



SABLE RESOURCES LTD.

**Condensed Interim Consolidated Financial Statements
As at and for the three months ended March 31, 2021 and 2020**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

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

	Note		March 31 2021		December 31 2020
Assets					
Current Assets					
Cash and cash equivalents	6	\$	15,178,479	\$	17,068,469
Marketable securities	7		3,078,900		3,368,947
Receivables	8,18		456,739		183,444
Prepaid expenses and deposits	9		58,791		41,083
			18,772,909		20,661,943
Property and equipment	10		179,479		189,800
Mineral property interests	11		3,878,509		3,805,600
		\$	22,830,897	\$	24,657,343
Liabilities					
Current Liabilities					
Payables and accruals	12,18	\$	743,823	\$	632,939
Income tax payable			-		819,606
Current portion of lease liability	13		27,604		26,968
			771,427		1,479,513
Lease liability	13		110,309		117,551
Deferred exploration recovery	23		1,236,609		-
			2,118,345		1,597,064
Shareholders' equity					
Issued capital	14		40,609,388		40,504,571
Accumulated other comprehensive loss			(486,852)		(145,510)
Contributed surplus	14		4,167,555		4,167,555
Deficit			(23,577,539)		(21,466,337)
			20,712,552		23,060,279
		\$	22,830,897	\$	24,657,343

Nature of operations (Note 1)
Subsequent events (Note 25)

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

For the three month period ended March 31,	Note	2021	2020
Property related expenses			
Exploration expenditures	15	\$ 2,370,314	\$ 977,666
General and administrative expenses	18	299,681	290,419
Share-based expense	14	-	69,700
		2,669,995	1,337,785
Other expenses (income)			
Provision for value-added tax receivable	8	28,409	3,339
Interest income		(9,756)	(19,942)
Foreign exchange		658	770
Gain on use of marketable securities, net	19	(578,104)	-
Net loss from continuing operations		2,111,202	1,321,952
Net loss from discontinued operations		-	14,577
Net loss		\$ 2,111,202	\$ 1,336,529
Items that may be reclassified subsequently to profit and loss:			
Change in fair value of marketable securities	7	290,047	624
Foreign currency translation adjustment		51,295	(495,836)
Other comprehensive loss (income)		341,342	(495,212)
Net comprehensive loss		\$ 2,452,544	\$ 841,317
Loss per share			
Basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		199,251,704	159,988,730

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

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

	Note	Number of shares	Share Capital	Accumulated Other Comprehensive Loss	Contributed Surplus	Accumulated Deficit	Total
Balance, December 31, 2019		162,141,897	\$ 31,313,479	\$ (206,134)	\$ 3,391,324	\$ (25,874,751)	\$ 8,623,918
Net loss		-	-	-	-	(1,336,529)	(1,336,529)
Other comprehensive loss		-	-	495,212	-	-	495,212
Stock-based compensation	14,18	-	-	-	69,700	-	69,700
Balance, March 31, 2020		162,141,897	\$ 31,313,479	\$ 289,078	\$ 3,461,024	\$ (27,211,280)	\$ 7,852,301
Net Income		-	-	-	-	5,744,943	5,744,943
Other comprehensive income		-	-	(434,588)	-	-	(434,588)
Shares issued from private placements	14	65,914,707	9,887,206	-	-	-	9,887,206
Shares issued in acquisition of claims	11,14	100,000	9,000	-	-	-	9,000
Exercise of options	14	1,600,000	230,000	-	-	-	230,000
Share issue costs	14	-	(935,114)	-	146,331	-	(788,783)
Share-based expense	14,18	-	-	-	560,200	-	560,200
Balance, December 31, 2020		229,756,604	\$ 40,504,571	\$ (145,510)	\$ 4,167,555	\$ (21,466,337)	\$ 23,060,279
Net Loss		-	-	-	-	(2,111,202)	(2,111,202)
Other comprehensive income		-	-	(341,342)	-	-	(341,342)
Exercise of options	14	325,000	48,750	-	-	-	48,750
Exercise of warrants	14	351,529	56,067	-	-	-	56,067
Balance, March 31, 2021		230,433,133	\$ 40,609,388	\$ (486,852)	\$ 4,167,555	\$ (23,577,539)	\$ 20,712,552

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

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

For the three month period ended March 31,	Note	2020	2019
Operating Activities			
Net loss		\$ (2,111,202)	\$ (1,336,529)
Items not involving cash:			
Amortization	10	9,716	7,215
Share-based expense	14,18	-	69,700
Provision for value-added tax receivable	8	(28,409)	3,339
Interest income		(9,756)	(19,942)
		(2,139,651)	(1,276,217)
Changes in non-cash working capital	22	(971,316)	(195,497)
Total cash flows used in operating activities		(3,110,967)	(1,471,714)
Financing Activities			
Principle payments on lease liability	13	(6,606)	(6,386)
Proceeds from option exercise	14	48,750	-
Proceeds from warrant exercise	14	56,067	-
Total cash flows from financing activities		98,211	(6,386)
Investing Activities			
Acquisition of mineral claims	11	(115,739)	(40,365)
Proceeds from deferred exploration recovery	23	1,236,609	-
Interest income		9,756	19,942
Total cash flows from investing activities		1,130,626	(20,423)
Effect of foreign exchange on cash		(7,860)	-
Decrease in cash and cash equivalents		(1,889,990)	(1,498,523)
Cash and cash equivalents, beginning of period		17,068,469	4,780,176
Cash and cash equivalents, end of period		\$ 15,178,479	\$ 3,281,653

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

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Sable Resources Ltd. (the "Company") is incorporated under the Business Corporation Act (British Columbia). The Company is engaged in the acquisition, exploration and development of mineral resource properties in Mexico and Argentina. 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.

During the year ended December 31, 2020, the coronavirus COVID-19 outbreak was declared a pandemic by the World Health Organization. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on May 21, 2021.

2. BASIS OF PRESENTATION**a) Statement of Compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These 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 condensed interim consolidated financial statements were prepared on an accrual basis, are based on historical costs except for financial instruments measured at fair value and are presented in Canadian dollars, which is the functional currency of the Company's Canadian entity. The functional currency of the Company's foreign subsidiaries is US dollars.

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

c) Subsidiaries

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

The subsidiaries of the Company are as follows:

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

d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The presentation currency is stated in Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net loss.

Statements of comprehensive loss and cash flows for entities whose functional currency is different to the presentation currency are translated into the Company's presentation currency at average exchange rates for the period while their statements of financial position are translated at the period-end exchange rates. Exchange differences arising from the translation are recorded as a component of other comprehensive loss (income). On disposal of a foreign entity, such exchange differences are transferred out of this reserve and are recognized in net loss as part of the gain or loss on sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting policies

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020 which includes information necessary for useful to understanding the Company's business and financial statement presentation. Foremost, the Company's significant accounting policies are presented as Note 3 in the audited consolidated financial statements as at and for the year ended December 31, 2020 and have been consistently applied in the preparation of these unaudited condensed interim financial statements.

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the three month periods ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2020 other than as stated below.

Deferred exploration recoveries

Management considered the facts and circumstances surrounding the receipt of deferred exploration recoveries (note 23) in determining that it represents a liability to the Company. The payment represents a portion of the funding that will form the consideration for South32's investment in Olivares, should South32 exercise its right to acquire a 65% direct interest in Olivares. In management's view, as the Company continues to operate the Don Julio Project, this payment for the future sale of a controlling interest in Olivares is considered to be a present obligation of the Company.

5. SALE OF MINERAL PROPERTY INTERESTS

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

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

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

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

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit with major Canadian, Mexican, and Argentinian banks in general interest-bearing accounts totaling \$15,178,479 (December 31, 2020 - \$17,068,469).

Cash and cash equivalents include a \$40,000 (December 31, 2020 - \$40,000) one-year cashable guaranteed investment certificate (GIC) held with the Royal Bank of Canada with an interest rate of 0.5% and maturing on July 1, 2021.

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

7. MARKETABLE SECURITIES

The Company's marketable securities are as follows:

	March 31, 2021	December 31, 2020
<i>FVTPL</i>		
<u>Talisker Resources Ltd.</u>		
62,382 shares (2020 - 62,382 shares)	\$ 20,586	\$ 20,898
<u>Magna Gold Corp.</u>		
3,219,278 shares (2020 – 3,219,278 shares)	3,058,314	3,348,049
	\$ 3,078,900	\$ 3,368,947

The Company's marketable securities consist of common shares held in Canadian publicly traded companies. Fair value of shares are determined at the closing price on March 31, 2021. The Company recorded an unrealized loss of \$290,047 (March 31, 2019 – \$624).

8. RECEIVABLES

	March 31, 2021	December 31, 2020
Receivables	\$ -	\$ 1,690
Goods and services tax	20,172	36,324
Value added tax	503,849	184,303
Less: Provision for value-added tax	(67,282)	(38,873)
	\$ 456,739	\$ 183,444

The valued added tax receivables ("VAT") included \$67,282 (December 31, 2020 - \$38,873) of "Impuesto al Valor Agregado" ("IVA") due from the Mexican tax authorities, generated on expenditures related to the exploration of projects located in Mexico by the Company's Mexican subsidiaries. The Company assesses the recoverability of the amount's receivable at each reporting date. The Company can recover the VAT receivable from the Mexican government if the projects are entered into production.

As at March 31, 2021, the Company has recorded a provision for the entire Mexico value added tax receivable upon consideration of the Company's history of collection and the uncertainty that the properties in Mexico will enter into production in the future. The provision for value-added tax of \$28,409 has been recognized in the consolidated statement of net loss and comprehensive loss.

9. PREPAID EXPENSES AND DEPOSITS

	March 31, 2021	December 31, 2020
Prepaid expenses	\$ 25,448	\$ 20,722
Advances to vendors	33,343	20,361
	\$ 58,791	\$ 41,083

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

10. PROPERTY AND EQUIPMENT

<u>Cost</u>	<u>Machinery & equipment</u>	<u>Right-of-Use Asset</u>	<u>Total</u>
Balance at March 31, 2020	\$ -	\$ 187,599	\$ 187,599
Additions	50,304	-	50,304
Balance at December 31, 2020	50,304	187,599	237,903
Currency translation adjustment	(605)	-	(605)
Balance at March 31, 2021	\$ 49,699	\$ 187,599	\$ 237,298

<u>Accumulated amortization</u>	<u>Machinery & equipment</u>	<u>Right-of-Use Asset</u>	<u>Total</u>
Balance at March 31, 2020	\$ -	\$ 26,457	\$ 26,457
Amortization	-	21,646	21,646
Balance at December 31, 2020	-	48,103	48,103
Amortization	2,501	7,215	9,716
Balance at March 31, 2021	\$ 2,501	\$ 55,318	\$ 57,819

Net book value at:			
December 31, 2020			\$ 189,800
March 31, 2021			\$ 179,479

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

11. MINERAL PROPERTY INTERESTS

	<u>Mexico</u>	<u>Argentina</u>	<u>Peru</u>	<u>Total</u>
Balance at December 31, 2019	\$ 4,863,928	\$ 203,806	\$ 87,301	\$ 5,155,035
Cost of Acquisition	-	168,949	-	168,949
Write-down of assets	-	-	(87,301)	(87,301)
Sale of Royalty	(51,124)	(3,357)	-	(54,481)
Disposal of Asset (note 5)	(1,345,118)	-	-	(1,345,118)
Currency Translation Adjustment	(31,484)	-	-	(31,484)
Balance at December 31, 2020	3,436,202	369,398	-	3,805,600
Cost of Acquisition	-	115,739	-	115,739
Currency Translation Adjustment	(42,830)	-	-	(42,830)
Balance at March 31, 2021	\$ 3,393,372	\$ 485,137	\$ -	\$ 3,878,509

Mexico

a) Margarita Silver Project

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

b) BlueJoint Mineral Applications

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

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

Argentina

a) Don Julio Project

On December 6, 2017 the Company entered into an agreement to acquire up to a 100% interest in the Don Julio Project 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. 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 the Don Julio Project.

SABLE RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the three month periods ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

11. MINERAL PROPERTY INTERESTS (continued)

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

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

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

- To earn an additional 10% for 60% ownership in the project; issue 500,000 common shares and make payment of US\$600,000 prior to the sixth 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 seventh anniversary of the permit date; and
- 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 eighth anniversary of the permit date.

See Note 23.

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 the San Juan Province of 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 period ended March 31, 2021);
- Make payment of US\$150,000 prior to March 1, 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 the project, which can be purchased by the Company for US\$1,000,000.

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

11. MINERAL PROPERTY INTERESTS (continued)

c) Laspina Project

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

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

The Company may exercise an early purchase option by making payment of US\$35,000 after September 17, 2021.

d) El Fierrazo Project

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

- Make payment of US\$20,000 on the signing of the agreement (\$26,266 or US\$20,000 equivalent paid during year ended December 31, 2020);
- Make payment of US\$40,000 prior to October 1, 2021;
- Make payment of US\$80,000 prior to October 1, 2022;
- Make payment of US\$100,000 prior to October 1, 2023; and
- Make payment of US\$400,000 prior to October 1, 2024.

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

e) 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 the San Juan Province of Argentina. As part of the LOI, the Company has until March 15, 2021 to complete its property evaluation. If the Company decides to move forward with the project, the parties will enter into an option agreement. On March 15, 2021, the Company exercised its right under the letter of intent to enter into an option agreement for the La Poncha Project located in the San Juan Province of Argentina. Upon entering into an option agreement, to earn 100% interest in La Poncha the Company must:

- Make payment of US\$20,000 on the signing of the option agreement (\$27,448 or US\$20,000 equivalent paid during period ended March 31, 2021);
- Make payment of US\$40,000 and complete US\$100,000 in exploration work prior to March 15, 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 the project, which may be purchased by the Company for US\$1,000,000.

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

11. MINERAL PROPERTY INTERESTS (continued)**Peru**

a) Scorpius Project

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

b) Kirio Project

On July 24, 2019, the Company entered into an agreement to acquire 100% interest in the Kirio Project from Teck Peru S.A. ("Teck") located in the Miocene Gold Belt of Central Peru. If the Company does not spend US\$150,000 in exploration work prior to October 22, 2020, the Company is required to pay to Teck in cash the difference between the US\$150,000 and the actual amount of exploration expenditures incurred.

During the year ended December 31, 2020, the Company terminated the agreement, with Teck agreeing to waive the owed difference between the actual amount of exploration expenditures incurred and US\$150,000.

12. PAYABLES AND ACCRUALS

	March 31, 2021	December 31, 2020
Trade payables	\$ 349,380	\$ 269,248
Accruals and other	394,443	363,691
	\$ 743,823	\$ 632,939

13. 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.

	March 31, 2021	December 31, 2020
Opening balance	\$ 144,519	\$ 170,345
New obligation under finance lease	-	-
Repayments	(6,606)	(25,826)
Ending balance	137,913	144,519
Less current portion	(27,604)	(26,968)
Non-current obligation	\$ 110,309	\$ 117,551
Gross lease obligation - minimum lease payments		
1 year	\$ 31,674	\$ 31,255
2-3 years	65,302	65,302
4-5 years	51,698	59,860
6+ years	-	-
Future interest expense on lease obligations	(10,761)	(11,898)
	\$ 137,913	\$ 144,519

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

13. LEASE LIABILITY (continued)

During the period ended March 31, 2021, the Company recognized \$1,138 in interest expense on its lease liability. During the period ended March 31, 2021, the Company expensed \$345,574 related to leases that did not meet the definition of a contractual lease and \$2,236 for leases of low-value assets. The incremental borrowing rate applied to the lease liabilities was 3.24%.

14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS

a) Issued Capital

Authorized

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

Issued and outstanding:

	<u>Number of Shares</u>	<u>\$ Value</u>
Balance at December 31, 2019	162,141,897	\$ 31,313,479
Shares issued in private placement	65,914,707	9,887,206
Shares issued in acquisition of mineral properties	100,000	9,000
Exercise of options	1,600,000	230,000
Share issuance costs	-	(935,114)
Balance at December 31, 2020	229,756,604	40,504,571
Exercise of options	325,000	48,750
Exercise of warrants	351,529	56,067
Balance at March 31, 2021	230,433,133	\$ 40,609,388

During the year ended December 31, 2020:

- On May 31, 2020, the Company issued 100,000 common shares at a price of \$0.09 per common share, the fair value of the common shares on grant date, for a gross value of \$9,000 in connection with the Don Julio Project (Note 11).
- On September 10, 2020, the Company completed a private placement of 65,914,707 units at a price of \$0.15 per unit for gross proceeds of \$9,887,206. Each unit was comprised of one common share and one half of one common share purchase warrant entitling the holder thereof to purchase a common share at a price of \$0.20 until September 10, 2023.

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

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

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS (continued)**Diluted Weighted Average Number of Shares Outstanding**

	March 31, 2021	March 31, 2020
Basic weighted average shares outstanding	199,251,704	159,988,730
Effect of outstanding securities	-	-
Diluted weighted average shares outstanding	199,251,704	159,988,730

During the three month periods ended March 31, 2021 and 2020, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

b) Stock options

The Company has a share option plan whereby officers, directors and certain employees and consultants may be granted options to purchase unissued common shares of the Company. The option exercise price is decided by the Board of Directors but may not be less than the discounted market price of the Company's shares as defined in the Rules and Policies of the TSXV. The share option plan permits the granting of options up to a maximum of 10% of outstanding shares of the Company.

	<u>Number of stock options</u>	<u>Weighted average exercise price</u>
Balance at December 31, 2019	12,500,000	\$ 0.19
Options issued during the year	7,100,000	0.18
Options exercised during the year	(1,600,000)	(0.14)
Options cancelled during the year	(1,750,000)	(0.22)
Balance at December 31, 2020	16,250,000	\$ 0.18
Options exercised during the period	(325,000)	(0.15)
Options cancelled during the period	(525,000)	(0.21)
Balance at March 31, 2021	15,400,000	\$ 0.18

During the year ended December 31, 2020:

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

The fair value of the 1,700,000 options was estimated at \$62,900 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 0.44%; volatility 84% and an expected life of five years.

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

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14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS (continued)

The fair value of the 1,350,000 options was estimated at \$56,700 using the Black Sholes pricing model with the following assumptions: dividend yield 0%, risk free interest 0.29%; volatility 86% and an expected life of five years.

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

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

The Company has the following stock options outstanding and exercisable:

<u>Expiry date</u>	<u>Number of options outstanding</u>	<u>Number of stock options vested</u>	<u>Weighted average Exercise Price</u>	<u>Weighted average number of years to expiry</u>
October 24, 2021	400,000	400,000	\$ 0.10	0.57
May 3, 2022	1,900,000	1,900,000	0.15	1.09
November 9, 2022	700,000	700,000	0.17	1.61
March 26, 2023	2,300,000	2,300,000	0.25	1.99
October 26, 2023	800,000	800,000	0.30	2.57
February 26, 2024	450,000	450,000	0.25	2.91
June 26, 2024	2,150,000	2,150,000	0.15	3.24
March 11, 2025	1,300,000	1,300,000	0.10	3.95
May 13, 2025	1,350,000	1,350,000	0.10	4.12
October 1, 2025	4,050,000	4,050,000	0.20	4.51
Balance at March 31, 2021	15,400,000	15,400,000	\$ 0.18	3.07

c) Share Purchase Warrants

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

	<u># of warrants</u>	<u>Weighted average exercise price</u>
Balance at December 31, 2019	20,618,617	\$ 0.28
Share warrants issued	32,957,353	0.20
Broker warrants issued	1,977,441	0.15
Share warrants expired	(5,600,000)	(0.34)
Balance at December 31, 2020	49,953,411	\$ 0.21
Broker warrants exercised	(284,779)	0.15
Share warrants issued	142,390	0.20
Share warrants exercised	(66,750)	(0.20)
Balance at March 31, 2021	49,744,272	\$ 0.22

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

14. ISSUED CAPITAL AND CONTRIBUTED SURPLUS (continued)

During the period ended March 31, 2021:

- On January 18, 2021, in connection with the exercise of 284,779 broker warrants, the Company granted 142,390 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.

During the year ended December 31, 2020:

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

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

<u>Expiry date</u>	<u>Number of warrants outstanding</u>	<u>Weighted average exercise price</u>
May 15, 2021	2,876,667	0.25
September 12, 2021	4,141,950	0.35
August 29, 2022	8,000,000	0.21
September 10, 2022	1,692,662	0.15
September 10, 2023	33,032,993	0.20
Balance at March 31, 2021	49,744,272	\$ 0.22

15. PROPERTY RELATED EXPENSES

	March 31, 2021	March 31, 2020
Exploration expenditures		
Employee compensation	\$ 78,750	\$ 20,000
Camp and transportation	202,196	129,900
Labour and technical fees	633,052	506,845
Drilling	589,557	28,467
Maintenance	-	4,316
Fuels and lubes	100,673	23,121
Operating supplies	177,596	43,928
Lease and rentals	347,810	41,250
Office and general and administrative	104,663	100,191
Insurance, bank fees and taxes (non-income)	136,017	79,649
Total exploration expenditures	\$ 2,370,314	\$ 977,666

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS

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

	Assets at fair value through profit and loss	Amortized cost	Other financial liabilities	Total
As at March 31, 2021				
Cash and cash equivalents	\$ -	\$ 15,178,479	\$ -	\$ 15,178,479
Marketable securities	3,078,900	-	-	3,078,900
Payables and accruals	-	-	743,823	743,823
As at December 31, 2020				
Cash and cash equivalents	\$ -	\$ 17,068,469	\$ -	\$ 17,068,469
Marketable securities	3,368,947	-	-	3,368,947
Receivables	-	1,690	-	1,690
Payables and accruals	-	-	632,939	632,939

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

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

As at March 31, 2021 and December 31, 2020, cash and cash equivalents and marketable securities were recorded at fair value under level 1 within the fair value hierarchy.

The carrying value of cash and cash equivalents, marketable securities, amounts receivable, and accounts payable and accrued liabilities approximate fair value because of the limited terms of these instruments.

17. SEGMENTED INFORMATION

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

Period ended March 31, 2021	Canada	Mexico	Argentina	Peru	Total
Exploration expenditures	\$ -	\$ 209,733	\$ 2,160,681	\$ -	\$ 2,370,314
General and administrative expenses	266,619	19,413	13,649	-	299,681
As at March 31, 2021					
Total assets	\$ 21,393,085	\$ 801,520	\$ 636,292	\$ -	\$ 22,830,897
Total liabilities	1,891,434	19,285	207,626	-	2,118,345
Period ended March 31, 2020					
Exploration expenditures	\$ -	232,754	717,653	27,259	\$ 977,666
General and administrative expenses	281,212	9,207	-	-	290,419
As at December 31, 2020					
Total assets	\$ 22,319,640	\$ 2,020,410	\$ 317,293	\$ -	\$ 24,657,343
Total liabilities	669,724	919,559	7,781	-	1,597,064

SABLE RESOURCES LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three month periods ended March 31, 2021 and 2020**

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18. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the three month periods ended March 31, 2021 and 2020:

- The Company incurred exploration costs in the amount of \$nil (March 31, 2020 - \$28,053) paid to Talisker Exploration Services Ltd., a private exploration services company with shared directors and officers.
- The Company incurred general and administrative expenses in the amount of \$3,500 (March 31, 2020 - \$nil) paid to JDS Energy & Mining Inc., a Company with a shared director. Included in payables and accruals at December 31, 2020 are \$403 (December 31, 2019 - \$369).
- The Company was remunerated for shared exploration and general and administrative costs of \$nil (March 31, 2020 - \$28,957) by Talisker Resources Ltd. ("Talisker"), a public company with shared directors and officers, for expenses relating to the Baker Project and shared administrative costs. Included in receivables at March 31, 2021 are \$nil (December 31, 2019 - \$1,610).

Compensation of key management personnel of the Company

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

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

The remuneration of directors and other members of key management personnel during the three month periods ended March 31, 2021 and 2020 were as follows:

	March 31, 2021		March 31, 2020
Short term employee benefits	\$ 211,751	\$	242,334
Share based payments	-		38,950
	\$ 211,751	\$	281,284

As at March 31, 2021, an amount of \$23,811 (December 31, 2019 - \$158,142) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

Transactions with related parties are recorded at fair value.

19. 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.

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19. USE OF MARKETABLE SECURITIES (continued)

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 three month period ended March 31, 2021, the Company realized a net gain of \$578,104 (March 31, 2020: \$nil), comprised of a favorable foreign currency impact of \$590,361 (March 31, 2020: \$nil) and a trading loss of \$12,257 (March 31, 2020: \$nil).

20. CAPITAL MANAGEMENT

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

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

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

The Company's capital consists of the following:

	March 31, 2021	December 31, 2020
Working capital surplus	\$ 18,001,482	\$ 19,182,430
Share capital	40,609,388	40,504,571
Share-based payment reserve (included in contributed surplus)	4,167,555	4,167,555
Accumulated deficit	(23,577,539)	(21,466,337)
	\$ 39,200,886	\$ 42,388,219

21. FINANCIAL RISK FACTORS

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

Credit risk

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

Liquidity risk

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

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21. FINANCIAL RISK FACTORS (continued)

As at March 31, 2021, the Company had a cash and cash equivalents balance of \$15,178,479 (December 31, 2020 - \$17,068,469) as well as marketable securities of \$3,078,900 (December 31, 2020 - \$3,368,947) to settle current liabilities of \$771,427 (December 31, 2020 - \$1,479,513). Working capital for the Company as at March 31, 2021 was \$18,001,482 (December 31, 2020 - \$19,182,430).

Market risk**(a) Foreign currency risk**

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

Based on the foreign currency balances at March 31, 2021, a 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect net comprehensive loss by approximately \$208,673. This analysis only addresses the impact on financial instruments with respect to currency movement and excludes other economic or geo-political implications of such currency fluctuation. In practice, actual results will likely differ from this analysis and the difference may be material.

(b) Commodities price risk

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

Other price risk

Other price risk is the risk arising from the effect of changes in market conditions on the Company's marketable securities (note 7). A 10% change in the share price would affect net comprehensive loss by approximately \$307,890.

22. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital items during the three month periods ended March 31, 2021 and 2020 are as follows:

	March 31, 2021	March 31, 2020
Receivables	\$ (244,886)	\$ (11,008)
Prepays and deposits	(17,708)	(33,792)
Payables and accruals	110,884	(150,697)
Income tax payable	(819,606)	-
	\$ (971,316)	\$ (195,497)

23. SOUTH32 EARN-IN AGREEMENT

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

SABLE RESOURCES LTD.

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23. SOUTH32 EARN-IN AGREEMENT (continued)

Earn-in Agreement

The EIA grants South32 the right to acquire 65% of the shares of Olivares by providing US\$8.5 million in exploration funding over a period of five years (the "EIA Period") and assuming responsibility for paying 100% of the cash option payments due to the underlying owners of the Project during the EIA Period. At South32's election the EIA Period can be extended by one year to a total period of six years in consideration for South32 providing an additional US\$1.5 million in exploration funding. The Company will operate all exploration programs during the EIA Period, and will receive a 7.5% operator fee on all qualifying exploration expenditures. Pursuant to the terms of the EIA, to maintain the option to acquire a 100% interest in the Project in good standing, the Company retains the obligation to issue shares to the underlying owners.

During the period ended March 31, 2021, Olivares received payments of \$1,236,609 or US\$983,387 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.

SABLE RESOURCES LTD.

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24. COMMITMENTS AND CONTINGENCIES

As of March 31, 2021, the Company is committed to spending approximately \$148,674 over the next five years on its Toronto office lease (note 13).

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

25. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, 2,706,666 warrants with an expiry date of May 15, 2021 were exercised for proceeds of \$676,667 and the remaining 170,000 warrants expired unexercised.