



SABLE RESOURCES LTD.

**Audited Consolidated Financial Statements
For the years ended December 31, 2022 and 2021**

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 "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, 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 (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and December 31, 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for and assessed fair value of deferred exploration recovery

Description of the key audit matter

The Company's earn-in agreement (the "EIA") with South32 Limited ("South32") is complex and requires management to apply judgment when determining the appropriate accounting and estimation when assessing the fair value of the reported financial liability. We have therefore considered this a Key Audit Matter due to the judgment and estimation involved in both the accounting and periodic measurement of the financial liability.

Please refer to Notes 3(f) to the financial statements for the Company's accounting policy for financial instruments, 4(b) which details the critical judgments and estimates used in assessing the accounting treatment and measurement for deferred exploration recoveries, and Note 20 which includes information on the EIA and amounts recognized in the financial statements in the year under audit.



How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Obtaining and reviewing management's assessment of the appropriate accounting, recognition and measurement of deferred exploration recovery;
- Reviewing the agreement in place between the Company and South32, including any amendments to the agreement since the original was executed;
- Analyzing the accounting treatment with respect to analogous IFRS guidance to assess whether the asserted presentation and classification is appropriate; and
- Involving valuation professionals with specialized skills and knowledge in evaluating the appropriateness of management's assertions with respect to the period end measurement of deferred exploration recovery.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis (the "MD&A").

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We obtained the MD&A 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

BDO Canada LLP
Chartered Professional Accountants
Vancouver, British Columbia
April 24, 2023

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



	Note	December 31, 2022	December 31, 2021
Assets			
Current Assets			
Cash and cash equivalents	5	\$ 17,152,362	\$ 22,751,313
Investments	6	-	1,054,709
Receivables	7,16	21,981	30,393
Prepaid expenses and deposits		125,803	76,976
		17,300,146	23,913,391
Equipment and right of use asset	8	391,597	387,877
Mineral property interests	9	5,107,566	4,168,275
		\$ 22,799,309	\$ 28,469,543
Liabilities			
Current Liabilities			
Payables and accruals	10,16	\$ 1,004,072	\$ 1,049,954
Income tax payable	13	-	101,891
Current portion of lease liability	11	30,238	29,275
		1,034,310	1,181,120
Lease liability	11	58,038	88,276
Deferred exploration recovery	20	8,100,924	1,839,655
		9,193,272	3,109,051
Shareholders' equity			
Issued capital	12	55,113,701	53,067,068
Accumulated other comprehensive loss		(2,931,184)	(949,959)
Contributed surplus	12	4,939,530	4,849,305
Deficit		(43,516,010)	(31,605,922)
		13,606,037	25,360,492
		\$ 22,799,309	\$ 28,469,543

Nature of operations (Note 1)
Subsequent event (Note 21)

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 and Comprehensive Loss**

(Expressed in Canadian Dollars)

Year ended December 31,	Note	2022	2021
Property related expenses			
Exploration expenditures	16	\$ 16,096,790	\$ 10,208,806
General and administrative expenses	16	2,225,065	1,799,772
Property evaluation and investigation		33,302	-
Share-based expense	12	312,525	493,000
		18,667,682	12,501,578
Other expenses (income)			
Provision for value-added tax receivable	7	1,660,968	1,894,026
Interest income		(699,032)	(49,880)
Foreign exchange		156,912	(214,971)
Gain on disposal of equipment		(15,531)	-
Gain on use of marketable securities	17	(7,904,964)	(4,100,044)
Net loss before income taxes		11,866,035	10,030,709
Income tax expense	13	44,053	108,876
Net loss		\$ 11,910,088	\$ 10,139,585
Items that may be reclassified subsequently to profit and loss:			
Change in fair value of investments	6	80,034	786,271
Foreign currency translation adjustment		1,901,191	18,178
Other comprehensive loss		1,981,225	804,449
Net comprehensive loss		\$ 13,891,313	\$ 10,944,034
Loss per share			
Basic and diluted		\$ (0.05)	\$ (0.04)
Weighted average number of common shares outstanding		281,541,245	256,067,830

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	Issued Capital	Accumulated Other Comprehensive Loss	Contributed Surplus	Accumulated Deficit	Total
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	12	41,666,600	12,499,980	-	-	-	12,499,980
Shares issued in acquisition of claims	9,12	200,000	44,000	-	-	-	44,000
Exercise of options	12	725,000	88,750	-	-	-	88,750
Exercise of warrants	12	4,750,028	1,071,100	-	-	-	1,071,100
Share issue costs	12	-	(1,141,333)	-	188,750	-	(952,583)
Share-based expense	12,16	-	-	-	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
Net Loss		-	-	-	-	(11,910,088)	(11,910,088)
Other comprehensive loss		-	-	(1,981,225)	-	-	(1,981,225)
Shares issued in acquisition of claims	9,12	400,000	88,000	-	-	-	88,000
Exercise of options	12	1,900,000	507,300	-	(222,300)	-	285,000
Exercise of warrants	12	6,966,666	1,451,333	-	-	-	1,451,333
Share-based expense	12,16	-	-	-	312,525	-	312,525
Balance, December 31, 2022		286,364,898	\$ 55,113,701	\$ (2,931,184)	\$ 4,939,530	\$ (43,516,010)	\$ 13,606,037

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	2022	2021
Operating Activities			
Net loss		\$ (11,910,088)	\$ (10,139,585)
Items not involving cash:			
Amortization	8	80,550	46,597
Share-based expense	12,16	312,525	493,000
Provision for value-added tax receivable	7	1,660,968	1,894,026
Gain on disposal of equipment		(15,531)	-
		(9,871,576)	(7,755,842)
Changes in non-cash working capital			
Receivables		(2,460,070)	(1,740,975)
Prepaid expenses and deposits		(48,827)	(35,893)
Payables and accruals		(45,882)	417,015
Income tax payable		(101,891)	(717,715)
Total cash flows used in operating activities		(12,528,246)	(9,833,410)
Financing Activities			
Principle payments on lease liability	11	(29,275)	(26,968)
Proceeds from issuance of shares pursuant to private placement	12	-	12,499,980
Share issuance costs	12	-	(952,583)
Proceeds from option exercise	12	285,000	88,750
Proceeds from warrant exercise	12	1,451,333	1,071,100
Total cash flows from financing activities		1,707,058	12,680,279
Investing Activities			
Purchase of equipment	8	(139,132)	(234,409)
Proceeds from sale of equipment	8	87,198	-
Acquisition of mineral claims	9	(562,076)	(333,248)
Proceeds from deferred exploration recovery	20	5,795,734	1,839,655
Proceeds from sale of marketable securities	6	974,675	1,527,968
Total cash flows from investing activities		6,156,399	2,849,846
Effect of foreign exchange on cash		(934,162)	(13,871)
Increase in cash and cash equivalents		(5,598,951)	5,682,844
Cash and cash equivalents, beginning of period		22,751,313	17,068,469
Cash and cash equivalents, end of period		\$ 17,152,362	\$ 22,751,313
Supplemental cash flow information:			
Broker warrants issued as share issuance costs	12	\$ -	\$ 188,750
Shares issued in acquisition of mineral claims	9,12	\$ 88,000	\$ 44,000
Marketable securities received for deferred exploration costs	20	\$ 5,095,356	\$ -

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



1. NATURE OF OPERATIONS

Sable Resources Ltd. ("Sable" or 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 property interests.

These consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on April 24, 2023.

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.



2. BASIS OF PRESENTATION (continued)

c) Subsidiaries

Subsidiaries are all corporations over which the Company has control. Control is achieved when the Company has power over the investee, is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

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.

These consolidated financial statements for the years ended December 31, 2022 and 2021 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. (note 20)	Argentina	100%	Consolidated	USD

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents include cash, short term deposits with financial institutions, and highly liquid investments that can be readily converted to specified amounts of cash within 90 days or less without significant change in value.

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.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) Equipment and the Right of Use Asset

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 loss and comprehensive loss.

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 and comprehensive loss.

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. 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.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Taxes

Income Taxes

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

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.

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. Financial assets measured at amortized cost are initially recognized at fair value plus or minus transaction costs, respectfully, and subsequently carried at amortized cost less any impairment.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets at Fair Value through Other Comprehensive 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.

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.

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.

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.

The Company has had no impairment loss from financial assets at initial recognition and as at December 31, 2022.

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.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

h) Loss Per Share

Basic loss 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 loss 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. When a loss per share calculation based on the fully diluted number of shares would be less than the loss per share calculated on the basic number of shares, diluted losses per share is anti-dilutive and accordingly, the diluted loss per share would be the same as the basic loss per share.

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.

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 fair value of the common share component.

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 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 unless they are related to the issuance of shares.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 as permitted by IFRS 16. This expense is presented within property related expenses.



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 Judgements

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 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.

b) Critical Accounting Judgments

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

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 mineral property interests

The Company reviews and evaluates 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.

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 government in Mexico and Argentina, including 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.



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

Going Concern

These consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management has applied judgment in the assessment of the Company's ability to continue as a going concern, considering all available information, and concluded that the going concern assumption is appropriate for a period of at least twelve months following the Auditor's report date.

Given the judgment involved, actual results may lead to a materially different outcome.

Deferred exploration recoveries

Management considered the facts and circumstances surrounding the receipt of the deferred exploration recovery (Note 20) 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 Aluminum (Holdings) Pty 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 in value recognised through the statement of net loss and comprehensive loss. The fair value of the liability has been assessed as of December 31, 2022 and management has determined that the fair value has not changed.

5. 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 \$17,152,362 (December 31, 2021 - \$22,751,313).

Cash and cash equivalents include:

- \$40,000 (December 31, 2021 - \$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, 2023.
- \$5,000,000 (December 31, 2021 - \$5,000,000) 180-day cashable GIC held with the Royal Bank of Canada with an interest rate of 5.05% and maturing on May 2, 2023.

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6. INVESTMENTS

The Company's investments are as follows:

	December 31, 2022	December 31, 2021
Magna Gold Corp. nil shares (December 31, 2021 - 1,406,278 shares)	\$ -	\$ 1,054,709
	\$ -	\$ 1,054,709

The Company's investments consisted of common shares held in a Canadian publicly traded company.

During the year ended December 31, 2022, the Company:

- Sold a total of 1,406,278 common shares of Magna Gold Corp. ("Magna") for net proceeds of \$974,675 which resulted in a net loss on sale of \$80,034.

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

- Sold a total of 62,382 common shares of Talisker Resources Ltd. 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 for net proceeds of \$1,508,206 which resulted in a net loss on the sale of \$377,314.

7. RECEIVABLES

	December 31, 2022	December 31, 2021
Goods and services tax	\$ 21,981	\$ 30,393
Value added tax	3,599,703	1,932,735
Less: Provision for value added tax	(3,599,703)	(1,932,735)
	\$ 21,981	\$ 30,393

The VAT receivables includes \$3,484,878 (December 31, 2021 - \$1,842,479) due from the Argentinian tax authorities, and \$114,825 (December 31, 2021 - \$90,256) due from the Mexican tax authorities.

During the year ended December 31, 2022, the Company received approval from the local regulators in Argentina confirming that the Company is entitled to apply for a refund of VAT paid subsequent to the approval date being \$555,865 (December 31, 2021 - \$nil). However, the Company has deemed the collection of these funds to be uncertain. As such, as of December 31, 2022, the Company wrote down this amount, which is included with the write down of amounts incurred prior to receipt of this approval (\$2,929,012) due to uncertainty of collection. As at December 31, 2022, the Company has recorded a provision for the entire VAT receivable incurred in Mexico of \$114,825 given the Company's history of collection and the uncertainty that the properties in Mexico will enter into production in the future.

For the year ended December 31, 2022, a provision for VAT of \$1,660,968 (December 31, 2021 - \$1,894,026) has been recognized in the consolidated statement of net loss and comprehensive loss.

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8. EQUIPMENT AND RIGHT OF USE ASSET

	Equipment		Right-of-Use Asset		Total
Cost					
Balance at December 30, 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
Additions		139,132		-	139,132
Disposal		(84,314)		-	(84,314)
Currency translation adjustment		21,121		-	21,121
Balance at December 31, 2022	\$	370,320	\$	187,599	\$ 557,919
Accumulated amortization					
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
Amortization		51,689		28,861	80,550
Disposal		(12,647)		-	(12,647)
Currency translation adjustment		4,316		-	4,316
Balance at December 31, 2022	\$	60,497	\$	105,825	\$ 166,322
Net book value at:					
December 31, 2021				\$	387,877
December 31, 2022				\$	391,597

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9. MINERAL PROPERTY INTERESTS

	Bluejoint, Mexico	Don Julio, Argentina	El Fierro, Argentina	La Poncha, Argentina	Total
Balance at December 31, 2020	\$ 3,436,202	\$ 291,949	\$ 77,449	\$ -	\$ 3,805,600
Cost of acquisition	-	196,136	154,504	26,608	377,248
Currency translation adjustment	(14,573)	-	-	-	(14,573)
Balance at December 31, 2021	3,421,629	488,085	231,953	26,608	4,168,275
Cost of acquisition	-	250,528	345,372	54,176	650,076
Currency translation adjustment	233,722	39,734	13,942	1,817	289,215
Balance at December 31, 2022	\$ 3,655,351	\$ 778,347	\$ 591,267	\$ 82,601	\$ 5,107,566

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 and make payment of US\$25,000 (\$32,640 or US\$25,000 equivalent was paid, and 200,000 common shares valued at \$52,800 were issued 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);

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9. MINERAL PROPERTY INTERESTS (continued)

- Issue 400,000 common shares and make payment of US\$120,000 prior to the fourth anniversary of the permit date (\$164,484 or US\$120,000 paid and 400,000 common shares valued at \$88,000 were issued during the year ended December 31, 2022); and
- Issue 200,000 common shares and make payment of US\$200,000 prior to the fifth anniversary of the permit date.

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.

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 (\$205,605 or US\$150,000 equivalent paid during the year ended December 31, 2022);
- 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.

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, and is considered part of the El Fierro project. 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);

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9. MINERAL PROPERTY INTERESTS (continued)

- Make payment of US\$25,000 prior to September 17, 2022 (\$34,268 or US\$25,000 equivalent paid during the year ended December 31, 2022); and
- Make payment of US\$35,000 prior to September 17, 2023.

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, and is considered part of the El Fierro Project. 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);
- 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 (\$109,656 or US\$80,000 equivalent paid during the year ended December 31, 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, 2026. 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 (\$54,828 or US\$40,000 equivalent paid during the year ended December 31, 2022)
- 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.

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9. MINERAL PROPERTY INTERESTS (continued)

Mexico

a) 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.

10. PAYABLES AND ACCRUALS

	December 31, 2022	December 31, 2021
Trade payables	\$ 353,445	\$ 553,477
Accruals and other	650,627	496,477
	\$ 1,004,072	\$ 1,049,954

11. 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, 2022	December 31, 2021
Opening balance	\$ 117,551	\$ 144,519
Repayments	(29,275)	(26,968)
Ending balance	88,276	117,551
Less current portion	(30,238)	(29,275)
Non-current obligation	\$ 58,038	\$ 88,276
1 year	\$ 32,651	\$ 32,651
2-3 years	59,861	65,303
4-5 years	-	27,209
Future interest expense on lease obligations	(4,236)	(7,612)
	\$ 88,276	\$ 117,551



11. LEASE LIABILITY (continued)

During the year ended December 31, 2022, the Company recognized \$3,376 (December 31, 2021 - \$4,287) in interest expense on its lease liability. During the year ended December 31, 2022, the Company expensed \$2,902,057 (December 31, 2021 - \$2,282,938) related to leases that did not meet the definition of a contractual lease and \$6,851 (December 31, 2021 - \$7,706) for leases of low-value assets. The incremental borrowing rate applied to the lease liability was 3.24%.

12. 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, 2022:

- On April 1, 2022, the Company issued 400,000 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 \$88,000 in connection with the Don Julio Project (Note 9).

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 9).
- 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.

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.

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b) Stock Options (continued)

	Number of stock options	Weighted average exercise price
Balance at December 31, 2020	16,250,000	\$ 0.18
Options issued	4,250,000	0.25
Options exercised	(725,000)	(0.12)
Options cancelled	(525,000)	(0.21)
Balance at December 31, 2021	19,250,000	\$ 0.20
Options issued	5,235,000	0.10
Options exercised	(1,900,000)	(0.15)
Options cancelled	(100,000)	(0.25)
Options expired	(700,000)	(0.17)
Balance at December 31, 2022	21,785,000	\$ 0.18

During the year ended December 31, 2022:

- On February 24, 2022, the Company granted an aggregate of 75,000 options to purchase common shares of the Company exercisable at a price of \$0.17 per common share for a period of one year to certain consultants.

The fair value of the 75,000 options was estimated at \$2,925 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 1.25%; volatility 64% and an expected life of one year.

- On November 28, 2022, the Company granted an aggregate of 5,160,000 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 5,160,000 options was estimated at \$309,600 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 4.33%; volatility 74% and an expected life of five years.

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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.

As at December 31, 2022, the following stock options were outstanding and exercisable:

Expiry date	Number of options outstanding	Number of stock options vested	Weighted average exercise price	Weighted average number of years to expiry
February 24, 2023	75,000	75,000	0.17	0.15
March 26, 2023	2,300,000	2,300,000	0.25	0.23
October 26, 2023	800,000	800,000	0.30	0.82
February 26, 2024	450,000	450,000	0.25	1.16
June 26, 2024	2,150,000	2,150,000	0.15	1.49
March 11, 2025	1,300,000	1,300,000	0.10	2.19
May 13, 2025	1,350,000	1,350,000	0.10	2.37
October 1, 2025	4,050,000	4,050,000	0.20	2.75
October 7, 2026	4,150,000	4,150,000	0.25	3.77
November 28, 2027	5,160,000	5,160,000	0.10	4.91
Balance at December 31, 2022	21,785,000	21,785,000	\$ 0.18	2.90

As at December 31, 2022, there were no RSUs issued or outstanding.



12. ISSUED CAPITAL AND CONTRIBUTED SURPLUS (continued)

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:

	Number of warrants		Weighted average exercise price
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
Share warrants exercised	(6,966,666)		(0.21)
Share warrants expired	(3,892,662)		(0.21)
Balance at December 31, 2022	31,424,492	\$	0.20

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.

As at December 31, 2022, the following share purchase warrants outstanding and exercisable:

Expiry date	Number of warrants outstanding	Weighted average exercise price	Weighted average number of years to expiry
June 15, 2023	1,249,998	0.30	0.45
September 10, 2023	30,174,494	0.20	0.69
Balance at December 31, 2022	31,424,492	\$ 0.20	0.68

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13. 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, 2022	December 31, 2021
Net loss before taxes	\$ (11,866,035)	\$ (10,030,709)
Canadian federal and provincial income tax rates	<u>27.00%</u>	<u>27.00%</u>
Income tax expense (recovery) based on above rates	(3,203,830)	(2,708,290)
Increase(decrease) due to:		
Non-deductible expenses	(203,139)	422,393
Difference between Canadian and Foreign tax rates	(623,294)	(412,509)
Impact of under (over) provision from prior year	169,112	93,663
Change in unrecognized deductible temporary differences	3,872,736	2,719,390
Other	32,468	(5,771)
	\$ 44,053	\$ 108,876

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

	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 44,000	\$ 74,000
Mineral property interest	8,277,000	7,610,000
Share issuance costs	289,000	418,000
Capital losses	651,000	640,000
Non-capital losses available for future periods	6,997,000	5,341,000
Total deferred income tax assets	16,258,000	14,083,000
Unrecognized deferred tax assets	(16,258,000)	(14,083,000)
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, 2022	December 31, 2021	Expiry date range
Canada	\$ 18,169,000	\$ 15,865,000	2025 to 2042
Argentina	5,729,000	3,189,000	2025 to 2027
Mexico	748,000	337,000	2031 to 2032
	\$ 24,646,000	\$ 19,391,000	



13. TAXES (CONTINUED)

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

14. FINANCIAL INSTRUMENTS

Financial assets and liabilities as at December 31, 2022 and 2021 are as follows:

	Assets at fair value through other comprehensive income	Amortized cost	Other financial liabilities	Total
As at December 31, 2022				
Cash and cash equivalents	\$ -	\$ 17,152,362	\$ -	\$ 17,152,362
Payables and accruals	-	-	1,004,072	1,004,072
Lease liability	-	-	88,276	88,276
Deferred exploration recovery	8,100,924	-	-	8,100,924
As at December 31, 2021				
Cash and cash equivalents	\$ -	\$ 22,751,313	\$ -	\$ 22,751,313
Investments	1,054,709	-	-	1,054,709
Payables and accruals	-	-	1,049,954	1,049,954
Lease liability	-	-	117,551	117,551
Deferred exploration recovery	1,839,655	-	-	1,839,655

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; and
- Level 3 – Inputs for assets or liabilities that are not based on observable market data.

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

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15. 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, 2022	Canada	Mexico	Argentina	Total
Exploration expenditures	\$ -	\$ 360,402	\$ 15,736,388	\$ 16,096,790
General and administrative expenses	1,717,140	63,140	444,785	2,225,065
Property evaluation and investigation	-	-	33,302	33,302
As at December 31, 2022				
Total assets	\$ 15,339,239	\$ 3,694,430	\$ 3,765,640	\$ 22,799,309
Total liabilities	556,250	-	8,637,022	9,193,272
Year ended December 31, 2021	Canada	Mexico	Argentina	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

During the year ended December 31, 2022, the Company incurred employee compensation and consultant costs in the amount of \$258,129 and \$3,620,252 (December 31, 2021: \$409,420 and \$2,797,040), respectively. These are recognized in exploration expenditures and general and administrative expenses.

16. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the years ended December 31, 2022 and 2021:

- The Company incurred exploration costs in the amount of \$13,751 (December 31, 2021 - \$18,577) paid to Talisker Exploration Services Ltd., a private company with shared directors and officers. Included in payables and accruals at December 31, 2022 are \$nil (December 31, 2021 - \$6,924).
- The Company incurred general and administrative expenses in the amount of \$11,256 (December 31, 2021 - \$12,720) paid to JDS Energy & Mining Inc., a private company with a shared director.
- The Company was remunerated for shared general and administrative costs of \$7,541 (December 31, 2021 - \$nil) by Talisker Resources Ltd., a public company with shared directors and officers.
- The Company was remunerated for general and administrative costs of \$nil (December 31, 2021 - \$10,057) by TDG Gold Corp., a public company with a former shared director, for expenses relating to the Baker Project.



16. RELATED PARTY TRANSACTIONS (continued)

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, 2022 and 2021 were as follows:

	2022	2021
Salaries and director fees	\$ 1,129,260	\$ 1,278,443
Share based expense	264,600	411,800
	\$ 1,393,860	\$ 1,690,243

As at December 31, 2022, an amount of \$199,662 (December 31, 2021 - \$410,558) due to key management personnel, was included in payables and accruals. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

17. 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, 2022, the Company realized a net favourable foreign currency impact gain of \$7,904,964 (December 31, 2021: \$4,100,044). This gain includes a net favourable foreign currency impact gain of \$4,117,917 (December 31, 2021: nil) realized from payments in kind received from South32 (note 20).



18. 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.

19. 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 as its funds are held in several major Canadian, Mexican, and Argentinian financial institutions.

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, 2022, the Company had a cash and cash equivalents balance of \$17,152,362 (December 31, 2021 - \$22,751,313) as well as marketable securities of \$nil (December 31, 2021 - \$1,054,709) to settle current liabilities of \$1,034,310 (December 31, 2021 - \$1,181,120). Working capital (defined as current assets less current liabilities) for the Company as at December 31, 2022 was \$16,265,836 (December 31, 2021 - \$22,732,271).

Market risk

a) Interest rate risk

The Company has significant cash balances. The Company's current policy is to invest excess cash in high-yield savings accounts or other highly liquid interest-bearing short-term investments. Management has determined interest rate risk to be low.



19. FINANCIAL RISK FACTORS (continued)

b) 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, 2022, 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 \$191,963. 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.

c) 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 to determine the appropriate course of action to be taken by the Company.

20. DEFERRED EXPLORATION RECOVERY

On January 28, 2021, the Company and its wholly-owned subsidiary Olivares signed an earn-in agreement with South32 (the "EIA"), to jointly explore the Don Julio 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. In the event that South32 terminates the EIA, and Olivares subsequently recovers or obtains any VAT, Sable must pay to South32 an amount equal to the amount of such recovered VAT.

During the year ended December 31, 2022, Olivares received payments of \$5,795,734 or US\$4,417,803 equivalent (December 31, 2021: \$1,839,655 or US\$1,563,387 equivalent). Included in these payments were \$5,095,356 or US\$3,762,076 that were received in kind through the use of marketable securities (note 17). These marketable securities were converted into cash upon receipt.



20. DEFERRED EXPLORATION RECOVERY (continued)

As at December 31, 2022, South32 invested a total of \$8,100,924 or US\$5,981,190 equivalent (December 31, 2021: \$1,869,655 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%;
- 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.

21. SUBSEQUENT EVENT

On February 24, 2023, the Company signed an addendum to the EIA whereby 35% of any excess contributions above US\$8.5 million over five years or US\$10 million over six years made by South32 during the EIA period can be used as a credit by South32 for their portion of the first approved program and budget of the Joint Venture Period. The credit has a maximum value of US\$1.75 million.