# SABLE RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the year ended December 31, 2017

**Management Discussion and Analysis as of April 30, 2018:**

The purpose of this Management Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook of Sable Resources Ltd. (the "Company" or "Sable"). This report also provides information to improve the readers' understanding of the 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, 2017 ("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 likelihood of resumed mining at the Shasta Mine, Baker Mine, and Baker mill is subject to a large number of risks, including: fluctuations in gold prices, lower than expected mill recovery rates and mining rates, ore grade and recovery rates, the possibility of a labour stoppage or shortage, accidents, and delays in government approvals. The Company and its operations are also subject to a large number of risks, including: The Company's liquidity and financing capability, fluctuations in gold prices, market conditions, results of current exploration activities, the possibility of a labour stoppage or shortage, delays in obtaining government permits and approvals and such other risks as discussed herein and in other publicly filed disclosure documents. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause performance, events, or circumstances to differ materially from those described in forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not to place undue reliance on forward-looking statements contained in this MD&A. Forward-statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

## 1. Description of Business and Overall Performance

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

The Company currently hold interests in the following precious metal projects:

<u>Baker (Toodoggone) Gold/Silver Project</u>

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

*Shasta Mine*

The Shasta Mine is located 9 km east from the Company's processing and camp facilities. Production began in 1989 and has been operated by Sable intermittently until 2012 when the mine was put on care-and-maintenance. Historical production from the Shasta mine primarily occurred during the periods 1989-1991 (JM and D zones), and 2008-2012 (Creek zone). The mine production was processed at Sable's Baker mill, commonly at rates of 200-250 ton/day, where gold and silver dore was produced for sale.

Shasta mine mineralization can be described as epithermal gold-silver, low sulfidation type. It is a multiphase quartz-carbonate stockwork/breccia vein mineralization containing significant gold and silver. Native gold and silver, electrum and acanthite occur erratically with finely disseminated pyrite, sphalerite, galena and minor chalcopyrite. There are eleven mineralized zones on the Property, many of them part of a continuous vein system.

*Chappelle (Baker and Multinational Mines) Property*

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

Sable acquired the Baker site including the processing facility in 1989 and subsequently modified it to a flotation circuit with optional concentrate cyanidation.

The Multinational 'B' deposit, located adjacent to Adit Creek and upstream of the 'A' deposit, was a high-grade gold-silver-copper deposit from which flotation concentrates were shipped off-site. This mine was intermittently operated by Sable during 1991-1997

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

*Baker Infrastructure and Equipment*

The infrastructure consists of living quarters, kitchen, crusher building, fuel and oil storage, offices, assay laboratory, concentrator, water pumps, mechanics shop, backhoe, loader, bulldozer, grader, haulage trucks, personnel vehicles and a tailings storage facility. There are two Production Leases, one at the Chappelle Property (P.L. No. 13, Lot 1048) and one at Shasta Mine (P.L. No. 48). Permitted tailings and waste facilities are used.

The concentrator (the "Baker Mill") is a fully operational facility which using conventional processes made recoveries above 94% for gold and 87% for silver during its peak operation in 1981 through 1983. Power is obtained from diesel generators. In 1989 the mill was modified with the addition of flotation cells and the leach tanks were down sized to handle a flotation concentrate. These modifications increased the mill capacity from 100 tons per day up to 250 tons/day.

<u>Tulox Property</u>

The Tulox project is located approximately 60 km north of Savona, British Columbia, and consists of 12540 ha of mineral tenure. The Scott Creek zone consists of a coincident induced polarization, and till and soil geochemical anomaly. Sable has conducted no exploration field work on the project to date.

<u>Taurus Property</u>

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

<u>Mets Lease</u>

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

<u>Bot Property</u>

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

Margarita Property

The Project, located in Chihuahua state Mexico, consists of two mining exploration licenses totaling 125 hectares of ground with an approximate strike length of 1.7 kilometers. The project has never been drill tested, but historic surface samples have yielded significant silver mineralization. The property is fully surrounded by Sunshine Silver Mine Corporation's Los Gatos Project exploration licenses and is located 20 km northwest of Cerro Los Gatos deposit.

Don Julio Project

Previous exploration at Don Julio has identified a large Miocene stratovolcano developed over Paleozoic siliciclastic rocks with a 4 X 3km lithocap with large robust Au geochemical anomaly, widespread quartz-alunite & illite-pyrite alteration with strong upper level (Hg) pathfinders.

The Company classifies operating segments based on the stage of exploration and evaluation of economic resources of the underlying property associated to its' interest. Under such basis, all properties and interest are considered one operating segment.

## 2. Selected Annual Information

The Current Assets at December 31, 2017 were $4,345,328 versus $1,291,784 at December 31, 2016. The increase is due to the completion of cash raised through the issuance of common shares, partially offset by exploration, property maintenance and general and administration expenditures in the year.

The Current Liabilities at December 31, 2017 were $415,590 versus $526,358 at December 31, 2016. The decrease is due to the issuance of common stock to settle the convertible debentures and amounts due to related parties. Trade payables and accruals have increased in proportion to the increase in exploration, property maintenance and general and administrative activities.

| | **2017** | **2016** |
|---|---:|---:|
| Net Sales | $nil | $nil |
| Income (loss) | (2,619,043) | (348,501) |
| Basic and diluted income (loss) per share | (0.04) | (0.01) |
| Cash dividends per common share | $nil | $nil |

## 3. Discussion of Operations

Comprehensive loss as at December 31, 2017 was $2,619,043 versus $348,501 for the comparative year. The variance is the result of increased administrative and exploration and property maintenance activities:

| **Expensed activity** | **Exploration** | **Property maintenance** |
|---|---:|---:|
| Baker | 1,221,304 | 147,869 |
| Mets | - | 4,500 |
| Bot | 235,574 | 2,000 |
| Tulox | 3,600 | - |
| Margarita | 9,256 | - |
| Don Julio | 6,592 | - |
| Total | 1,476,326 | 154,369 |

Exploration expenditures for the year ended December 31, 2017 were $1,476,326 compared to $64,538 in the comparative year ended December 31, 2016. The increase is mainly attributable to the Company generating the capital resources to commence exploration work on its' portfolio of projects. Exploration activities during the year were concentrated on the Baker and neighbouring Bot projects where an airborne geophysical survey was completed in addition to diamond drilling. Exploration activities were partially funded through flow-through shares issued during the year.

Property maintenance expenses for the year ended December 31, 2017 are $154,369 compared to $18,221 in the comparative year ended December 31, 2016. Property maintenance expenditures related primarily to Baker, where the Company engaged various consultants to bring environmental and tailing facility compliance requirements into good standing. The results of these efforts are expected with the delivery of an update reclamation plan in Q2 2018.

Administration expenses for the year ended December 31, 2017 are $1,153,348 compared to $311,274 in the comparative year ended December 31, 2016. The increase is primarily associated to the increased corporate activity and corporate management with greater financial resources. Significant expenditures include non-cash stock-based compensation of $588,750 (2016 - $237,967), management compensation of $235,000 (2016 - $nil), and professional fees related to corporate maintenance and increased corporate activity of $210,005 (2016 - $25,505).

The Company continues to investigate financing options to continue exploration on existing and recently acquired properties and completed the following transaction during year ended December 31, 2017:

- On February 21, 2017, the Company acquired the Mets mining lease in north-central British Columbia in consideration for 1,000,000 common shares in the capital stock of the Company and a 1% NSR which can be purchased at any time for payment of $500,000. The transaction received regulatory approval on May 9, 2017.

- On March 21, 2017, the Company acquired the Tulox gold project located in south-central British Columbia in consideration for 200,000 common shares in the capital stock of the Company and payment of $5,000. An additional 500,000 common shares in the capital stock of the Company will be issued as bonus shares in the event the Company completes a NI43-101 technical report on the property that contains a measured and indicated resource of at least 500,000 ounces of gold within five years of the agreement. All common shares in the capital stock of the Company are subject to a hold period of four months plus one day. The transaction received regulatory approval on May 9, 2017.

- On April 11, 2017, the Company has acquired the Bot Deal project located in north-central British Columbia, in consideration for 400,000 common shares in the capital stock of the Company and payment of $7,500. An additional 500,000 common shares in the capital stock of the Company will be issued as bonus shares in the event the Company completes a NI43-101 technical report on the property that contains a measured and indicated resource of at least 500,000 ounces of gold within five years of the agreement. All common shares in the capital stock of the Company will be subject to a hold period of four months plus one day. The transaction received regulatory approval on May 9, 2017.

- On April 24, 2017 the Company reached an agreement with Cangaroo Capital Corp. and Walter Canadian Coal Partnership to settle debts owing by the Company in the aggregate amount of CAD $285,000 in common shares at an issue price of 15 cents per share. Terence Harbort is a principal of one of the creditors and a director of Sable. The transaction received regulatory approval on May 17, 2017.

- On May 30, 2017, the Company optioned the Margarita Silver Project located in Chihuahua State, Mexico in consideration for 200,000 common shares in capital stock of the Company and payment of $50,000. An additional $500,000, less the 200,000 common shares issued initially, worth of common shares in capital stock will be issued on the first anniversary of the agreement, $1,000,000 worth of common shares in capital stock on the second anniversary, and $2,000,000 common shares in capital stock on the third anniversary. No shares were issues as the agreement was subsequently amended.

  The option agreement was subsequently amended on October 17, 2017, resulting the initial consideration of $50,000 due at execution of the agreement and payment of $30,000 prior to October 23, 2017. The first anniversary payment was amended to $470,000 worth of common shares of the company.

- On June 29, 2017, the Company completed the Offering, pursuant to which it issued 2,500,000 Units at a price of C$0.20 per Unit, for aggregate gross proceeds of C$500,000. Each Unit consists of one "flow-through" common share of the Company and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to acquire one additional common share of the Company (which will not be a "flow-through" common share) at an exercise price of C$0.30 until June 29, 2018.

- On August 8, 2017, the Company announced it had entered into an agreement with Haywood Securities Inc. ("Haywood"), whereby Haywood had agreed to sell, on best efforts private placement basis, up to 20,000,000 units of the Company, at a price of C$0.15 per unit, for gross proceeds to the Company of up to C$3,000,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one common share at an exercise price of C$0.25 per warrant for a period of 24 months from the closing of the Offering.

- On September 8, 2017, the Company announced the closing of the upsized brokered offering for gross proceeds of $4,105,575. In connection with the brokered offering, the Company also closed a non-brokered offering, under the same terms, for an additional $150,000 for combined proceeds of $4,255,575.

- On November 2, 2017, the Company announced that it has entered into definitive agreements dated as of October 31, 2017 providing for the acquisitions the Company of BlueJoint Resources Inc. and Western Canada Greenfields Group Inc. Private companies engaged in mineral exploration activities. All of the issued and outstanding common shares of BlueJoint and WCG will be acquired by Sable from the existing holders thereof in consideration of the issuance of approximately 0.648 of one common share of Sable for each BlueJoint Share so held, and approximately 0.139 of one Sable Share for each WCG Share so held, resulting in the issuance of up to approximately 25,111,110 Sable Shares in the aggregate. The transaction closed on January 29, 2018.

- On November 9, 2017 announced the granting of 2,200,000 incentive stock options to certain officers, directors and consultants of the Company pursuant to the Company's Stock Option Plan. The options are exercisable at a price of $0.17 for a period of five years.

- On December 6, 2017 the Company entered into an agreement to acquire up to a 100% interest in the Don Julio Project ("Don Julio") located in the San Juan Province of Argentina, subject to a 2% net smelter royalty which one half may be purchase by the Company for US$2,500,000 anytime after 12 months from which commercial production has been declared for any part of the project. To earn the initial 50% interest of the project the Company will:

    - Make payment of US$25,000 upon signing of the letter of intent
    - Issue 200,000 common shares and make payment of US$25,000
    - Issue 200,000 common shares and make payment of US$100,000 and complete US$300,000 of exploration work prior to the one-year anniversary of the receipt of an environmental impact assessment permit.
    - Issue 200,000 common shares and make payment of US$150,000 prior to the second anniversary of the permit date.
    - Issue 400,000 common shares and make payment of US$300,000 and complete US$700,000 of exploration work prior to the third anniversary of the permit date.

  To earn a 100% interest in the project, the Company will:

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

Additional transactions occurred subsequent to year end:

- On January 29, 2018, the Company announced the closing of the previous announced acquisitions of BlueJoint Resources Inc. and Western Canada Greenfields Group Inc. The acquisitions were structured in the form of a three-corned amalgamation, pursuant to which each of the companies were amalgamated with a wholly-owned subsidiary of the Company. Total consideration resulted in the issuance of 25,111,110 shares.

- On February 9, 2018, the Company announced the completion of the acquisition of the High Sulphidation Don Julio Project in the San Juan Province of Argentina. Under the terms of the option, the Company may earn up to 100% of the project, subject to a 2% net smelter royalty which one half may be purchased by the Company for US$2,500,000 anytime after 12 months form which commercial production has be declared on any part of the project. The terms are structured to allow for a 50%, 60%, 70% or 100% earn in at the Company's discretion.

- On March 26, 2018, the Company announced the granting of 3,200,000 of stock options to certain officers, directors and consultants of the Company pursuant to the Company's stock option plan. Options are exercisable at a price of $0.245 for a period of five years.

- On March 27, 2018, the Company announced the closing of a non-brokered private placement of 2,000,000 common shares on a flow-through basis at a price of $0.30 per share.

## 4. Summary of Quarterly Results

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

| Quarter Ending | Revenue $ | Net Loss $ | Net Loss per share |
|---|---|---|---|
| December 31, 2017 | $nil | (1,016,125) | (0.02) |
| September 30, 2017 | $nil | (939,587) | (0.01) |
| June 30, 2017 | $nil | (393,869) | (0.01) |
| March 31, 2017 | $nil | (269,462) | (0.01) |
| December 31, 2016 | $nil | (309,324) | (0.01) |
| September 30, 2016 | $nil | (19,439) | (0.00) |
| June 30, 2016 | $nil | (15,710) | (0.00) |
| March 31, 2016 | $nil | (4,028) | (0.00) |

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

## 5. Liquidity and Capital Resources

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

As at December 31, 2017 the Company had a cash and cash equivalents position of $4,171,691, (2016 – $1,065,089), and working capital of $3,929,738 (2016 - $765,426).

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

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

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

The Company had provided a $222,500 security to the Province of British Columbia relating to future reclamation of the Company's mineral property interests. In the fourth quarter of 2016, the Company forfeited the reclamation bond to the British Columbia Ministry of Energy and Mines (the "Ministry") as a best estimate for the repair and maintenance costs to the tailings storage facilities. The Company is currently completing the required studies and reports to bring the Baker project reclamation program into good standing. Upon completion of the report and finalization with the ministry, the potential exists for a revision of the reclamation obligation and bonding require due to revised estimates.

During the year ended December 31, 2017, the Company deposited $45,437 to Ministry of Energy and Mines of British Columbia for anticipated environmental disturbance related to exploration on the Bot project. At December 31, 2017, no disturbance had been made and as a result no reclamation or closure cost obligation has been recognized.

The Company has accepted liability and responsibility for the reclamation of its mineral claims including removal and decommissioning of the mill, camp and tailings pond to the satisfaction of government authorities.

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

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares. As at December 31, 2017 an aggregate of 91,764,939 common shares were issued and outstanding and 120,727,164 at the date hereof.

The Company had 32,442,730 warrants outstanding as of December 31, 2017 and 31,591,615 at the date hereof.

The Company had 6,550,000 share options (1,800,000 at an exercise price of $0.10, 2,550,000 at an exercise price of $0.15, and 2,200,000 at an exercise price of $0.17) at an average exercise price of $0.14 at December 31, 2017 and 9,550,000 at the date hereof.

## 6. Off-Balance Sheet Transactions

The Company does not have any off-balance sheet arrangements as at December 31, 2017 or as of the date of this report.

## 7. Related Party Transactions

Key management personnel include the members of the Board of Directors and executive officers of the Company. During the year ended December 31, 2017 compensation was paid to key management personnel of $235,000 (December 31, 2016 - $nil). Included in payables and accruals at December 31, 2017 are $28,350 (2016 - $nil) related to these amounts.

Further, during the year ending December 31, 2017, key management were granted 3,800,000 (2016 – 1,300,000) stock options with a value of $464,100 (2016 - $237,967). No options were exercised during the year ended December 31, 2017 (2016 - $nil)

On April 24, 2017 the Company reached an agreement with Cangaroo Capital Corp. and Walter Canadian Coal Partnership, companies controlled by a director of the Company, to settle debts owing by the Company through the issuance of 1,900,000 shares at a price of $0.15 per share for a gross value of $285,000. During the year ended December 31, 2016, $250,000 in common share at an issue price of $0.05 per share related to the settlement of debenture debt occurred with a former CEO and director of the Company.

## 8. Critical Accounting Estimates, Judgements and Uncertainties

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

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

**Share-Based payments**

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

b) Critical Accounting Judgments

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

**Amortization Rates**

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

**Title to Mineral Property interests**

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

**Impairment of non-financial assets**

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

**Changes in Accounting Policy**

There were no changes in accounting policy this past year.

## 9. Financial Instruments and Other Instruments

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

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

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

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

## 10. 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).

<u>Industry and Mineral Exploration Risk</u>

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

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

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

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

Geopolitical Risk

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

Sources of Funds Risk

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

Operating Hazards Risks

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

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

Commodity Price Risk

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

Environmental Risk

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

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Permits and Licenses Risks

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

Title Matters Risk

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

Competition and Marketability Risks

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

Key Management Risk

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

## 11. Internal Controls over Financial Reporting and Disclosure

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

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

Additional information on the Company can be found on the Company's website at www.sableresources.com or at SEDAR at www.sedar.com.

## 12. Approval

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

On Behalf of the Board of Directors,

"*Tom Obradovich*"
Tom Obradovich
President, CEO, and Director
April 30, 2018