



855 Montroyal Blvd
North Vancouver, B.C.
CANADA V7N 4G3

Phone: (604) 986-8566
email: mmr@sableresources.com

www.sableresources.com

January 8, 2015

Al Hoffman, P.Eng
Chief Inspector of Mines
Ministry of Energy and Mines
PO Box 9320 Stn Prov Got
Victoria, BC, V8W 9N3
Via Email

Dear Mr. Hoffman:

Re: Chief Inspector's Response dated Dec 17, 2014 to Sable Resources Letter dated Nov 20, 2014

This letter is written in response to your letter dated December 17, 2014. Your letter was a response to the letter by Sable Resources Ltd. ("SRL", the "Company") requesting a variance regarding an extension to the *Notification of Chief Inspector's Orders* letter dated August 18th, 2014.

In your letter, you denied SRL's request for a variance to extend the deadline for the *Independent Review of Dam Safety and Consequence Classification*. It remains SRL's intent to complete this review in the Summer of 2015. In addition, your letter provided 5 orders to SRL, which are responded to with corresponding numbers below:

1. A contingency plan is being developed, and will be submitted to your office for review by January 15, 2015. The plan will consist of onsite monitoring, maintenance of existing diversion channels, and an emergency standby supernatant decant procedure to ensure no overtopping event occurs.
2. A continuous site presence will be maintained for the duration of the 2015 freshet, capable of providing maintenance to the existing TSF facility and enacting the emergency procedure if required.
3. This order is interpreted to involve physical works in and about the tailings storage facility that will provide longer-term protection for the environment, and will include upgrades to the diversion ditches and drainage swale/spillway consistent with previous engineer's recommendations and contained in George Warnock's inspection 140626 dated July 2, 2014. The above items are agreed to; however, SRL requests the deadline date of July 31, 2015 to be changed to September 15, 2015 to be consistent with the preferred snow-free working window for the area.

Other required maintenance items are assumed at this point to be minor in nature and SRL agrees to complete them. If the Company has overlooked any item that will require significant time and financial commitment, please provide SRL the details in a timely manner.

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4. SRL will provide a schedule for satisfying each of the four outstanding inspections orders identified within your letter. It may not be possible to provide a firm date for all items, as financing will be required.
5. The requirement to provide an additional \$150,000 in reclamation bonding is accepted by SRL; however, the Company will not be able to comply with the required date of January 15, 2015. While SRL can commit to the financial requirements of the work contained in orders 1, 2, and 3 at this time, additional capital will be required for longer-term items and this increase in bonding. The Company intends that additional capital raised will be used to satisfy these orders of the Chief Inspector in the numerical order provided, 1 through 5, as completing on-ground works to protect the environment is of more immediate need than providing reclamation bonding for closure.

I appreciate your continued patience and willingness to work with Sable Resources Ltd. as the Company works through this difficult time. While actions speak louder than words, please know that it is SRL's intent to comply with all orders and operate the site in accordance with the public interest and environmental protection for all stakeholders.

Sincerely,

Mel Rahal
President
Sable Resources Ltd.