company.

	As at and for the year ended December 31, 2021	As at and for the year ended December 31, 2020	As at and for the year ended December 31, 2019
Net (loss) income	(10,139,585)	4,408,414	3,748,291
Net (loss) income per share - basic and diluted	(0.04)	0.02	0.03
Current assets	23,913,391	20,661,943	5,019,249
Non-current assets	4,556,152	3,995,400	5,323,392
Current liabilities	1,181,120	1,479,513	727,637
Non-current liabilities	1,927,931	117,551	991,086

Current assets at December 31, 2021 were \$23,913,391 versus \$20,661,943 at December 31, 2020. The difference is primarily the result of the equity financing that closed on June 15, 2021, for gross proceeds of \$12,499,980 and the exercise of warrants for \$1,071,100, offset by exploration and administrative expenses incurred during the period.

Current liabilities at December 31, 2021 were \$1,181,120 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 \$
December 31, 2021	nil	(4,833,710)	(0.01)
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)

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 losses incurred during 2021 was due to the increased exploration activity at El Fierro, La Poncha, and Don Julio Regional 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 December 31, 2021, the Company had a cash and cash equivalents position of \$22,751,313 (December 31, 2020 - \$17,068,469) and working capital of \$22,732,271 (December 31, 2020 - \$19,182,430).

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 December 31, 2021, an aggregate of 277,098,232 common shares were issued and outstanding and 280,564,898 as of the date of this MD&A.

Stock Options

The Company had 19,250,000 options as of December 31, 2021 and 17,350,000 as at the date of this MD&A.

Restricted Shares Units ("RSUs")

The Company had no RSUs outstanding as of December 31, 2021 and as of the date of this MD&A.

Warrants

The Company had 42,283,820 warrants outstanding as of December 31, 2021 and 41,117,154 as at the date of this MD&A.

OFF-BALANCE SHEET TRANSACTIONS

The Company did not have any off-balance sheet arrangements as at December 31, 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 years ended December 31, 2021 and 2020:

- The Company incurred exploration costs in the amount of \$18,577 (December 31, 2020 - \$57,031) paid to Talisker Exploration Services Ltd., a private company with shared directors and officers. Included in payables and accruals at December 31, 2021 are \$6,924 (December 31, 2020 - \$nil).
- The Company incurred general and administrative expenses in the amount of \$12,720 (December 31, 2020 - \$3,436) paid to JDS Energy & Mining Inc., a private company with a shared director. Included in payables and accruals at December 31, 2021 are \$nil (December 31, 2020 - \$369).
- The Company was remunerated for shared exploration and general and administrative costs of \$nil (December 31, 2020 - \$41,090) 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 December 31, 2021 are \$nil (December 31, 2020 - \$36,007).
- The Company was remunerated for exploration costs of \$10,057 (December 31, 2020 - \$nil) by TDG Gold Corp., a public company with a shared director, for expenses relating to the Baker Project.

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 years ended December 31, 2021 and 2020 were as follows:

	2021		2020	
Salaries and director fees	\$	1,278,443	\$	1,043,243
Share based payments		411,800		440,870
	\$	1,690,243	\$	1,484,113

As at December 31, 2021, an amount of \$410,558 (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	\$	32,651	\$	65,303	\$	27,209	\$	-

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 judgments 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 is estimated by management based on assumptions about future events. Estimates and assumptions 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 S.A., should South32 exercise its right to acquire a 65% direct interest in Olivares S.A.. 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 S.A. 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 December 31, 2021, the Company had a cash and cash equivalents balance of \$22,751,313 (December 31, 2020 - \$17,068,469) as well as marketable securities of \$1,054,709 (December 31, 2020 - \$3,368,947) to settle current liabilities of \$1,181,120 (December 31, 2020 - \$1,479,513). Working capital for the Company as at December 31, 2021 was \$22,732,271 (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 December 31, 2021, a 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect the net comprehensive loss by approximately \$119,815. This analysis only addresses the impact on financial instruments with respect to currency movement and excludes other economic or geopolitical 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 the net comprehensive loss by approximately \$105,470.

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 December 31, 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 several 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 that 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.

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.

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 that 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.

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 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.

Economic and Political Instability in Argentina

The Company has projects located in San Juan Province, Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as there is social opposition to mining operations in certain parts of the country. During an economic crisis in 2001 to 2003 and again in 2014 and 2020, Argentina defaulted on foreign debt repayments and on the repayment on several official loans to multinational organizations. In addition, the Argentinean government has renegotiated or defaulted on contractual arrangements. The current government, which took office in December 2019, has reinstated currency controls previously lifted by the opposition government, which, among other impacts, restricts the ability of companies and its citizens to obtain United States dollars, in each case requiring Central Bank approval (resulting in, at times, a limitation on the ability of multinational companies to distribute dividends abroad in United States dollars).

While the political environment in Argentina continues to develop, and the status of currency controls and restrictions remains fluid, past actions indicate that the Argentinean government may from time to time alter or impose additional requirements or policies that may adversely affect the Company's activities in Argentina, or in its ability to obtain financing for its projects in the future.

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 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.

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.

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 the 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.

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 of 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 any foreign currency contracts to mitigate this risk.

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.

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 a 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, the 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 in Argentina and Mexico, there are potentially significant economic losses from infectious disease outbreaks that can extend far beyond the initial location of an infection 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. 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.

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.

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 regulations 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 that 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, and 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 the 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 the 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.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's recent invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on supply chain disruptions may adversely affect the Company's business, financial condition and results of operations. The extent and duration of the current Russia-Ukraine conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on our shareholders and counterparties on which we rely and transact, may materialize and may have an adverse effect on the Company's business, results of operation and financial condition.

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.

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 the discovery of new evidence or advancement of new legal theories, the difficulty of predicting the 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 purposes 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 or at SEDAR at www.sedar.com.

