

Consolidated Financial Statements of

SABLE RESOURCES LTD.

For the Six Months ended June 30, 2008 and 2007

(Unaudited)

**The Financial Statements for the six months ended June 30, 2008
have not been reviewed by the Company's auditors.**

SABLE RESOURCES LTD.

Consolidated Balance Sheet

As at June 30, 2008 and December 31, 2007
(Unaudited)

	<u>June 30</u> 2008	<u>December 31</u> 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 358,127	\$ 1,153,537
Accounts receivable	320,109	301,204
Prepaid expenses	65,000	2,012
	<u>743,236</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>627,000</u>	<u>561,841</u>
	<u>\$ 1,698,735</u>	<u>\$ 2,297,093</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 214,916	\$ 312,222
Obligation under capital lease (note 5)	24,062	24,062
	<u>238,978</u>	<u>336,284</u>
Obligation under capital lease (note 5)	<u>15,871</u>	<u>32,539</u>
Shareholders' equity:		
Share capital - (note 4)	11,304,480	9,682,543
Contributed Surplus - (note 3)	538,197	368,162
Deficit	<u>(10,398,791)</u>	<u>(8,122,435)</u>
	<u>1,443,886</u>	<u>1,928,270</u>
	<u>\$ 1,698,735</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 Six Months ended June 30, 2008 and 2007

	Three months ended		Cumulative six months period ended	
	June 30 2008	June 30 2007	June 30 2008	June 30 2007
Expenses				
Property maintenance, mining & milling	1,510,234	57,392	3,116,447	\$ 58,036
Exploration	42,673	95,440	56,144	109,055
Administration	36,735	42,566	67,307	86,137
Stock based compensation - (Note 3)	-	28,616	170,035	28,616
Gold recoveries	(953,927)	-	(1,127,450)	-
	<u>635,715</u>	<u>224,014</u>	<u>2,282,483</u>	<u>281,844</u>
Operating (loss)	(635,715)	(224,014)	(2,282,483)	(281,844)
Other:				
Other income	<u>2,102</u>	<u>20,162</u>	<u>6,127</u>	<u>38,211</u>
(Loss) for the period, before Income taxes	(633,613)	(203,852)	(2,276,356)	(243,633)
Future income tax recovery - (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,489</u>
Income (Loss) for the period	(633,613)	(203,852)	(2,276,356)	139,856
Deficit, beginning of period	<u>(9,765,178)</u>	<u>(5,644,810)</u>	<u>(8,122,435)</u>	<u>(5,988,518)</u>
Deficit, end of period	<u>(10,398,791)</u>	<u>(5,848,662)</u>	<u>(10,398,791)</u>	<u>(5,848,662)</u>
Income (Loss) per share	<u>\$ (0.027)</u>	<u>\$ (0.010)</u>	<u>\$ (0.096)</u>	<u>\$ 0.007</u>
Weighted average number of common shares used in the calculation of basic earnings (loss) per share				
	<u>23,594,852</u>	<u>20,668,002</u>	<u>23,594,852</u>	<u>20,668,002</u>

SABLE RESOURCES LTD.

Consolidated Statement of Cash Flows: (Unaudited)

For the Six Months ended June 30, 2008 and 2007

	Three months period ended		Cumulative six months ended	
	June 30 2008	June 30 2007	June 30, 2008	June 30, 2007
Cash provided by (used in):				
Operations:				
Net (Loss) for the period	\$ (633,613)	\$ (203,852)	\$ (2,276,356)	\$ (243,633)
Adjustments not requiring cash expenditures:				
Stock based compensation (Note 3)	-	28,616	170,035	28,616
Future Income tax recovery (Note 4)	-	-	-	383,489
Decrease (increase) in accounts receivable	38,172	(29,409)	(18,905)	(28,967)
Decrease (increase) in share subscription receivable	-	8,212	-	239,213
(Decrease) Increase in accounts payable	9,242	9,107	(97,306)	(72,413)
Decrease (Increase) in prepaid expenses	(62,988)	750	(62,988)	1,450
	(649,187)	(186,576)	(2,285,520)	307,755
Investments				
Plant and equipment	(9,700)	(242,661)	(65,159)	(388,937)
Reclamation deposit	-	-	(50,000)	-
Equipment under capital lease	(8,519)	-	(16,668)	-
	(667,406)	(429,237)	(2,417,347)	(81,182)
Financing				
Shares issued for cash	246,500	1,131,948	1,621,937	787,977
Increase (Decrease) in cash and cash equivalents	(420,906)	702,711	(795,410)	706,795
Cash and cash equivalents, beginning of period	779,033	1,741,059	1,153,537	1,736,975
Cash and cash equivalents, end of period	\$ 358,127	\$ 2,443,770	\$ 358,127	\$ 2,443,770

SABLE RESOURCES LTD.

Consolidated Statement of Administrative Expenses (Unaudited)

For the Six Months ended June 30, 2008 and 2007

	June 30 2008	June 30 2007	June 30 2008	June 30 2007
Accounting & Legal	\$ 4,610	\$ 2,000	\$ 4,610	\$ 2,000
Salaries	-	1,999	-	1,999
Consulting	-	-	3,000	20,000
Office & sundry	1,088	165	1,441	508
Rent	11,401	9,774	19,415	15,040
Licences and fees	3,259	5,994	16,176	10,939
Transfer agent fees	2,845	3,675	3,823	4,739
Shareholders Information	12,128	15,752	14,528	24,533
Insurance	-	750	-	1,450
Travel and promotion	478	633	932	1,312
Telephone	720	1,638	1,798	2,806
Bank charges	206	186	1,584	811
	<u>\$ 36,735</u>	<u>\$ 42,566</u>	<u>\$ 67,307</u>	<u>\$ 86,137</u>

SABLE RESOURCES LTD.

Notes to the Consolidated Financial Statements
(Unaudited)

For the period ended June 30, 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 six months ended June 30, 2008 and June 30, 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, June 30, 2008	<u>1,175,000</u>	<u>\$ 0.59</u>

At June 30, 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 June 30, 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 June 30, 2008 no options were granted.

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.

5 Obligation Under Capital Lease

	2008	2007
Equipment under capital lease	\$ 39,933	\$ 56,601
Less: current portion	(24,062)	(24,062)
	<u>\$ 15,871</u>	<u>\$ 32,539</u>