

**Consolidated Financial Statements of**

**SABLE RESOURCES LTD.**

**For the Three Months ended March 31, 2008 and 2007**

(Unaudited)

**The Financial Statements for the three months ended March 31, 2008  
have not been reviewed by the Company's auditors.**

# SABLE RESOURCES LTD.

## Consolidated Balance Sheet

As at March 31, 2008 and December 31, 2007  
(Unaudited)

	March 31, 2008	December 31, 2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 779,033	\$ 1,153,537
Accounts receivable	358,281	301,204
Share subscription receivable	-	-
Prepaid expenses	2,012	2,012
	<u>1,139,326</u>	<u>1,456,753</u>
Restricted funds	220,000	170,000
Mineral property interests	108,499	108,499
Plant and equipment, net of accumulated amortization	<u>617,300</u>	<u>561,841</u>
	<u>\$ 2,085,125</u>	<u>\$ 2,297,093</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 205,674	\$ 312,222
Obligation under capital lease (note 5)	24,062	24,062
	<u>229,736</u>	<u>336,284</u>
Obligation under capital lease (note 5)	<u>24,390</u>	<u>32,539</u>
Shareholders' equity:		
Share capital - (note 4)	11,057,980	9,682,543
Contributed Surplus - (note 3)	538,197	368,162
Deficit	<u>(9,765,178)</u>	<u>(8,122,435)</u>
	<u>1,830,999</u>	<u>1,928,270</u>
	<u>\$ 2,085,125</u>	<u>\$ 2,297,093</u>

Approved on behalf of the Board:

"Melvyn M. Rahal" Director  
"Fred H. Findler" Director

See accompanying notes to the financial statements

## SABLE RESOURCES LTD.

### Consolidated Statement of Operations and Deficit (Unaudited)

For the Three Months ended March 31, 2008 and 2007

	March 31 2008	March 31 2007
Expenses		
Property maintenance, mining & milling	\$ 1,606,213	\$ 644
Exploration	13,471	13,615
Administration	30,572	43,571
Stock based compensation - (Note 3)	170,035	-
Gold recoveries	(173,523)	-
	<u>1,646,768</u>	<u>57,830</u>
Operating (loss)	(1,646,768)	(57,830)
Other:		
Other income	<u>4,025</u>	<u>18,049</u>
(Loss) for the period, before Income taxes	(1,642,743)	(39,781)
Future income tax recovery - (Note 4)	<u>-</u>	<u>383,489</u>
Income (Loss) for the period	(1,642,743)	343,708
Deficit, beginning of period	<u>(8,122,435)</u>	<u>(5,988,518)</u>
Deficit, end of period	<u>(9,765,178)</u>	<u>(5,644,810)</u>
Income (Loss) per share	<u>\$ (0.070)</u>	<u>\$ 0.019</u>
Weighted average number of common shares used in the calculation of basic earnings (loss) per share	<u>23,304,852</u>	<u>18,350,917</u>

## SABLE RESOURCES LTD.

### Consolidated Statement of Cash Flows: (Unaudited)

For the Three Months ended March 31, 2008 and 2007

	<u>March 31,</u> <u>2008</u>	<u>March 31,</u> <u>2007</u>
Cash provided by (used in):		
Operations:		
Net (Loss) for the period	\$ (1,642,743)	\$ 343,708
Adjustments not requiring cash expenditures:		
Stock based compensation (Note 3)	170,035	-
Future Income tax recovery (Note 4)	-	(383,489)
Decrease (increase) in accounts receivable	(57,077)	442
Decrease (increase) in share subscription receivable	-	231,001
(Decrease) Increase in accounts payable	(114,697)	(81,520)
Decrease (Increase) in prepaid expenses	-	700
	<u>(1,644,482)</u>	<u>110,842</u>
Investments		
Plant and equipment	(55,459)	(146,276)
Reclamation deposit	(50,000)	-
	<u>(1,749,941)</u>	<u>(35,434)</u>
Financing		
Shares issued for cash	<u>1,375,437</u>	<u>39,518</u>
(Decrease) in cash and cash equivalents	(374,504)	4,084
Cash and cash equivalents, beginning of year	<u>1,153,537</u>	<u>1,736,975</u>
Cash and cash equivalents, end of period	<u>\$ 779,033</u>	<u>\$ 1,741,059</u>

## **SABLE RESOURCES LTD.**

### **Consolidated Statement of Administrative Expenses** (Unaudited)

For the Three Months ended March 31, 2008 and 2007

	<u>March 31</u> 2008	<u>March 31</u> 2007
Consulting	\$ 3,000	\$ 20,000
Office & sundry	353	343
Rent	8,014	5,266
Licences and fees	12,917	4,945
Transfer agent fees	978	1,064
Shareholders Information	2,400	8,781
Insurance	-	700
Travel and promotion	454	679
Telephone	1,078	1,168
Bank charges	<u>1,378</u>	<u>625</u>
	<u>\$ 30,572</u>	<u>\$ 43,571</u>

## SABLE RESOURCES LTD.

Notes to the Consolidated Financial Statements  
(Unaudited)

For the period ended March 31, 2008 and 2007

### 1 Basis of Presentation

These unaudited interim financial statements include the accounts of Sable Resources Ltd. and its subsidiaries (collectively referred to as the "Company"). These interim consolidated financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements, and accordingly, these interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements. These interim consolidated financial statements follow the same accounting policies and methods of application used in the company's audited annual consolidated financial statements as at and for the year ended December 31, 2007.

- 2 The auditors of Sable Resources Ltd. have not performed a review of the unaudited consolidated financial statements for the three months ended March 31, 2008 and March 31, 2007.

### 3 Share Purchase Options

The Company has a share option plan whereby officers, directors and certain employees may be granted options to purchase unissued common shares of the Company. The option exercise price is the closing market price of the common shares on the TSX Venture Exchange on the trading day immediately prior to the option granted.

	Number of Shares	Weighted Average Exercise Price \$
Balance, December 31, 2007	1,075,000	\$ 0.38
Expired	(150,000)	0.30
Granted	250,000	1.30
Balance, March 31, 2008	<u>1,175,000</u>	<u>\$ 0.59</u>

At March 31, 2008, the following stock options were outstanding:

Number of Shares	Weighted Average Exercise Price \$	Expiry Date
50,000	\$ 0.30	November 5, 2008
500,000	0.30	January 10, 2011
100,000	0.33	March 23, 2011
100,000	0.51	July 12, 2011
50,000	0.62	Apr. 12, 2012
125,000	0.70	July 3, 2012
250,000	1.30	February 1, 2013
<u>1,175,000</u>	<u>\$ 0.59</u>	

## SABLE RESOURCES LTD.

Notes to the Consolidated Financial Statements  
(Unaudited)

For the period ended March 31, 2008 and 2007

### 3 Share Purchase Options - continued

The Company used the Black-Scholes option pricing model to determined the fair value of the options with the following assumptions:

Expected dividend yield:	Nil
Risk-free interest rate:	3.35%
Expected life:	5 years
Expected volatility:	57.57%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

During the three months ended March 31, 2008 the company granted:

50,000 stock options to a director and 200,000 stock options to consultants. The options entitles the holder to purchase one share of the Company's common stock at a price of \$1.30 per share until February 1, 2013. The estimated fair value of this option was \$170,035 and this amount has been expensed as stock-based compensation.

- 4 The flow-through subscription agreements for the brokered private placements of 666,500 and 1,072,500 units at \$0.40 per unit and \$0.80 per unit; respectively, require the Company to renounce certain Qualifying Canadian Exploration Expenditures, to be incurred on the Company's resource properties, to the share subscribers. On February 22, 2007 the Company filed the necessary documentation to renounce \$1,124,600 of expenditures to the share subscribers, effective December 31, 2006. Accordingly, \$383,489 being the taxable benefit renounced, has been charged as a reduction of share capital.