



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(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 Silver Gold Corp. for the nine months ended September 30, 2021 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 Silver Gold Corp.*(Formerly Fabled Copper Corp.)*

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	September 30,	December 31,
	Note(s)	2021	2020
		\$	\$
ASSETS			
Current assets			
Cash		3,049,555	1,797,493
Amounts receivable		643,359	169,444
Prepaid expenses		381,196	121,264
		4,074,110	2,088,201
Non-current assets			
Equipment	3	77,219	-
Exploration and evaluation assets	4	3,771,748	716,093
		3,848,967	716,093
TOTAL ASSETS		7,923,077	2,804,294
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	981,441	186,374
Due to related party	7	293,998	77,253
Note payable		-	5,000
TOTAL LIABILITIES		1,275,439	268,627
SHAREHOLDERS' EQUITY			
Share capital	6	20,593,200	13,750,054
Reserves	6	433,181	628,758
Foreign currency translation reserve		(61,536)	8,722
Deficit		(14,317,207)	(11,851,867)
TOTAL SHAREHOLDERS' EQUITY		6,647,638	2,535,667
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,923,077	2,804,294
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These condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Roger Scammell Director

/s/ David W. Smalley Director

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

Fabled Silver Gold Corp.
(Formerly 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	September	September	September
		30, 2021	30, 2020	30, 2021	30, 2020
		\$	\$	\$	\$
Expenses (Income)					
Consulting fees		13,187	-	26,895	-
Depreciation	3	1,405	-	1,994	-
Exploration and evaluation costs	4	2,018,535	-	3,136,071	-
Foreign exchange loss (gain)		(77,491)	1,577	(64,363)	1,616
General and administrative expenses		25,874	2,548	50,049	12,443
Investor relations and promotion		200,557	5,950	448,979	6,975
Management fees	7	30,000	30,000	90,000	30,000
Pre-exploration expenditures		-	215,666	-	215,666
Professional fees	7	425,969	92,289	612,376	150,820
Property investigation costs		10,000	10,002	10,000	40,484
Recovery of impairment loss on exploration and evaluation assets	4	-	-	(2,204,913)	-
Regulatory and filing fees		72,127	68,413	114,171	87,042
Share-based payments	6, 7	39,590	7,184	237,302	32,614
Travel		2,811	-	6,779	-
		(2,762,564)	(433,629)	(2,465,340)	(577,660)
Net income (loss) for the period		(2,762,564)	(433,629)	(2,465,340)	(577,660)
Other comprehensive income (loss)					
Foreign currency translation differences for foreign operations		(47,781)	-	(70,258)	-
Total comprehensive income (loss)		(2,810,345)	(433,629)	(2,535,598)	(577,660)
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)		(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding		204,162,251	46,809,760	190,134,995	45,011,220
- basic and diluted					

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

Fabled Silver Gold Corp.*(Formerly Fabled Copper Corp.)*

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency) (unaudited)

(Expressed in Canadian Dollars)

	Share capital						Total	
	Note(s)	Number of shares	Amount	Shares subscribed	Reserve	Foreign currency translation reserve		Deficit
Balance at December 31, 2020		140,051,903	13,750,054	-	628,758	8,722	(11,851,867)	2,535,667
Shares issued for cash - exercise of warrants	6	67,501,000	6,386,100	-	-	-	-	6,386,100
Shares issued for cash - exercise of stock options		291,667	24,167	-	-	-	-	24,167
Reclassification of grant-date fair value on exercise of warrants	6	-	413,089	-	(413,089)	-	-	-
Reclassification of grant-date fair value on exercise of stock options		-	19,790	-	(19,790)	-	-	-
Share-based payments	6	-	-	-	237,302	-	-	237,302
Other comprehensive loss		-	-	-	-	(70,258)	-	(70,258)
Net income for the period		-	-	-	-	-	(2,465,340)	(2,465,340)
Balance at September 30, 2021		207,844,570	20,593,200	-	433,181	(61,536)	(14,317,207)	6,647,638
Balance at December 31, 2019		44,009,760	10,132,311	-	143,285	-	(10,434,028)	(158,432)
Share subscribed		-	-	400,000	-	-	-	400,000
Shares issued for advisory services		2,800,000	168,000	-	-	-	-	168,000
Warrants issued for advisory services		-	-	-	413,089	-	-	413,089
Share-based payments		-	-	-	32,614	-	-	32,614
Loss for the period		-	-	-	-	-	(577,660)	(577,660)
Balance at September 30, 2020		46,809,760	10,300,311	400,000	588,988	-	(11,011,688)	277,611

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

Fabled Silver Gold Corp.*(Formerly Fabled Copper Corp.)*

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the nine months ended	
		September 30, 2021	September 30, 2020
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Net income (loss) for the period		(2,465,340)	(577,660)
<i>Adjustments for items not affecting cash:</i>			
Depreciation	3, 4	16,415	-
Share-based payments	6	237,302	32,614
Recovery of impairment loss on exploration and evaluation assets	4	(2,204,913)	-
Change in non-cash working capital			
Amounts receivable		(494,182)	8,293
Prepaid expenses		(260,709)	(24,900)
Accounts payable and accrued liabilities		800,804	84,131
Due to related parties		216,745	144,492
Cash flow used in operating activities		(4,153,878)	(333,030)
INVESTING ACTIVITIES			
Purchase of equipment	3	(92,635)	-
Acquisition costs on exploration and evaluation assets	4	(882,087)	-
Cash flow used in investing activities		(974,722)	-
FINANCING ACTIVITIES			
Proceeds from share issuance	6	6,410,267	-
Shares subscribed		-	400,000
Repayment of note payable		(5,000)	-
Proceeds on issuance of promissory notes		-	46,500
Repayment of promissory notes		-	(46,500)
Cash flow from financing activities		6,405,267	400,000
Effects of exchange rate changes on cash		(24,605)	-
Increase (decrease) in cash		1,252,062	66,970
Cash, beginning of period		1,797,493	121,325
Cash, end of period		3,049,555	188,295
SUPPLEMENTAL CASH FLOW			
Fair value of shares issued for advisory services		-	168,000
Fair value of warrants issued		-	413,089
Reclassification of the fair value of warrants exercised	6	413,089	-
Reclassification of the fair value of options exercised		19,790	-
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 Silver Gold Corp.

(Formerly Fabled Copper Corp.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Fabled Silver Gold Corp. (the “Company” or “Fabled Silver”) 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 26, 2018 and from Fabled Copper Corp. to Fabled Silver Gold Corp. on October 19, 2020.

The Company is listed on the TSX Venture Exchange (the “Exchange”) under the symbol “FCO”, on the Frankfurt Stock Exchange under the symbol “7NQ” since December 18, 2020 and on the OTCQB under the symbol “FBSGF” since March 22, 2021. The Company is currently engaged in exploration of mineral properties and holds a combination of ownership and option interests in copper properties located in British Columbia, Canada and an option interest in Mexico as discussed below.

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

These unaudited condensed consolidated interim 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, 2021, the Company had working capital of \$2,798,671 (December 31, 2020 – \$1,819,574), 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 results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and may through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

Arrangement Agreement

On May 18, 2021, the Board of Directors of the Company (the “Board”) unanimously authorized Fabled Silver to proceed with a corporate restructuring by way of a statutory plan of arrangement under the Business Corporations Act (“BCBCA”).

Pursuant to the terms of an Arrangement Agreement (the “Arrangement”) dated September 17, 2021, Fabled Silver and Fabled Copper Corp. (“Fabled Copper”), a wholly owned subsidiary of Fabled Silver, will participate in a series of transactions whereby, among other things, Fabled Silver will distribute Fabled Copper’s Shares (the “SpinCo Shares”) such that the shareholders of Fabled Silver, other than the dissenting shareholders, will become the holders of the SpinCo Shares.

The purpose of the Arrangement and the related transactions is to reorganize Fabled Silver into two separate publicly-traded companies:

- Fabled Silver, which will be an exploration company focused in Mexico holding, by option agreement, the right to explore, exploit and acquire the Santa Maria Project; and
- Fabled Copper, which will be an exploration company focused on British Columbia copper assets, and holding, by option agreements, the right to explore, exploit and acquire the Muskwa Project.

Pursuant to the Arrangement, the current issued and outstanding shares of the Company (the “Silver Shares”) will be exchanged for one new Fabled Silver share (the “New Silver Shares”) and one-fifth of one SpinCo Share (the “Share Exchange”). The Silver Shares will be cancelled once the Share Exchange is completed.

Fabled Silver Gold Corp.

(Formerly Fabled Copper Corp.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)

Arrangement Agreement (continued)

Each stock option of Fabled Silver (the “Silver Options”) outstanding at the effective date of the Arrangement will be exchanged for one Fabled Silver replacement option (the “Silver Replacement Options”). The Silver Replacement Option entitles the holder to acquire one New Silver Share with an exercise price equal to the original exercise price of the Silver Options multiplied by the fair value of the New Silver Shares at the closing date of the Arrangement (the “Closing Date”), then divided by the fair value of one New Silver Share and the fair value of one-fifth of one SpinCo Share at the Closing Date.

For the current Fabled Silver warrant holders, the current issued Fabled Silver’s warrants (the “Silver Warrants”) will be amended to entitle the holders of the Silver Warrants to receive, upon exercise and payment of the exercise price of the Silver Warrants, one New Silver Share and one-fifth of one SpinCo Share.

On October 28, 2021 the Company held its Annual General and Special Meeting at which the shareholders of the Company approved the Arrangement.

On November 12, 2021 the Company obtained a final order from the Supreme Court of British Columbia with respect to the Arrangement

The Arrangement is subject to the final approval of the Exchange.

Financing

In connection with the Arrangement, the Fabled Copper completed a private placement (the “Private Placement”) for gross proceeds of \$6,900,000 by issuing:

- 101,670,200 conventional unit subscription receipts (the “Conventional Unit Subscription Receipts”) at a price of \$0.05 per Conventional Unit Subscription Receipt; and
- 30,274,833 flow-through unit subscription receipts (the “FT Unit Subscription Receipts” and together with the Conventional Unit Subscription Receipts, the “Subscription Receipts”) at a price of \$0.06 per FT Unit Subscription Receipt.

Each Conventional Unit Subscription Receipt will be automatically exchanged into one unit consisting of one SpinCo Share and one common share purchase warrant of Fabled Copper (the “SpinCo Warrant”) upon satisfaction of certain Escrow Release Conditions (as defined below). Each FT Unit Subscription Receipt will be automatically exchanged into one unit consisting of one SpinCo Share that will qualify as a “flow-through share” within the meaning of subsection 66(15) of the Income Tax Act (Canada) (the “Tax Act”) and one SpinCo Warrant upon satisfaction of the Escrow Release Conditions.

Each SpinCo Warrant will entitle the holder thereof to purchase one SpinCo Share at an exercise price of \$0.10, at any time up to 24 months from the date of satisfaction of the Escrow Release Conditions.

In connection with the Private Placement, the Company paid \$190,190 in agent’s expenses (the “Agent’s Expenses”) and an 8.0% cash agency fee (\$512,239) (the “Cash Agency Fee”) and issued 9,774,386 broker warrants to Research Capital Corp. (the “Agent”). The broker warrants will be automatically exchanged into compensation options upon completion of the Arrangement. Each compensation option is exercisable into one unit consisting of one SpinCo Share and one SpinCo Warrant, at an exercise price of \$0.05 per unit for a period of two years from the date the subscription receipts are converted.

Fabled Silver Gold Corp.

(Formerly Fabled Copper Corp.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)

Arrangement Agreement (continued)

The Escrow Release conditions are as follows:

- i. all conditions precedent, undertakings, and other matters to be satisfied, completed and otherwise met at or prior to the completion of the Arrangement n have been satisfied or waived in accordance with the terms of the plan of arrangement (any such waiver to be consented to by the Agent in writing, acting reasonably);
- ii. Fabled Copper obtaining conditional approval from a recognized Canadian stock exchange, for the Common Shares to be listed and posted for trading;
- iii. Fabled Copper having qualified a prospectus to qualify the distribution of (i) its common shares to be issued under the Arrangement and (ii) the common shares and warrant shares issued pursuant to the conversion Subscription Receipts;
- iv. there have been no material amendments of the terms and conditions of the Arrangement which have not been approved by the Agent;
- v. receipt by the Company or Fabled Copper, as applicable, of all necessary regulatory, shareholder, and other approvals regarding the Private Placement and the Arrangement; and
- vi. such other documents as the Agent may request for a transaction of this nature in a form satisfactory to the Agent.

The net proceeds have been placed in escrow (the “Escrowed Proceeds”) with an escrow agent and will be released to the Company (together with the interest thereon) upon satisfaction of certain escrow release conditions. On September 14, 2021, \$695,580 of Escrowed Proceeds were released to the Company (the “Released Proceeds”).

If (i) the Escrow Release Conditions are not satisfied or waived on or prior to 5:00 p.m. (Toronto time) on the date that is 120 days following August 17, 2021 (or such later date as the Agent may consent in writing), (ii) the Arrangement 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 Arrangement (in each case, the earliest of such times being the “Termination Time”) the Company and Fabled Copper will be jointly and severally responsible to refund the gross proceeds of the Private Placement (including the amount of the Cash Agency Fee, the Agent’s Expenses and the Released Proceeds) without penalty or deduction to the subscribers of the Private Placement, such that it would be the Company’s and Fabled Copper’s responsibility to return the full amount of the gross proceeds of the Private Placement to the holders of Subscription Receipts, together with such holders’ pro rata portion of the interest earned thereon, if any (the “Required Refund”). If the Escrow Release Conditions are not satisfied prior to the Termination Time and the Company and Fabled Copper do not have (and cannot, using all commercially reasonable efforts, obtain financing to have) all of the funds required to provide the escrow agent with the balance of the Required Refund, the Company will have the right to satisfy any shortfall in the balance of the Required Refund payable to the holders of Conventional Unit Subscription Receipts (being the portion of the proceeds of the Offering not initially included in the Escrowed Proceeds plus any further amount of the Escrowed Proceeds released to the Company in connection with the Released Proceeds) by issuing to the holders of the Conventional Unit Subscription Receipts (pro rata, based on their respective holdings of Conventional Unit Subscription Receipts) common shares of the Company at a deemed issue price per common share of 90% of the 20 day volume weighted average price per common share as of the Termination Time.

As of September 30, 2021, the Released Proceeds are included in the Company's accounts payable and accrued liabilities (Note 5).

Fabled Silver Gold Corp.

(Formerly Fabled Copper Corp.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)

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, 2021 were approved by the Board of Directors on November 29, 2021.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION

a) 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.

b) Basis of preparation

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, 2020.

c) New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2021 that impacted these condensed consolidated interim financial statements.

Fabled Silver Gold Corp.*(Formerly Fabled Copper Corp.)*

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

3. EQUIPMENT

	Computer equipment \$	Field equipment \$	Office equipment \$	Vehicles \$	Total \$
Cost					
As at December 31, 2020	-	-	-	-	-
Additions	2,642	16,280	19,236	54,477	92,635
Effect of movements in exchange rates	-	(358)	14	768	424
As at September 30, 2021	2,642	15,922	19,250	55,245	93,059
Depreciation					
As at December 31, 2020	-	-	-	-	-
Charged for the period	(594)	(2,955)	(1,400)	(11,466)	(16,415)
Effect of movements in exchange rates	-	107	51	417	575
As at September 30, 2021	(594)	(2,848)	(1,349)	(11,049)	(15,840)
Net book value					
As at December 31, 2020	-	-	-	-	-
As at September 30, 2021	2,048	13,074	17,901	44,196	77,219

During the nine months ended September 30, 2021, the Company charged \$16,415 (September 30, 2020 – \$nil) in depreciation of which \$14,421 was recognized as exploration and evaluation costs in the statements of loss (Note 4) (September 30, 2020 – \$nil).

4. EXPLORATION AND EVALUATION ASSETS**Exploration and evaluation assets as of September 30, 2021**

	Muskwa Project \$	Santa María Property \$	Total \$
Balance as at December 31, 2020	-	716,093	716,093
Acquisition costs			
- cash	450,000	429,431	879,431
Staking costs	2,656	-	2,656
Recovery of impairment	2,204,913	-	2,204,913
Effect of movements in exchange rate	-	(31,345)	(31,345)
Balance as at September 30, 2021	2,657,569	1,114,179	3,771,748

Fabled Silver Gold Corp.

(Formerly Fabled Copper Corp.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation costs incurred by the Company during the nine months ended September 30, 2021

	Muskwa Project	Santa María Property	Total
	\$	\$	\$
During the period ended September 30, 2021			
Depreciation (Note 3)	-	14,421	14,421
Drilling	-	1,462,579	1,462,579
Equipment rental	407,964	58,641	466,605
Field	88,354	249,819	338,173
Geological	335,130	101,719	436,849
Salaries and wages	-	8,112	8,112
Sample analysis	-	409,332	409,332
	831,448	2,304,623	3,136,071

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 Property") located in Parral, Chihuahua, Mexico. The Company also has the rights to acquire and explore the "Muskwa Project" (currently comprised of the contiguous Neil Ram/Creek Property, Ribbon Property and ChurchKey Property, and the Toro Property) and the non-material Bronson Property, each of which is located in the Liard Mining Division in northern British Columbia.

Muskwa Project

On April 8, 2021, the Company and Fabled Copper entered into an amended and restated option agreement (the "Amended MP Option Agreement") with High Range Exploration Ltd (the "MP Optionor").

The Amended Option Agreement superseded and replaced the following agreements entered previously:

- An option agreement, as amended, related to the Neil/Ram Creek Property assigned to the Company on January 23, 2017 (the "Neil/Ram Creek Agreement");
- An option agreement, as amended, related to the Ribbon Property, assigned to the Company on March 4, 2017 (the "Ribbon Agreement"); and
- An option agreement, as amended, related to the Toro Property assigned to the Company on March 4, 2017 (the "Toro Assignment Agreement") (collectively the "Pre-Amended Option Agreements").

Pursuant to the Amended MP Option Agreement, the Company has the right and option (the "MP Option") to acquire an undivided 100% interest of the following properties:

- Neil/Ram Creek Property in which the Company owns a 50% interest;
- Toro Property in which the Company owns a 50% interest; and
- An additional 3,842 hectares, including 2 claims which are contiguous with the Neil/Ram Creek 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 (the "MP Properties").

Fabled Silver Gold Corp.

(Formerly Fabled Copper Corp.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Muskwa Project (continued)

To exercise the MP Option, the Company is required to make the following payments:

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

The Company owns a 100% interest in the Ribbon Property which forms part of the Muskwa Project and was previously acquired pursuant to the Pre-Amended Option Agreements;

The Company has granted (on those properties and portions thereof owned by the Company) and upon exercise of the MP Option, will grant, a 2% net smelter return royalty interest (the "NSR") on the MP Properties and the Ribbon Property to the MP Optionor.

ChurchKey Property

On August 6, 2019, Fabled Copper entered into an option agreement (the "CP Option Agreement") with ChurchKey Mines Inc. ("ChurchKey") and the legal owners (collectively the "CP Vendors") to acquire 100% interest of the ChurchKey Property (the "CP Option").

In order to exercise the CP Option, the Company is required to make the following payments:

- \$50,000 (paid) in cash on August 6, 2019;
- \$50,000 in cash on or before November 4, 2019 (paid)⁽¹⁾;
- \$100,000 in cash on or before August 6, 2020 (paid)⁽¹⁾;
- \$250,000 in cash on or before August 6, 2021; (paid)
- \$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.

⁽¹⁾ (Collectively the "CP 2nd and 3rd Payments").

The Company has granted the CP Vendors a 2% NSR with respect to the ChurchKey Property upon commencement of commercial production. In addition, the Company has 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 are issuable in connection with this agreement.

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Muskwa Project (continued)

ChurchKey Property (continued)

On June 15, 2020, Fabled Copper entered into an extension agreement with ChurchKey (the "1st CP Extension Agreement") to extend the payment date of the CP 2nd and 3rd Payments to October 31, 2020. In consideration of such extension the Company agreed to make an additional payment of \$50,000 (the "1st CP Extension Cost") to ChurchKey on the date that the Company completed its next financing.

On October 21, 2020, Fabled Copper entered into a second extension agreement with ChurchKey (the "2nd CP Extension Agreement") to extend the payment due date agreed pursuant to the 1st CP Extension Agreement as follows:

- The 1st CP Extension Cost would be paid at the date of signing the 2nd CP Extension Agreement (paid); and
- The CP 2nd and 3rd Payments to be paid upon completion of the acquisition of the Santa Maria Project (paid).

In consideration of such extensions the Company agreed to make an additional payment of \$50,000 (the "2nd CP Extension Cost") (paid) on the completion of the acquisition of the Santa Maria Project.

The 1st CP Extension Cost and the 2nd CP Extension Cost were recognized as finance costs in the statement of loss and comprehensive loss during the year ended December 31, 2020.

Following the Amended MP Option 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 previously referred to and contiguous Neil Ram/Creek Property, Ribbon Property and ChurchKey Property and the Toro Property. The Company also holds the non-material Bronson Property pursuant to the Amended MP Option Agreement.

Recovery of impairment loss on exploration

During the year ended December 31, 2019, due to the management's decision not to conduct any significant work in the near future, the Company impaired the carrying value of the Muskwa Project to \$nil and recorded an impairment loss of mineral properties of \$7,400,612. During the year ended December 31, 2020, the Company further impaired the option payments of \$150,000 paid on the ChurchKey Property.

During the nine months ended September 30, 2021, the Company considered the following factors to be an indicator of reversal of the previous impairment charges:

- The Company entered into the Arrangement to spinout Fabled Copper as a separate publicly-traded company;
- Upon completion of the Arrangement, Fabled Copper will be an exploration company focused on the Muskwa Project; and
- Completing the Private Placement provided sufficient funds for Fabled Copper to conduct future exploration work on the Muskwa Project.

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Muskwa Project (continued)

Recovery of impairment loss on exploration (continued)

The Company determined the recoverable amount, which is considered as the fair value less cost of disposal (FVLCD), based on the fair value of the estimated number of SpinCo distributed to the current Fabled Silver shareholders upon the completion of the Arrangement and the remaining outstanding Silver Warrants at the date of the completion of the Arrangement. This resulted in a non-cash accounting reversal of the impairment charges previously recorded during the year ended December 2019 and 2020 with an amount of \$2,204,913.

The fair value of the SpinCo Shares is determined as \$0.05 which is the price of the Conventional Unit Subscription Receipts issued with the Private Placement (Note 1). The estimated fair value of the Silver Warrants is determined by using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.44%, an expected life of 18 months, expected volatility of 166% and an expected dividend yield of 0%.

Santa María Property

On December 4, 2020, the Company entered into an option agreement with Golden Minerals Company (“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:

- December 4, 2020: US\$500,000 cash (paid) and
1,000,000 common shares (issued with a fair value of \$70,000)
- December 4, 2021: US\$1,500,000
- December 4, 2022: 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:

- December 4, 2020: US\$100,000 (Paid)
- On February 4, 2021: US\$120,000 (Paid)
- On August 4, 2021: US\$120,000 (paid)
- On February 4, 2022: 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.

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	September 30, 2021	December 31, 2020
	\$	\$
Trade payables	51,416	96,505
Accrued liabilities	234,445	89,869
Other liabilities *	695,580	-
	981,441	186,374

* \$695,580 represents the Released Proceeds (Note 1). As discussed in Note 1, in any event, Fabled Silver and Fabled Copper are not able to complete the Arrangement; Fabled Silver is liable to repay the Released Funds to the investors. As of September 30, 2021, the Released Funds are included in the Company's accounts payable and accrued liabilities.

6. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2021, the Company had 207,844,570 (December 31, 2020 – 140,051,903) common shares issued and outstanding with a value of \$20,593,200 (December 31, 2020 – \$13,750,054).

During the nine months ended September 30, 2021

- 60,221,000 warrants were exercised for proceeds of \$6,022,100.
- 7,280,000 broker warrants (the "Broker Warrants") were exercised for proceeds of \$364,000. Each Broker Warrant 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.

In addition, the Company reclassified the grant date fair value of the exercised Broker Warrants of \$413,089 from reserve to share capital.

- 291,667 stock options were exercised for proceeds of \$24,167. In addition, the Company reclassified the grant date fair value of the exercised stock options of \$19,790 from stock options reserve to share capital.

Other than the above noted, no shares were issued during the nine months ended September 30, 2021.

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6. SHARE CAPITAL (CONTINUED)

Warrants

The changes in warrants during the nine months ended September 30, 2021 are as follows

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	99,280,000	0.10
Issued	7,280,000	0.10
Exercised	(67,501,000)	0.09
Balance, end of period	39,059,000	0.10

The following summarizes information about warrants outstanding as of September 30, 2021:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
December 4, 2022	0.10	39,059,000	-	1.18
		39,059,000	-	1.18

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 stock options during the nine months ended September 30, 2021 are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	5,353,729	0.10
Granted	550,000	0.18
Exercised	(291,667)	0.08
Cancelled	(116,662)	0.13
Balance, end of period	5,495,400	0.11

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6. SHARE CAPITAL (CONTINUED)**Stock options (continued)****During the nine months ended September 30, 2021**

- On January 6, 2021, the Company granted 200,000 options with an exercise price of \$0.10 to its consultants. The options are exercisable for a period of ten years. One-fourth vest on the date of grant and one-fourth will vest every six-months thereafter.
- On February 5, 2021, the Company granted 350,000 options with an exercise price \$0.22 to Mars Investor Relations Corp. pursuant to the investor relations agreement entered on September 1, 2020, as amended. The options are exercisable until September 1, 2022 and vest as to 25% on the date of grant and thereafter 25% every three months until fully vested.

The estimated grant date fair value of the options granted during the nine months ended September 30, 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Number of options granted	550,000
Risk-free interest rate	0.34%
Expected annual volatility	155%
Expected life (in years)	4.64
Expected dividend yield	0%
Grant date fair value per option (\$)	0.18
Share price at grant date (\$)	0.22

During the nine months ended September 30, 2021 and 2020, the Company recognized share-based payments expense of \$237,302 and \$32,614, respectively.

The following summarizes information about stock options outstanding and exercisable as at September 30, 2021:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
June 12, 2025	0.30	187,067	187,067	-	3.70
November 21, 2028	0.10	558,333	533,344	35,528	7.15
November 21, 2028	0.15	600,000	575,011	37,374	7.15
December 18, 2030	0.08	3,600,000	1,675,000	246,806	9.22
January 6, 2031	0.10	200,000	100,000	16,438	9.27
September 1, 2022	0.22	350,000	262,500	80,698	0.92
		5,495,400	3,332,922	416,844	8.07
Weighted average exercise price (\$)		0.11	0.13		

Subsequent to September 30, 2021

- On October 28, 2021, the Company granted 6,300,000 options with an exercise price of \$0.10 to its officers, directors and consultants. The options are exercisable for a period of ten years. One-fourth vest on the date of grant and one-fourth will vest every six-months thereafter.

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7. 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. Other related parties to the Company include companies in which key management has control or significant influence. Key management personnel receive remuneration from the Company summarized as follows:

- During the nine months ended September 30, 2021, the Company incurred \$90,000 (September 30, 2020 – \$30,000) in management fees related to the Company’s Chief Executive Officer.
- During the nine months ended September 30, 2021, the Company incurred \$128,000 (September 30, 2020 – \$nil) in professional fees from an accounting firm whose incorporated partner is the Chief Financial Officer of the Company.
- During the nine months ended September 30, 2021, the Company incurred \$331,323 (September 30, 2020 – \$62,887) in professional legal fees from a private company owned by a director of the Company.
- During the nine months ended September 30, 2021, the Company recognized \$98,786 (September 30, 2020 – \$34,596) in share-based payments related to options granted to the Company’s officers and directors.

The balances due to the Company’s directors and officers were \$293,998 as at September 30, 2021 (December 31, 2020 – \$77,253).

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

8. COMMITMENTS

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.

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9. SEGMENTED INFORMATION

The Company operates in one single reportable segment, being the acquisition and exploration of mineral resource properties.

During the nine months ended September 30, 2021, no revenue was generated from the reportable segment.

The Company's non-current assets are as follow:

	Canada \$	Mexico \$	Total \$
As at September 30, 2021			
Non-current assets			
Equipment	2,048	75,171	77,219
Exploration and evaluation assets	2,657,569	1,114,179	3,771,748
As at December 31, 2020			
Non-current assets			
Exploration and evaluation assets	-	716,093	716,093

10. 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.

There were no changes to the Company policy for capital management during the nine months ended September 30, 2021.

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 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.

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11. FINANCIAL INSTRUMENTS**Fair value**

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities and due to related party 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, 2021, 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, 2021	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash	3,049,555	3,049,555	-	-
Amounts receivable	643,359	-	643,359	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	981,441	-	981,441	-
Due to related party	293,998	-	293,998	-

	December 31, 2020	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash	1,797,493	1,797,493	-	-
Amounts receivable	169,444	-	169,444	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	186,374	-	186,374	-
Due to related party	77,253	-	77,253	-
Note payable	5,000	-	5,000	-

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11. FINANCIAL INSTRUMENTS (CONTINUED)

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 government agencies.

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, 2021, the Company had accounts payable and accrued liabilities and due to related party of \$981,441 and \$293,998, 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, and 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.

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11. FINANCIAL INSTRUMENTS (CONTINUED)**Financial risk management (continued)****Market risk (continued)**

The Company had the following balances in foreign currency as at September 30, 2021:

	CA\$	US\$	MXN
Cash	2,651,056	5,911	6,319,687
Amounts receivable	98,366	-	8,808,964
Accounts payable and accrued liabilities	(827,570)	-	(2,487,062)
Due to related party	(293,998)	-	-
	1,627,854	5,911	12,641,589
Rate to convert to \$1.00 CAD	1.0000	1.2710	0.0619
Equivalent to CAD	1,627,854	7,513	782,110

Based on the above net exposures as at September 30, 2021, 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 \$80,000.

- **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.