



**FABLED COPPER CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(UNAUDITED)**

### **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 Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited interim financial statements of Fabled Copper Corp. for the nine months ended September 30, 2020 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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**Fabled Copper Corp.**

## Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	September 30,	December 31,
	Note(s)	2020	2019
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		188,295	121,325
Amounts receivable		28,944	37,237
Prepaid expenses	1, 5	620,104	14,115
<b>TOTAL ASSETS</b>		<b>837,343</b>	<b>172,677</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	3	405,240	291,387
Due to related party	6	144,492	29,722
Note payable	4	10,000	10,000
<b>TOTAL LIABILITIES</b>		<b>559,732</b>	<b>331,109</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	10,300,311	10,132,311
Shares subscribed	5	400,000	-
Reserves	5	588,988	143,285
Deficit		(11,011,688)	(10,434,028)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>277,611</b>	<b>(158,432)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>837,343</b>	<b>172,677</b>

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These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Michael Harrison Director

/s/ David W. Smalley Director

**Fabled Copper Corp.**

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended		For the nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		\$	\$	\$	\$
<b>Expenses</b>					
Consulting fees		-	-	-	15,750
Management fees	6	30,000	-	30,000	-
Foreign exchange loss		1,577	-	1,616	-
General and administrative expenses		2,548	862	12,443	5,487
Investor relations and promotion		5,950	-	6,975	-
Pre-exploration expenditures	1	215,666	-	215,666	-
Professional fees	6	92,289	23,370	150,820	28,358
Property investigation costs		10,002	-	40,484	-
Regulatory and filing fees		68,413	2,563	87,042	27,976
Share-based payments	5	7,184	-	32,614	-
<b>Total comprehensive loss</b>		<b>(433,629)</b>	<b>(26,795)</b>	<b>(577,660)</b>	<b>(77,571)</b>
<b>Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)</b>		<b>(0.01)</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding</b>		<b>46,809,760</b>	<b>44,009,760</b>	<b>45,011,220</b>	<b>44,009,760</b>
- basic and diluted					

See accompanying notes to these unaudited condensed consolidated interim financial statements.

**Fabled Copper Corp.**

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)  
(Expressed in Canadian Dollars)

	Note(s)	Share capital		Shares subscribed	Reserve	Deficit	Total
		Number of shares	Amount				
<b>Balance at December 31, 2019</b>		<b>44,009,760</b>	<b>10,132,311</b>	-	<b>143,285</b>	<b>(10,434,028)</b>	<b>(158,432)</b>
Share subscribed	5	-	-	400,000	-	-	<b>400,000</b>
Shares issued for advisory services	5	2,800,000	168,000	-	-	-	<b>168,000</b>
Warrants issued for advisory services	1, 5	-	-	-	413,089	-	<b>413,089</b>
Share-based payments	5	-	-	-	32,614	-	<b>32,614</b>
Loss for the period		-	-	-	-	(577,660)	<b>(577,660)</b>
<b>Balance at September 30, 2020</b>		<b>46,809,760</b>	<b>10,300,311</b>	<b>400,000</b>	<b>588,988</b>	<b>(11,011,688)</b>	<b>277,611</b>
<b>Balance at December 31, 2018</b>		<b>44,009,760</b>	<b>10,132,311</b>	-	<b>22,840</b>	<b>(1,879,238)</b>	<b>8,275,913</b>
Loss for the period		-	-	-	-	(77,571)	<b>(77,571)</b>
<b>Balance at September 30, 2019</b>		<b>44,009,760</b>	<b>10,132,311</b>	-	<b>22,840</b>	<b>(1,956,809)</b>	<b>8,198,342</b>

See accompanying notes to these unaudited condensed consolidated interim financial statements.

**Fabled Copper Corp.**

## Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the nine months ended	
		September 30, 2020	September 30, 2019
		\$	\$
<b>Cash flow provided from (used by)</b>			
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(577,660)	(77,571)
<b>Adjustments for items not affecting cash:</b>			
Share-based payments	5	32,614	-
<b>Change in non-cash working capital</b>			
Amounts receivable		8,293	(918)
Prepaid expenses		(24,900)	(142,370)
Accounts payable and accrued liabilities		84,131	25,339
Due to related parties		144,492	11,343
<b>Cash flow used in operating activities</b>		<b>(333,030)</b>	<b>(184,177)</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition costs on exploration and evaluation assets		-	(298,175)
<b>Cash flow used in investing activities</b>		<b>-</b>	<b>(298,175)</b>
<b>FINANCING ACTIVITIES</b>			
Shares subscribed	5	400,000	-
Proceeds on issuance of promissory notes	6	46,500	-
Repayment of promissory notes	6	(46,500)	-
<b>Cash flow from financing activities</b>		<b>400,000</b>	<b>-</b>
<b>Increase (decrease) in cash</b>		<b>66,970</b>	<b>(482,352)</b>
<b>Cash, beginning of period</b>		<b>121,325</b>	<b>712,895</b>
<b>Cash, end of period</b>		<b>188,295</b>	<b>230,543</b>
<b>SUPPLEMENTAL CASH FLOW</b>			
Fair value of shares issued for advisory services	1, 5	168,000	-
Fair value of warrants issued for advisory services	1, 5	413,089	-
Cash paid during the period for interest		-	-
Cash paid during the period for income taxes		-	-

See accompanying notes to these unaudited condensed consolidated interim financial statements.

## **Fabled Copper Corp.**

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

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### **1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS**

Fabled Copper Corp. (formerly Flying Monkey Capital Corp.) (the “Company”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on December 15, 2014 and changed its name from Flying Monkey Capital Corp. to Fabled Copper Corp. on September 27, 2018. The Company is listed on the TSX Venture Exchange (the “Exchange”) under the symbol “FCO”. The Company is currently engaged in exploration of mineral properties and holds a 100% interest in copper properties located in British Columbia, Canada.

The head office and the registered address of the Company are 480 – 1500 West Georgia Street, Vancouver, BC V6G 2Z6, Canada.

On August 5, 2020, Fabled Silver Gold Mexico Corp, SA de CV (“FSGMC”), a wholly-owned subsidiary of the Company, was incorporated under the laws of Mexico.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of September 30, 2020, the Company had working capital of \$277,611 (December 31, 2019 – working capital deficiency of 158,432), had not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful exercise of its mineral property option agreements, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. The current cash resources are not adequate to pay the Company’s accounts payable and to meet its minimum commitments as at the date the Board of Directors approved these financial statements, including planned corporate and administrative expenses, and other project implementation costs; accordingly, these uncertainties cast a significant doubt on the ability of the Company to continue operations as a going concern. These financial statements do not include any adjustments that might result from this uncertainty.

#### **Proposed Transaction**

On July 15, 2020, as amended on October 28, 2020, the Company entered into a letter of intent (the “LOI”) with an arm’s length vendor, Golden Minerals Company (“Golden Minerals”), for a proposed transaction (the “Proposed Transaction”) under which Golden Minerals will grant the Company an option to acquire a 100% interest in the Santa María Mine in the State of Chihuahua, Mexico (“Santa María Project”) by paying cash and issuing shares as follows:

- a) US\$500,000 in cash and 1,000,000 Common Shares on closing of the Proposed Transaction (“Transaction Closing”);
- b) US\$1,500,000 in cash 12 months after Transaction Closing; and
- c) US\$2,000,000 in cash 24 months after Transaction Closing.

Fabled will also grant the Vendor a 1% net smelter royalty (“NSR”) with respect to the Santa María Project.

During the nine months ended September 30, 2020, the Company incurred pre-exploration expenditures of \$215,666 on the Santa Maria Project.



## **Fabled Copper Corp.**

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

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### **1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)**

#### **Financing**

On August 14, 2020, the Company completed a private placement of subscription receipts of the Company at a price of \$0.05 per Subscription Receipt for aggregate gross proceeds of \$4,600,000 (Note 5).

In connection with the private placement, the Company issued the following to Mackie Research Capital Corporation for advisory services (Note 5):

- 2,800,000 common shares with a fair value of \$168,000; and
- 7,280,000 nontransferable broker warrants with a fair value of \$413,089.

These amounts were recorded as prepaid expenses as of September 30, 2020 and will be reclassified as share issuance costs.

#### **COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

The unaudited condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2020 were approved by the Board of Directors on November 30, 2020.

### **2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION**

#### **Statement of compliance to International Financial Reporting Standards**

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

#### **Basis of presentation**

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2019.

#### **New accounting standards**

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted these condensed consolidated interim financial statements.

## **Fabled Copper Corp.**

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

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### **3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities are broken down as follows:

	September 30, 2020	December 31, 2019
	\$	\$
Trade payables	271,217	291,387
Accrued liabilities	134,023	-
	<b>405,240</b>	<b>291,387</b>

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### **4. NOTE PAYABLE**

As at September 30, 2020 and December 31, 2019, the Company owed \$10,000 to a director of the Company. The loan is interest free and unsecured with no fixed terms of repayment.

### **5. SHARE CAPITAL**

#### **Authorized share capital**

Unlimited number of common shares without par value.

#### **Issued share capital**

At September 30, 2020, the Company had 46,809,760 (December 31, 2019 – 44,009,760) common shares issued and outstanding with a value of \$10,300,311 (December 31, 2019 – 10,132,311).

During the nine months ended September 30, 2020, the Company issued 2,800,000 common shares with a fair value of \$168,000 to Mackie Research Capital Corporation for advisory services. The fair value of the shares issued was recorded as prepaid expenses as of September 30, 2020 and will be reclassified as share issuance costs.

On August 14, 2020, the Company completed a private placement of subscription receipts of the Company (the "Subscription Receipts") at a price of \$0.05 per Subscription Receipt for aggregate gross proceeds of \$4,600,000 (the "Offering"). Mackie Research Capital Corporation (the "Agent") was the sole agent for the Offering. The Offering was made in connection with the Proposed Transaction.

The net proceeds of the Offering have been placed in escrow (the "Escrowed Proceeds") and will be released to the Company (together with the interest earned thereon) upon satisfaction of the Escrow Closing Conditions which include:

- i. all conditions precedent, undertakings, and other matters to be satisfied, completed and otherwise met at or prior to the completion of the Proposed Transaction (other than delivery of standard closing documentation and the required closing date payment and share issuance) having been satisfied or waived in accordance with the terms of the definitive agreement for the Proposed Transaction including, but not limited to completing the new National Instrument 43-101 compliant technical report on the Santa Maria Project, incorporating a Mexican subsidiary and obtaining a favorable legal opinion as to title and ownership interests of the Company and other relevant persons in the Santa Maria Project;
- ii. there having been no material amendments of the terms and conditions of the definitive agreement for the Proposed Transaction which have not been approved by the Agent;
- iii. the Company having received all necessary regulatory and other approvals regarding the Proposed Transaction; and
- iv. the Company having delivered all such other documents as the Agent may request for a transaction of this nature in a form satisfactory to the Agent.

## Fabled Copper Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

### 5. SHARE CAPITAL (CONTINUED)

#### Issued share capital (continued)

If (i) the Escrow Release Conditions have not been satisfied by 5:00 p.m. (Toronto time) on November 12, 2020 (or such later date as the Agent may consent to in writing); (ii) the Proposed Transaction is terminated in accordance with its terms; or (iii) the Company has advised the Agent or the public that it does not intend to proceed with the Proposed Transaction (in each case, the earliest of such times being the "Termination Time"), the Company will be required to refund to each holder of Subscription Receipts the aggregate subscription price paid for the holder's Subscription Receipts, together with such holder's pro rata portion of the interest earned on the Escrowed Proceeds. The Agent and the Company agreed on November 12, 2020 to extend the deadline for satisfaction of the Escrow Release Conditions to November 24, 2020 and on November 24, 2020 to further extend the deadline to December 4, 2020.

Each Subscription Receipt entitles the holder, without payment of any additional consideration and without further action on the part of the holder, to receive one unit of securities of the Company (a "Unit"), upon the satisfaction of the Escrow Release Conditions prior to the Termination Time. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at an exercise price of \$0.10 until the second anniversary of the date of satisfaction of the Escrow Release Conditions.

In connection with the Offering, the Agent is to receive an aggregate cash fee equal to 8.0% of the gross proceeds from the Offering (of which the Agent received one-half on closing and the other one-half is held as part of the Escrowed Proceeds). In addition, the Company issued to the Agent 7,280,000 nontransferable broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the Agent to purchase one Unit until the second anniversary of the date of satisfaction of the Escrow Release Conditions at an exercise price of \$0.05 per Unit ("Expiry Date of Broker Warrants").

The Company estimated the fair value of Broker Warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.27%, an expected life of 24 months, an expected volatility of 171% and an expected dividend yield of 0%, which totaled \$413,089; this amount was recorded as prepaid expenses as of September 30, 2020 and will be reclassified as share issuance costs.

During the nine months ended September 30, 2020, \$400,000 Escrowed Proceeds were released.

#### Warrants (continued)

The changes in warrants during the nine months ended September 30, 2020 are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	-	-
Issued	7,280,000	0.05
Balance, end of period	7,280,000	0.05

The following summarizes information about warrants outstanding as of September 30, 2020:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)
Expiry Date of Broker Warrants	0.05	7,280,000	413,089
		7,280,000	413,089

## Fabled Copper Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

### 5. SHARE CAPITAL (CONTINUED)

#### Stock options

The Company maintains a Stock Option Plan (the "Plan") under which it is authorized to grant stock options to executive officers, directors, employees, and consultants. Under the Plan, the number of options that may be issued is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant. The exercise price of each stock option shall equal the market price of the Company's shares, less any applicable discount, as calculated on the date of grant. Options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

Options to purchase common shares have been granted to directors, employees, consultants and advisors at exercise prices determined by reference to the market value of the Company's common shares on the date of the grant. The changes in options during the nine months ended September 30, 2020 are as follows:

	Number outstanding	Weighted average exercise price (\$)
<b>Balance, beginning of period</b>	<b>3,391,055</b>	<b>0.13</b>
Cancelled	(91,674)	0.13
Forfeited	(108,326)	0.13
<b>Balance, end of period</b>	<b>3,191,055</b>	<b>0.14</b>

During the nine months ended September 30, 2020 and 2019, the Company recognized share-based payments expense of \$32,614 (including a reversal of previously recognized share-based payment of \$3,428 due to forfeited options) and \$nil, respectively.

The following summarizes information about stock options outstanding and exercisable at September 30, 2020:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
June 16, 2025	0.30	187,067	187,067	-	4.71
November 21, 2028	0.10	1,501,994	876,169	95,575	8.15
November 21, 2028	0.15	1,501,994	876,169	93,559	8.15
		<b>3,191,055</b>	<b>1,939,405</b>	<b>189,134</b>	<b>7.95</b>
<b>Weighted average exercise price (\$)</b>		<b>0.14</b>	<b>0.16</b>		

Subsequent to September 30, 2020, 41,669 options and 41,669 option with an exercise price of \$0.10 and \$0.15 were forfeited.

## **Fabled Copper Corp.**

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

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### **6. RELATED PARTY TRANSACTIONS AND BALANCES**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

During the nine months ended September 30, 2020, the Company accrued \$30,000 (September 30, 2019 – \$nil) in management fees related to the Company's Chief Executive Officer.

During the nine months ended September 30, 2020, the Company incurred \$62,887 (September 30, 2019 – \$nil) in professional legal fees from a private company owned by a director of the Company.

During the nine months ended September 30, 2020, the Company recognized \$34,596 (September 30, 2020 – \$nil) in share-based payments related to options granted to the Company's officers and directors.

On July 29, 2020, the Company issued four non-interest bearing promissory notes (the "Promissory Notes"), which are payable on demand, with a total amount of \$46,500. The Promissory Notes were fully repaid on August 19, 2020.

As at September 30, 2020, the Company owed \$144,492 (December 31, 2018 – \$29,722) to directors of the Company (\$39,196) and a company controlled by the director (\$105,296) for disbursements made on behalf of the Company.

See Note 4 for further related party disclosure.

Unless otherwise noted, all related party balances are unsecured, non-interest bearing with no fixed terms of repayment.

### **7. COMMITMENTS**

#### **Exploration and Evaluation Assets**

As of September 30, 2020, the Company had the following commitments relating to exploration and evaluation assets which were impaired during the year ended December 31, 2019:

#### **ChurchKey Property**

On August 6, 2019 the Company, through its wholly owned subsidiary, Fabled Copper and Gold Corp. ("Fabled"), completed the acquisition of the ChurchKey Property. Pursuant to the option agreement, the Company is required to make the following payments to ChurchKey Mines Inc. ("ChurchKey"):

- \$50,000 (paid) in cash on August 6, 2019;
- \$50,000 in cash on or before November 4, 2019;
- \$100,000 in cash on or before August 6, 2020;
- \$250,000 in cash on or before August 6, 2021;
- \$300,000 in cash on or before August 6, 2022;
- \$500,000 in cash on or before August 6, 2023; and
- \$750,000 in cash on or before August 6, 2024.

## **Fabled Copper Corp.**

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

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### **7. COMMITMENTS (CONTINUED)**

#### **ChurchKey Property (continued)**

On June 15, 2020, Fabled entered an extension agreement with ChurchKey (the “1<sup>st</sup> Extension Agreement”) to extend the payment date of \$50,000 which became due on November 4, 2019 to October 31, 2020 and the due date of \$100,000 which was originally due on August 6, 2020, to October 4, 2020 and the payment date of the said \$100,000 to October 31, 2020. In consideration of such extensions an additional payment of \$50,000 will be made to ChurchKey on the date that the Company completes its next financing.

On October 21, 2020, Fabled entered into a second extension agreement with ChurchKey (the “2<sup>nd</sup> Extension Agreement”) to extend the payment due date agreed pursuant to the 1<sup>st</sup> Extension Agreement.

Pursuant to the 2<sup>nd</sup> Extension Agreement, the Company is obligated to make the following payments:

- \$50,000 at the date of signing the 2<sup>nd</sup> Extension Agreement (paid);
- \$150,000 upon completion of the Proposed Transaction; and
- 50,000 on January 1, 2021.

#### **Toro Property**

On March 4, 2017, the Company entered into an assignment agreement (the “Toro Assignment Agreement”) with two directors of the Company (the “Assignors”) to acquire all of the Assignors’ right title and interest in an option agreement (the “Toro Option Agreement”) with a third-party company (the “Optionor”). Under the Toro Option Agreement, the Company has an option to acquire an undivided 100% interest in nine mineral claims located within the Omineca mining division, British Columbia, Canada (the “Toro Property”). Pursuant to the Toro Assignment Agreement, the Company issued 11,219,515 common shares of the Company valued at \$3,000,000 to the Assignors during the year ended September 30, 2017.

The Toro Option Agreement, dated March 3, 2017, requires the Company to pay \$100,000 within 180 days of March 3, 2017 (paid) to acquire an undivided 50% interest in the Toro Property (the “First Option”). To acquire the remaining 50% interest (the “Second Option”), the Company shall pay \$5,000,000 by March 3, 2022. Commencing on March 3, 2018, the Company shall pay a non-refundable annual advance royalty payment of \$100,000 to the Optionor on March 3, 2019. The Optionor retains a royalty of 2% of Net Smelter Return (“NSR”).

With respect to the advance royalty payment of \$100,000 due on March 3, 2019, the Company and the Optionor agreed to extend the date for payment to the earlier of December 31, 2019 and the date the Company completes a financing or series of financings for a total of not less than \$1,500,000. Subsequently, the Company and the Optionor further extended the date for the payment to March 31, 2021 in consideration of an additional payment of combined \$50,000 to be made to the Optionor’s of the Neil/Ram Creek, Ribbon and Toro properties on the date that the Company completes a financing for not less than \$2,500,000.

#### **Neil/Ram Creek Property**

On January 23, 2017, the Company entered into an assignment agreement (the “Neil/Ram Creek Assignment Agreement”) with an arm’s length company (the “Assignor”) to acquire all of the Assignor’s right title and interest in an option agreement (the “Neil/Ram Creek Option Agreement”) with a third-party company (the “Optionor”). Under the Neil/Ram Creek Option Agreement, the Company has an option to acquire an undivided 100% interest in three mineral claims located within the Omineca mining division, British Columbia, Canada (the “Neil/Ram Creek Property”). Pursuant to the Neil/Ram Creek Assignment Agreement, the Company acquired a 50% interest in the three mineral claims and issued 9,349,595 common shares of the Company valued at \$2,500,000 to the Assignor during the year ended September 30, 2017.

## **Fabled Copper Corp.**

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

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### **7. COMMITMENTS (CONTINUED)**

#### **Neil/Ram Creek Property (continued)**

The Neil/Ram Creek Option Agreement, dated August 17, 2016, requires the Company to pay \$5,000,000 to acquire the remaining 50% interest by August 17, 2021. Commencing on March 3, 2018, the Company shall pay a non-refundable annual advance royalty payment of \$50,000 to the Optionor on March 3, 2019. The Optionor retains a royalty of 2% of NSR.

In respect of the advance royalty payment of \$50,000 due on March 3, 2019, the Company and the Optionor agreed to extend the date for payment to the earlier of December 31, 2019 and the date the Company completes a financing or series of financings for a total of not less than \$1,500,000. Subsequently, the Company and the Optionor further extended the due date for the payment to March 31, 2021 in consideration of an additional payment of combined \$50,000 to be made to the Optionor's of the Neil/Ram Creek, Ribbon and Toro properties on the date that the Company completes a financing for not less than \$2,500,000.

#### **Ribbon Property**

On March 4, 2017, the Company entered into an assignment agreement (the "Ribbon Assignment Agreement") with various arm's length individuals and companies (collectively the "Assignors") to acquire all of the Assignors' right title and interest in an option agreement (the "Ribbon Option Agreement") with a third-party company (the "Optionor"). Under the Ribbon Option Agreement, the Company has an option to acquire an undivided 100% interest in two mineral claims located within the Omineca mining division, British Columbia, Canada (the "Ribbon Property"). Pursuant to the Ribbon Assignment Agreement, the Company issued 5,048,781 common shares of the Company valued at \$1,350,000 to the Assignors during the year ended September 30, 2017.

The Ribbon Option Agreement, dated March 3, 2017, requires the Company to pay \$100,000 within 180 days of March 3, 2017 (paid) to acquire 100% interest in the Ribbon Property. Commencing on March 3, 2018, the Company shall pay a non-refundable annual advance royalty payment of \$100,000 to the Optionor on March 31, 2019. The Optionor retains a royalty of 2% of NSR.

In respect of the advance royalty payment of \$100,000 due on March 3, 2019, the Company and the Optionor agreed to extend the date for payment to the earlier of December 31, 2019 and the date the Company completes a financing or series of financings for a total of not less than \$1,500,000. Subsequently, the Company and the Optionor further extended the date for the payment to March 31, 2021 in consideration of an additional payment of combined \$50,000 to be made to the Optionor's of the Neil/Ram Creek, Ribbon and Toro properties on the date that the Company completes a financing for not less than \$2,500,000.

#### **Others**

On September 1, 2020, the Company entered into an investor relations agreement (the "IR Agreement") with Mars Investor Relations Inc. ("MARS"). The IR Agreement has an initial term of 6 months; but will be subject to termination on a month-to-month basis. Pursuant to IR Agreement, the Company has to pay \$72,000 plus applicable taxes upon the entire Escrow Proceeds being released and issue 200,000 stock options to MARS.

## **Fabled Copper Corp.**

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For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

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### **7. COMMITMENTS (CONTINUED)**

On October 2, 2020, the Company entered into a service agreement (the “Service Agreement”) with Agora Internet Relations Corp. (“AGORA”) for the online advertising, marketing and branding services. Pursuant to the terms of the Service Agreement, the Company will pay AGORA a total fee of \$75,000 plus applicable taxes, to be paid by way of common shares of the Company as follows:

- \$15,000 plus tax on October 1, 2020 (issued subsequent to September 30, 2020)
- \$15,000 plus tax on January 1, 2021;
- \$15,000 plus tax on April 1, 2021;
- \$15,000 plus tax on July 1, 2021; and
- \$15,000 plus tax on September 30, 2021.

### **8. SEGMENTED INFORMATION**

The Company operates in one single reportable segment, being the acquisition and exploration of mineral resource properties. All of the Company’s non-current assets are located in Canada.

### **9. CAPITAL MANAGEMENT**

The Company’s objectives when managing capital, being its share capital, are to safeguard the Company’s ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company is dependent on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in the statements of changes in shareholders’ equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. Any issuance of common shares requires approval of the Board of Directors.

The Company anticipates continuing to access equity markets to fund the acquisition and exploration of exploration and evaluation assets and to ensure the future growth of the business.

The Company is not subject to any externally imposed capital restrictions.



## Fabled Copper Corp.

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### 10. FINANCIAL INSTRUMENTS

#### Fair value

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, due to related party and note payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the 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 included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

As at September 30, 2020, the financial instrument recorded at fair value on the consolidated statement of financial position is cash which is measured using Level 1 of the fair value hierarchy.

Set out below are the Company's financial assets and financial liabilities by category:

	September 30, 2020 \$	FVTPL \$	Amortized costs \$	FVTOCI \$
<b>Financial assets:</b>				
<b>ASSETS</b>				
Cash	188,295	188,295	-	-
Amounts receivable	28,944	-	28,944	-
<b>Financial liabilities:</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	405,240	-	405,240	-
Due to related party	144,492	-	144,492	-
Note payable	10,000	-	10,000	-

#### Financial risk management

##### Credit risk

Credit risk is such that a counterparty to a financial instrument will not discharge its obligations resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk.

Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to trade and other receivables and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from cash and amounts receivable. The Company's maximum exposure to credit risk is minimal as cash is deposited with reputable financial institutions. Amounts receivable are due from a government agency.

## Fabled Copper Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

### 10. FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial risk management (continued)

##### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow in the upcoming year will be through equity financings.

At September 30, 2020, the Company had accounts payable and accrued liabilities, due to related party and note payable of \$405,240, \$144,492 and \$10,000, respectively. All of these amounts are current.

##### Market risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk, other price risk, and commodity price risk.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its note payable, loan payable and due to related party balances.

- Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable, accounts payable and accrued liabilities, due to related party note payable are held in Canadian Dollars ("CAD"), US Dollars ("USD") and Mexican Pesos ("MXN"); therefore, USD and MXN accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at September 30, 2020:

	CA\$	US\$	MXN
Cash	186,363	1,221	5,000
Amounts receivable	28,944	-	-
Accounts payable and accrued liabilities	(332,922)	(54,116)	-
Due to related party	(135,896)	(1,000)	(121,000)
Note payable	(10,000)	-	-
	<b>(263,511)</b>	<b>(53,895)</b>	<b>(116,000)</b>
Rate to convert to \$1.00 CAD	1.00	1.34	0.06
<b>Equivalent to CAD</b>	<b>(263,511)</b>	<b>(72,021)</b>	<b>(6,960)</b>

Based on the above net exposures as at September 30, 2020, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and MXN would increase/decrease comprehensive loss by \$7,800.

**Fabled Copper Corp.**

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

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**10. FINANCIAL INSTRUMENTS (CONTINUED)**

**Financial risk management (continued)**

- Other price risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in the individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.