



**(FORMERLY FABLED COPPER CORP.)**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

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## FABLED SILVER GOLD CORP.

(Formerly Fabled Copper Corp.)

### MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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## INTRODUCTION

This Management Discussion and Analysis (the “MD&A”) of Fabled Silver Gold Corp.’s (“Fabled” or the “Company”) financial position and results of operations for the year ended December 31, 2020 is prepared as at April 28, 2021. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company and the notes relating thereto, for the year ended December 31, 2020. The audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## BACKGROUND

The Company is an exploration stage company engaged in the acquisition and exploration of mineral properties. The primary business objective of the Company is to successfully earn into its key mineral project and locate and develop this key project into an economically viable mineral property. The Company is currently generating no revenues from mineral producing operations.

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”).

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”).

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”).

On August 6, 2019 the Company, through its wholly owned subsidiary, Fabled Copper and Gold Corp. (“Fabled”), completed the acquisition of the ChurchKey Property.

During the year ended December 31, 2019, the Company impaired a significant amount of its mining projects in order to focus its resources on developing strategies to best make use of its current assets.

## HIGHLIGHTS

### **Acquisition of Santa Maria Property**

On July 15, 2020, and as amended on September 30, 2020 and 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 “Acquisition”)

On December 4, 2020, the Company completed the Acquisition with Golden Minerals. Pursuant to the option agreement, the Company will acquire a 100% interest in Santa Maria Property by making the following payments to Golden Minerals:

- At the closing date of the Acquisition: US\$500,000 cash (paid) and 1,000,000 common shares (issued with a fair value of \$70,000)
- 12 months after the date of Acquisition: US\$1,500,000
- 24 months after the date of Acquisition: US\$2,000,000

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In addition, the Company is also required to make the following option payments to the optionors of in Santa María Mine:

- At the closing date of the Acquisition: US\$100,000 (paid subsequent to December 31, 2020)
- On February 4, 2021 US\$120,000 (paid subsequent to December 31, 2020)
- On August 4, 2021 US\$120,000
- On February 4, 2021 US\$140,000

The Company will grant Golden Minerals a 1% net smelter royalty with respect to the Santa María Mine upon exercise of the option under the option agreement and will assume from Golden Minerals the obligations in respect of an existing 2% net smelter royalty that exists over 3 of the 5 mineral claims that comprise the Santa María Mine.

During the year ended December 31, 2020, the Company incurred pre-exploration expenditures of \$231,784 on the Santa María Mine.

### **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 (the "Subscription Receipts") for aggregate gross proceeds of \$4,600,000 (the "Financing"). Mackie Research Capital Corporation (the "Agent") was the sole agent for the Financing. The Financing was made in connection with the Acquisition. The net proceeds of the Financing were initially placed in escrow and released on December 4, 2020 as the Company satisfied the escrow release conditions.

On December 4, 2020, the Subscription Receipts were converted into 92,000,000 units (the "Unit"). Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional common share at an exercise price of \$0.10 at any time prior to December 4, 2022. The 92,000,000 common shares issued in exchange for the Subscription Receipts and 92,000,000 warrants issued in respect of any exercise of warrants are subject to a four-month statutory hold period expiring December 15, 2020.

In connection with the Financing, the Company paid \$656,118, issued 2,800,000 common shares with a fair value of \$168,000 to the Agent and 7,280,000 nontransferable broker warrants (the "Broker Warrants") with a fair value of \$413,089 to the Agent as share issue costs. Each Broker Warrant entitles the Agent to purchase one Unit at any time prior to December 4, 2022 with an exercise price of \$0.05 per Unit.

### **Change in Management**

On July 7, 2020:

- Michael B. Harrison resigned as Chief Executive Officer, but remained a director of the Company.
- Eugene A. Hodgson resigned as President, but remained an advisor of the Company.
- The Company appointed Mr. Peter J. Hawley as President, Chief Executive Officer and director of the Company.

On October 19, 2020:

- John Harper did not stand for re-election as a Director of the Company and thus ceased to be Chairman of the Board.
- The Company appointed David W. Smalley as Chairman of the Board.
- Rodney W. Reum resigned as Chief Financial Officer of the Company.
- The Company appointed Alnesh Mohan as Chief Financial Officer of the Company.

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- John Kowalchuk was removed as Vice President, Exploration of the Company.

**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.

The Company could be adversely impacted by the effects of the coronavirus. The extent to which the coronavirus impacts the Company, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. The continued spread of the coronavirus globally could materially and adversely impact the Company's operations including, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and restrictions to its drill programs, exploration and other metallurgical testing. To date, the Company has not had any adverse effects from the coronavirus.

**SELECTED INFORMATION**

	For the year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	\$	\$	\$
Operating expenses	1,120,234	889,500	321,638
Interest and miscellaneous income	2,395	-	-
Net loss for the period	(1,417,839)	(8,290,112)	(321,638)
Comprehensive loss for the period	(1,409,117)	(8,290,112)	(321,638)
Basic and diluted loss per share:			
- net loss	(0.03)	(0.19)	(0.01)

	As at	December 31, 2020	December 31, 2019	December 31, 2018
		\$	\$	\$
Working capital		1,819,574	(158,432)	694,017
Total assets		2,804,294	172,677	8,337,096
Total liabilities		268,627	331,109	61,183
Share capital		13,750,054	10,132,311	10,132,311
Deficit		11,851,867	10,434,028	1,879,238

**RESULT OF OPERATIONS**

	Three months ended			
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	\$	\$	\$	\$
Interest income	2,395	-	-	-
Net loss	(840,179)	(433,629)	(105,778)	(38,253)
Comprehensive loss	(831,457)	(433,629)	(105,778)	(38,253)
Basic and diluted loss per share	(0.02)	(0.01)	(0.00)	(0.00)

	Three months ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	\$	\$	\$	\$
Interest income	-	-	-	-
Net loss	(8,477,219)	(26,795)	(31,413)	(19,363)
Comprehensive loss	(8,477,219)	(26,795)	(31,413)	(19,363)
Basic and diluted loss per share	(0.19)	(0.00)	(0.00)	(0.00)

**Three Months Ended December 31, 2020 compared with the Three Months Ended December 31, 2019**

The Company is in the exploration stage and has no revenue from operations. During the three months ended December 31, 2020, the Company recorded a net loss of \$840,179, a decrease of \$7,372,362, compared to a net loss of \$8,212,541 for the three months ended December 31, 2019.

During the three months ended December 31, 2020, the Company incurred the following expenditures:

- Exploration and evaluation costs of \$119,224 (December 31, 2019 – \$652,280);
- Investor relations and promotion of \$216,995 (December 31, 2019 – \$nil);
- Management fees of \$90,000 (December 31, 2019 – \$nil);
- Pre-exploration expenditures of \$16,118 (December 31, 2019 – \$nil);
- Regulatory and filing fees of \$39,626 (December 31, 2019 – \$5,368); and
- Share-based payments of \$39,770 (December 31, 2019 – \$120,445).

In addition, during the three months ended December 31, 2020, the Company paid \$150,000 in option payments which were capitalized as exploration and evaluation assets (December 31, 2019 – \$50,000). The option payments were subsequently written off to the statement of loss and comprehensive loss due to management's decision not to conduct any significant work in the near future. The Company also incurred \$150,000 in finance costs for the three months ended December 31, 2020 (December 31, 2019 – \$nil).

**Year Ended December 31, 2020 compared with the Year Ended December 31, 2019**

The Company is in the exploration stage and has no revenue from operations. During the year ended December 31, 2020, the Company recorded a net loss of \$1,417,839, a decrease of \$6,872,273, compared to a net loss of \$8,290,112 for the year ended December 31, 2019.

During the year ended December 31, 2020, the Company incurred the following expenditures:

- Exploration and evaluation costs of \$119,224 (December 31, 2019 – \$652,280);
- General and administrative expenses of \$27,132 (December 31, 2019 – \$10,187);

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- Investor relations and promotion of \$223,970 (December 31, 2019 – \$nil);
- Management fees of \$120,000 (December 31, 2019 – \$nil);
- Pre-exploration expenditures of \$231,784 (December 31, 2019 – \$nil);
- Professional fees of \$145,398 (December 31, 2019 – \$57,494);
- Property investigation costs of \$39,999 (December 31, 2019 – \$nil);
- Regulatory and filing fees of \$126,668 (December 31, 2019 – \$33,344); and
- Share-based payments of \$72,384 (December 31, 2019 – \$120,445).

In addition, during the year ended December 31, 2020, the Company paid \$150,000 in option payments which were capitalized as exploration and evaluation assets (December 31, 2019 – \$50,000). The option payments were subsequently written off to the statement of loss and comprehensive loss due to management's decision not to conduct any significant work in the near future. The Company also incurred \$150,000 in finance costs for the year ended December 31, 2020 (December 31, 2019 – \$nil).

### LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company had working capital of \$1,819,574 (December 31, 2019 – working capital deficiency of \$158,432) including cash of \$1,797,493 (December 31, 2019 – \$121,325).

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

As discussed, on December 4, 2020, the net proceeds of the Financing were released from escrow as the Company satisfied the escrow release conditions.

### OUTSTANDING SHARE DATA

At December 31, 2020, the Company had 140,051,903 (December 31, 2019 – 44,009,760) common shares issued and outstanding with a value of \$13,750,054 (December 31, 2019 – \$10,132,311).

#### ***During the year ended December 31, 2020:***

- The Company issued 2,800,000 common shares with a fair value of \$168,000 to the Agent in connection to with the Financing.
- \$4,600,000 of the Escrowed Proceeds were released. The Subscription Receipts were converted into 92,000,000 common shares and 92,000,000 warrants.
- The Company issued 242,143 common shares with a fair value of \$16,950 to Agora Internet Relations Corp. in exchange for online advertising, marketing and branding services.
- The Company issued 1,000,000 with a fair value of \$70,000 in connection of the Acquisition with Golden Minerals.
- 3,850,000 options with an exercise price of \$0.08 were granted to certain officers, directors and consultants.
- 961,002 options with an average exercise price \$0.13 were cancelled.
- 926,324 options with an average exercise price \$0.13 were forfeited.
- The Company issued to the Agent 7,280,000 nontransferable 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.

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#### ***Subsequent to December 31, 2020:***

- 200,000 options were granted with an exercise price of \$0.10 to its consultants.
- 350,000 options were granted with an exercise price of \$0.22 to Mars Investor Relations Corp. pursuant to the investor relations agreement.
- 58,331 options with an average exercise price \$0.10 were cancelled.
- 58,331 options with an average exercise price \$0.15 were cancelled.
- 46,858,500 warrants were exercised for proceeds of \$4,685,850.
- 7,280,000 Broker Warrants were exercised for proceeds of \$364,000.

As at the date of this MD&A, the Company had the following common shares, options and warrants issued and outstanding:

- 194,190,403 common shares;
- 52,421,500 Warrants with exercise price of \$0.10 per unit; and
- 5,787,067 stock options with exercise prices ranging from \$0.08 to \$0.30 per share.

#### **COMMITMENTS**

The Company is engaged in the business of exploration and development of mineral projects. The Company's primary mineral project is the Santa María Project (the "Santa María Project") located in Parral, Chichuahua, Mexico. The Company also has the rights to acquire and explore the "Muskwa Project" (currently comprised of the Neil Property, the Toro Property and the Bronson Property located in the Liard Mining Division in northern British Columbia.

#### **Muskwa Project**

The Company has, subsequent to December 31, 2020, renamed and re-categorized its holdings in northern British Columbia to better identify them. The following section refers to the categorization of such holdings as at December 31, 2020.

#### **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.

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 (the "2021 Neil/Ram Creek Payment"). 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



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the due date for the payment of such advance royalty payment and additional advance royalty payments of \$50,000 due on March 3, 2020 and to become due on March 3, 2021 to March 31, 2021 (“collectively the “\$150,000 Neil/Ram Creek Property Outstanding Payment”) 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 (the “Additional Payment”) on the date that the Company completes a financing for not less than \$2,500,000. The Additional Payment was made during the year ended December 31, 2020 and recognized as finance costs in the statement of loss and comprehensive loss.

During the year ended December 31, 2019, the Company recorded an impairment loss \$2,563,884.

#### **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”) (“ChurchKey”) in order to exercise its option to acquire the ChurchKey Property:

- \$50,000 (paid) in cash on August 6, 2019;
- \$50,000 in cash on or before November 4, 2019 (paid)<sup>(1)</sup>;
- \$100,000 in cash on or before August 6, 2020 (paid)<sup>(1)</sup>;
- \$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.

<sup>(1)</sup> (collectively the “2<sup>nd</sup> and 3<sup>rd</sup> Payments”).

The Company has granted the Vendor a 2% NSR with respect to the ChurchKey Property upon commencement of commercial production. In addition, the Company had the exclusive right to purchase 1% of the NSR at any time in the first four years following closing for \$425,000 if it makes an annual payment of \$25,000 on each of the 4 anniversaries of closing. The Company has not made such payments to date. If such option is not exercised, the Company will have the non-exclusive right to purchase that 1% of the NSR for the equivalent of 275,000 pounds of copper multiplied by the quoted London Metal Exchange price at the date of the purchase at any time up to the date of commencement of commercial production. The Company will also have the non-exclusive right to purchase the remaining 1% of the NSR for the equivalent of 400,000 pounds of copper multiplied by the quoted London Metal Exchange price at the date of the purchase at any time up to the date of commencement of commercial production. No shares issuable in connection with this agreement.

On June 15, 2020, Fabled entered into an extension agreement with ChurchKey (the “1<sup>st</sup> Extension Agreement”) to extend the payment date of the 2<sup>nd</sup> and 3<sup>rd</sup> Payments to October 31, 2020. In consideration of such extensions an additional payment of \$50,000 (the “1<sup>st</sup> Extension Cost”) 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 as follows:

- The 1<sup>st</sup> Extension Cost to be paid at the date of signing the 2<sup>nd</sup> Extension Agreement (paid); and
- The 2<sup>nd</sup> and 3<sup>rd</sup> Payments to be paid upon completion of the Acquisition (paid).

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In consideration of such extensions an additional payment of \$50,000 (the “2<sup>nd</sup> Extension Cost”) (paid) will be made to ChurchKey on or before January 1, 2021.

The 1<sup>st</sup> Extension Cost and the 2<sup>nd</sup> Extension was recognized as finance costs in the statement of loss and comprehensive loss during the year ended December 31, 2020.

The 2<sup>nd</sup> and 3<sup>rd</sup> Payments were capitalized as exploration and evaluation costs and subsequently written off to the statement of loss and comprehensive loss due to management’s decision not to conduct any significant work in the near future.

During the year ended December 31, 2020, the Company recorded an impairment loss of \$150,000 (December 31, 2019 – \$83,394).

#### **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 acquired 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, such payment having been made during the year ended December 31, 2018. Commencing on March 3, 2018, the Company is required to pay an annual 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 due date for the payment of such advance royalty payment and additional advance royalty payments of \$100,000 due on March 3, 2020 and to become due on March 3, 2021 to March 31, 2021 (collectively the “\$300,000 Ribbon Property Outstanding Payment”) in consideration of the Additional Payment to be made to the Optionor’s of the Neil/Ram Creek, Ribbon and Toro properties (the “Additional Payment”) on the date that the Company completes a financing for not less than \$2,500,000. The Additional Payment was made during the year ended December 31, 2020 and recognized as finance costs in the statement of loss and comprehensive loss.

During the year ended December 31, 2019, the Company recorded an impairment loss \$1,551,667.

#### **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

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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"), such payment having been made in the year ended December 31, 2018. To acquire the remaining 50% interest (the "Second Option"), the Company shall pay \$5,000,000 by March 3, 2022 (the 2022 Toro Payment"). Commencing on March 3, 2018, the Company was required to 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 of such advance royalty payment and additional advance royalty payments of \$100,000 due on March 3, 2020 and to become due on March 3, 2021 to March 31, 2021 (collectively the "\$300,000 Toro Property Outstanding Payment") in consideration of the Additional Payment 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. The Additional Payment was made during the year ended December 31, 2020 and recognized as finance costs in the statement of loss and comprehensive loss.

During the year ended December 31, 2019, the Company recorded an impairment loss \$3,201,667.

On April 8, 2021, the Company entered into an amended and restated option agreement (the "Amended Option Agreement") with respect to the Neil/Ram Creek, Ribbon and Toro Properties. Pursuant to the Amended Agreement, the Company also has the right to acquire additional claims covering an additional 3,842 hectares, including 2 claims which are contiguous with and form part of the Neil Property, and 4 mineral claims located in the same geographical area and with the same geophysical profile as the Muskwa Project, and referred to as the Bronson Property, in consideration of the payment of the following amounts:

- \$200,000 on April 8, 2021 (paid);
- \$500,000 on April 8, 2022;
- \$750,000 on April 8, 2023;
- \$1,000,000 on April 8, 2024; and
- \$2,000,000 on April 8, 2025.

In addition, the Company is no longer required to make the followings payments:

- the 2021 Neil/Ram Creek Payment;
- the 2022 Toro Payment;
- the \$150,000 Neil/Ram Creek Property Outstanding Payment;
- the \$300,000 Ribbon Property Outstanding Payment; and
- the \$300,000 Toro Property Outstanding Payment.

Following the above agreement, the Company has renamed its mineral title holdings in Northern BC to be collectively called the Muskwa Project. The Muskwa Project consists of three separate mineral claim blocks being the Neil Property (comprised of the previously referred to and contiguous Neil Ram/Creek Property, Ribbon Property and ChurchKey Property), the Toro Property and the Bronson Property.

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#### Santa María Property

On December 4, 2020, the Company completed the Acquisition with Golden Minerals. Pursuant to the option agreement, the Company will acquire a 100% interest in Santa María Property by making the following payments to Golden Minerals:

- At the closing date of the Acquisition: US\$500,000 cash (paid) and 1,000,000 common shares (issued with a fair value of \$70,000)
- 12 months after the date of Acquisition: US\$1,500,000
- 24 months after the date of Acquisition: US\$2,000,000

In addition, the Company is also required to make the following option payments to the optionors of in Santa María Property:

- At the closing date of the Acquisition: US\$100,000 (Paid subsequent to December 31, 2020)
- On February 4, 2021 US\$120,000 (Paid subsequent to December 31, 2020)
- On August 4, 2021 US\$120,000
- On February 4, 2021 US\$140,000

The Company will grant Golden Minerals a 1% net smelter royalty with respect to the Santa María Property upon exercise of the option under the option agreement and will assume from Golden Minerals the obligations in respect of an existing 2% net smelter royalty that exists over 3 of the 5 mineral claims that comprise the Santa María Property.

During the year ended December 31, 2020, the Company incurred pre-exploration expenditures of \$231,784 on the Santa María Property.

#### Others

##### Mars Investor Relations Corp. ("MARS")

On September 1, 2020, the Company entered into an investor relations agreement (the "IR Agreement") with 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 the IR Agreement, the Company has to pay \$72,000 plus applicable taxes (paid) upon the Financing being released from escrow and issue 200,000 stock options (issued subsequent to December 31, 2020) to MARS. The IR Agreement expired and was not renewed on March 1, 2021. MARS remains as a consultant to the Company.

##### Agora Internet Relations Corp. ("AGORA")

On October 2, 2020, the Company entered into a service agreement (the "Service Agreement") with AGORA for 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);
- \$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.

#### **FINANCIAL INSTRUMENTS**

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company

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manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 11 of our audited consolidated financial statements for the year ended December 31, 2020. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended December 31, 2020.

**RELATED PARTY TRANSACTIONS AND BALANCES**

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the years ended December 31, 2020 and 2019:

	For the years ended	
	December 31, 2020	December 31, 2019
	\$	\$
<b>Peter Hawley, CEO, Director and President</b>		
Management fees	120,000	-
	120,000	-
<b>Alnesh Mohan, CFO</b>		
Professional fees <sup>(1)</sup>	28,500	-
	28,500	-
<b>David Smalley, Director</b>		
Professional fees <sup>(2)</sup>	27,120	29,122
Share issuance costs <sup>(3)</sup>	104,432	-
	131,552	29,122
<b>Total</b>	<b>280,052</b>	<b>29,122</b>

1) Paid to Quantum Advisory Partners LLP, a private company in which Mr. Mohan is an incorporated partner.

2) Paid to David Smalley Law Corporation, a law firm in which Mr. Smalley is a principal.

3) Share issuance costs related to the Financing completed during the year ended December 31, 2020.

During the year ended December 31, 2020, the Company recognized \$48,362 (December 31, 2019 – \$101,645) 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.

The balances due to the Company's directors and officer were \$77,253 as at December 31, 2020 (December 31, 2019 – \$29,722), which were paid subsequent to December 31, 2020.

As at December 31, 2020, the Company owed \$5,000 to a director of the Company (December 31, 2019 – \$10,000). The loan is interest free and unsecured with no fixed terms of repayment.

During the year ended December 31, 2020, the Company repaid \$5,000 of the note payable.

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

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited consolidated financial statements for the year ended December 31, 2020 for a more detailed discussion of the critical accounting estimates and judgments.

### **NEW ACCOUNTING STANDARDS**

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

### **OFF-BALANCE SHEET FINANCING ARRANGEMENTS**

As of December 31, 2020, and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

### **RISKS AND UNCERTAINTIES**

To the date of this MD&A, there have been no significant changes to the risk factors set out in the Company's annual management discussion and analysis for the year ended December 31, 2020.

### **FORWARD-LOOKING INFORMATION**

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from

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regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under “Risks and Uncertainties” as well as in our public filings available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

**MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.