CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Fabled Silver Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Fabled Silver Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company's cash resources are not adequate to pay the Company's accounts payable and to meet its minimum commitments. As stated in Note 1, these events and conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

May 2, 2022

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Fabled Silver Gold Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Note(s)	December 31, 2021 $	December 31, 2020 $
ASSETS			
Current assets			
Cash		903,215	1,797,493
GST receivable		88,366	169,444
Loan receivable	3, 4	554,353	-
Prepaid expenses		105,051	121,264
		1,650,985	**2,088,201**
Non-current assets			
Value-added tax receivable		957,335	-
Equipment	5	85,027	-
Exploration and evaluation assets	6	3,332,394	716,093
		4,374,756	**716,093**
TOTAL ASSETS		**6,025,741**	**2,804,294**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	220,408	186,374
Due to related party	9	22,663	77,253
Note payable		-	5,000
TOTAL LIABILITIES		**243,071**	**268,627**
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	8	18,592,615	13,750,054
Reserves	8	547,888	628,758
Foreign currency translation reserve		(92,926)	8,722
Deficit		(13,264,907)	(11,851,867)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		**5,782,670**	**2,535,667**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,025,741**	**2,804,294**

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These consolidated 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**

(Expressed in Canadian Dollars)

		For the years ended	
		December 31, 2021	December 31, 2020
	Note(s)	$	$
Expenses (Income)			
Consulting fees		40,106	-
Depreciation	5	4,336	-
Exploration and evaluation costs	6	3,434,599	119,224
Foreign exchange loss (gain)		(62,860)	9,906
General and administrative expenses		58,269	27,132
Investor relations and promotion		751,703	223,970
Management fees	9	120,000	120,000
Pre-exploration expenditures		-	231,784
Professional fees	9	1,112,496	145,398
Property investigation costs		10,000	39,999
Recovery of impairment loss on exploration and evaluation assets	6	(2,204,913)	-
Regulatory and filing fees		208,557	126,668
Share-based payments	8, 9	519,433	72,384
Travel		20,021	3,769
		(4,011,747)	**(1,120,234)**
Other income (expenses)			
Finance costs		-	(150,000)
Impairment of mineral properties	6	-	(150,000)
Interest income		-	2,395
Gain on transfer of spin-out assets	3	2,598,707	-
Net loss for the year		**(1,413,040)**	**(1,417,839)**
Other comprehensive income (loss)			
Foreign currency translation differences for foreign operations		(101,648)	8,722
Total comprehensive loss		**(1,514,688)**	**(1,409,117)**
Basic and diluted loss per share for the year attributable to common shareholders ($ per common share)		**(0.01)**	**(0.03)**
Weighted average number of common shares outstanding - basic and diluted		**194,630,869**	**49,882,184**

(Expressed in Canadian Dollars)

		Share capital					
	Note(s)	Number of shares	Amount	Reserve	Foreign currency translation reserve	Deficit	Total
Balance at December 31, 2019		**44,009,760**	**10,132,311**	**143,285**	**-**	**(10,434,028)**	**(158,432)**
Shares issued for cash - private placement	8	92,000,000	4,600,000	-	-	-	**4,600,000**
Share issue costs	8						
- Cash	8	-	(656,118)	-	-	-	**(656,118)**
- Shares	8	2,800,000	-	-	-	-	**-**
- Warrants	8	-	(413,089)	413,089	-	-	**-**
Shares issued for exploration and evaluation assets	6, 8	1,000,000	70,000	-	-	-	**70,000**
Shares issued for investor relations services	8	242,143	16,950	-	-	-	**16,950**
Share-based payments	8	-	-	72,384	-	-	**72,384**
Other comprehensive income		-	-	-	8,722	-	**8,722**
Loss for the year		-	-	-	-	(1,417,839)	**(1,417,839)**
Balance at December 31, 2020		**140,051,903**	**13,750,054**	**628,758**	**8,722**	**(11,851,867)**	**2,535,667**
Shares issued for investor relations services	8	689,007	84,750	-	-	-	**84,750**
Shares issued for cash - exercise of warrants	8	67,501,000	6,386,100	-	-	-	**6,386,100**
Shares issued for cash - exercise of stock options	8	291,667	24,167	-	-	-	**24,167**
Reclassification of grant-date fair value on exercise of warrants	8	-	413,089	(413,089)	-	-	**-**
Reclassification of grant-date fair value on exercise of stock options	8	-	19,790	(19,790)	-	-	**-**
Transfer of assets per Plan of Arrangement	3	-	(2,085,335)	(167,424)	-	-	**(2,252,759)**
Share-based payments	8	-	-	519,433	-	-	**519,433**
Other comprehensive loss		-	-	-	(101,648)	-	**(101,648)**
Loss for the year		-	-	-	-	(1,413,040)	**(1,413,040)**
Balance at December 31, 2021		**208,533,577**	**18,592,615**	**547,888**	**(92,926)**	**(13,264,907)**	**5,782,670**

(Expressed in Canadian Dollars)

		For the years ended	
	Note(s)	December 31, 2021 $	December 31, 2020 $
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Net loss for the year		(1,413,040)	(1,417,839)
Adjustments for items not affecting cash:			
Depreciation	5	24,025	-
Share-based payments	8	519,433	72,384
Services paid by common shares	8	84,750	16,950
Impairment of evaluation and exploration assets	5	-	150,000
Recovery of impairment loss on exploration and evaluation assets	6	(2,204,913)	-
Gain on transfer of spin-out assets	3	(2,598,707)	-
Change in non-cash working capital			
Amounts receivable		(62,446)	(131,081)
Value-added tax receivable		(860,472)	-
Prepaid expenses		(348,247)	(106,969)
Accounts payable and accrued liabilities		916,938	(105,013)
Due to related parties		205,351	47,531
Cash flow used in operating activities		**(5,737,328)**	**(1,474,037)**
INVESTING ACTIVITIES			
Purchase of equipment	5	(107,490)	-
Acquisition costs on exploration and evaluation assets	6	(2,807,952)	(791,522)
Cash flow used in investing activities		**(2,915,442)**	**(791,522)**
FINANCING ACTIVITIES			
Proceeds from share issuance	8	6,410,267	3,943,882
Repayment of note payable	9	(5,000)	(5,000)
Proceeds on issuance of promissory notes	9	-	46,500
Repayment of promissory notes	9	-	(46,500)
Repayment of loan payable from Fabled Copper Corp.	4	2,255,875	-
Cash transferred to Fabled Copper Corp. pursuant to the plan of arrangement	3	(557,295)	-
Cash flow from financing activities		**8,103,847**	**3,938,882**
Effects of exchange rate changes on cash		(345,355)	2,845
Increase (decrease) in cash		**(894,278)**	**1,676,168**
Cash, beginning of year		**1,797,493**	**121,325**
Cash, end of year		**903,215**	**1,797,493**
SUPPLEMENTAL CASH FLOW			
Shares issued for exploration and evaluation assets	8	-	70,000
Fair value of warrants issued	8	-	413,089
Reclassification of the fair value of warrants exercised	8	413,089	-
Reclassification of the fair value of options exercised	8	19,790	-
Cash paid during the year for interest		-	-
Cash paid during the year for income taxes		-	-

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Fabled Silver Gold Corp. (the "Company" or "Fabled Sliver") 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 an option interest in the Santa María Project located 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 consolidated 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 December 31, 2021, the Company had working capital of $1,407,914 (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 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 consolidated 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.

Arrangement

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 ("Arrangement") under the Business Corporations Act ("BCBCA").

On September 17, 2021, the Company entered into an arrangement agreement (the "Arrangement Agreement") with its wholly owned subsidiary Fabled Copper Corp. ("Fabled Copper") with respect to the Arrangement.

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

- Fabled Silver, which is an exploration company focused in Mexico holding the Santa María Project; and
- Fabled Copper, which is an exploration company focused on British Columbia copper assets, which holds an option interest in the Muskwa Project and the Bronson Property.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)

Arrangement (continued)

Pursuant to the Arrangement, on the effective date of the Arrangement (a) holders of common shares in the Company ("Old Fabled Shares") exchanged each Old Fabled Share for one new common share of the Company ("Fabled Shares") and 1/5 of one Fabled Copper Share; (b) holders of common share purchase warrants of the Company ("Fabled Warrants") became entitled to receive, upon exercise of a Fabled Warrant for the same aggregate consideration, one Fabled Share and 1/5 of one Fabled Copper Share, in accordance with the terms of the agreements, plans or certificates representing such Fabled Warrants; and (c) the exercise price of all outstanding stock options of Fabled (the "Fabled Options") were adjusted by amounts reflective of the relative fair market values of the Company and Fabled Copper, provided that the "In the Money Amount" of the Fabled Options immediately after the Arrangement did not exceed the "In the Money Amount" of the Fabled Options immediately before the Arrangement. "In the Money Amount" at a particular time with respect to a Fabled Option means the amount, if any, by which the fair market value of the underlying security exceeds the exercise price of the relevant option at such time.

The Arrangement was completed on December 21, 2021. See Note 3 for details.

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.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION

a) Statement of compliance to International Financial Reporting Standards

These consolidated 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").

The policies set out below were consistently applied to all periods presented unless otherwise noted below.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements of the Company for the year ended December 31, 2021 were approved by the Board of Directors on May 2, 2022.

b) Basis of preparation

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on December 31, 2021. In addition, these financial statements are presented in Canadian dollars (CAD).

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

c) Basis of consolidation

These consolidated financial statements comprise the accounts of the Company and the following wholly-owned subsidiaries of the Company:

- Fabled Copper Corp. (formerly Fabled Copper and Gold Corp.), a company incorporated under the laws of British Columbia for the period from January 1, 2021 to December 21, 2021 (Note 3); and
- Fabled Silver Gold Mexico Corp. a company incorporated under the laws of Mexico.

All subsidiaries have a reporting date of December 31.

- ***Subsidiaries***

  A subsidiary is an entity over which the Company has power to govern the operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

- ***Acquisitions and disposals***

  The results of businesses acquired during the reporting period are brought into the consolidated financial statements from the date the control is transferred; the results of businesses sold during the reporting period are included in the consolidated financial statements for the period up to the date the control is ceased.

  Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold. Where a disposal represents a separate major line of business or geographical area of operations, the net results attributable to the disposed entity are shown separately in the statement of loss and comprehensive loss.

d) Significant management judgment and estimates in applying accounting policies

The preparation of these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- **Critical accounting estimates**

  Carrying value and recoverability of exploration and evaluation assets

  The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to commence and complete development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

d) Significant management judgment and estimates in applying accounting policies (continued)

- **Critical accounting estimates (continued)**

Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Shares issued for service
The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration, specifically relating to shares issued for services and for exploration and evaluation properties. Shares are valued at the fair value the goods or services received, unless that fair value cannot be estimated reliably, then those shares are valued at the fair value of the equity instruments granted at the date the Company receives the good or service. When no market price is available, a valuation technique is used to determine what price the equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. In the case of the Company, the fair value of the shares issued was estimated with reference to the quoted price of the shares issued.

- **Critical accounting judgments**

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of going concern (Note 1)
The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

d) Significant management judgment and estimates in applying accounting policies (continued)

- **Critical accounting judgments (continued)**

Determination of functional currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", the functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operates. The functional currencies of the Company and its subsidiaries are as follows:

- Fabled Silver Gold Corp.	CAD
- Fabled Copper Corp.	CAD
- Fabled Silver Gold Mexico Corp SA de CV	Mexico Peso (MXN)

Determination of recovery of impairment loss on exploration and evaluation assets (Note 6)

In accordance with IAS 36 "Impairment of Assets", the Company assesses at the end of each reporting period to determine if there is any indication that an impairment loss recognized in prior periods for the exploration and evaluation assets is no longer exists or has been decreased. If any such indication exists, the Company remeasure the recoverable amount of the exploration and evaluation assets and recognizes a recovery of impairment loss on exploration and evaluation assets.

e) Significant accounting policies

Foreign exchange

- **Translation of foreign transactions and balances into the functional currency**
  Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate average rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

- **Translation of the functional currency into the presentation currency**
  The results of foreign operations which have a different functional currency of the Company are translated to Canadian dollars at appropriate average rates of exchange during the year and are included in other comprehensive income (loss). The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operation's assets and liabilities to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand. As at December 31, 2021 and 2020, the Company did not have any cash equivalents.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

f) Significant accounting policies (continued)

Financial instruments

- **Financial assets**

Classification and measurement
The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges. As of December 31, 2021 and 2020, the Company has classified its cash as FVTPL.

Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. As of December 31, 2021 and 2020, the Company has no financial assets classified as FVOCI.

Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. As of December 31, 2021 and 2020, the Company has classified its GST receivable as amortized cost.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

f) Significant accounting policies (continued)

Financial instruments (continued)

- **Financial assets (continued)**

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets
Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

- **Financial liabilities**

Classification and measurement
The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. As at December 31, 2021 and 2020, the Company has classified its accounts payable and accrued liabilities, due from related party and notes payable as other financial liabilities

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of loss.

Refer to Note 13 for further disclosures.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

f) Significant accounting policies (continued)

Taxation

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based payments expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payments and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Loss per share

Basic loss per share is calculated by dividing the net loss for the year divided by the weighted average number of common shares outstanding during the year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

f) Significant accounting policies (continued)

Exploration and evaluation

- **Exploration and evaluation assets**
  Exploration and evaluation assets include acquired mineral rights for mineral exploration properties held by the Company. The amount of consideration paid (in cash or share value) for mineral rights is capitalized. The amounts shown for exploration and evaluation assets represent costs of acquisition, incurred to date, less recoveries, and do not necessarily reflect present or future values. These costs will be written off if the evaluation and exploration assets are abandoned or sold. Included in the cost of exploration and evaluation assets is the cost of any estimated decommissioning liability. The Company has classified exploration and evaluation assets as intangible in nature. Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon reserves.

  Ownership in exploration and evaluation assets involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for the evaluation and exploration assets is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its exploration and evaluation assets have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of exploration and evaluation assets carrying values.

- **Exploration and evaluation costs**
  Exploration and evaluation costs, other than those described above, are expensed as incurred until such time as mineral reserves are proven or probable, permits to operate the mineral resource property are received and financing to complete development has been obtained. Following confirmation of mineral reserves, receipt of permits to commence mining operations and obtaining necessary financing, exploration and evaluation costs are capitalized as deferred development expenditures included within equipment.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's ("CGU") fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

f) Significant accounting policies (continued)

Impairment of non-financial assets (continued)

For exploration and evaluation assets, indicators of impairment include, but are not limited to, expiration of a right to explore, no budgeted or planned material expenditure in an area, or a decision to discontinue exploration in a specific area.

Impairment losses of continuing operations are recognized in net loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit and loss for the period.

For the years presented the Company has no provisions for environmental rehabilitation.

New accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2022. The Company does not expect that any new or amended standards or interpretations that are effective for annual periods beginning on or after January 1, 2022 will have a significant impact on the Company’s results of operations or financial position.

(Expressed in Canadian Dollars)

3. PLAN OF ARRANGEMENT

As discussed in Note 1, the Company completed the Arrangement on December 21, 2021. The carrying value of the net assets transferred to Fabled Copper, pursuant to the Arrangement consisted of the following assets and liabilities:

	$
Current assets	
Cash	557,295
GST receivable	25,369
Prepaid expenses	363,828
Non-current assets	
Exploration and evaluation assets	2,657,570
Current liabilities	
Accounts payable and accrued liabilities	(879,841)
Due to related party	(259,941)
Loan payable (1)	(2,810,228)
Carrying value of net assets	**(345,948)**
Fair value of net assets distributed	**2,252,759**
Gain on transfer of spin-out assets	**2,598,707**

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(1) The amount is due to the Company pursuant to the loan agreement entered between the Company and Fabled Copper on December 21, 2021 (Note 4).

The fair value of the net assets distributed was determined based on:

- the price of a conventional unit subscription receipt ($0.05) issued by Fabled Copper in respect of a private placement by Fabled Copper conducted in connection with the Arrangement, multiplied by the total number of Fabled Copper Shares being 41,706,701 that were distributed by Company pursuant to the Arrangement ($2,085,335); and
- the fair value of the one-fifth of the Fabled Copper Shares ($167,424) that may be issued pursuant to the exercise of the Silver Warrants (note 6).

The fair value of the net assets distributed resulted in a reduction of share capital and reserve amounting $2,085,335 and $167,424, respectively.

As a result of the Arrangement, the Company recognized a gain on transfer of spin-out assets of $2,598,707 in the statement of loss and comprehensive loss during the year ended December 31, 2021.

4. LOAN RECEIVABLE

On December 21, 2021, the Company entered into a loan agreement with Fabled Copper for an amount of $2,810,228. The loan is non-interest bearing and payable on demand.

During the year ended December 31, 2021, Fabled Copper made a repayment of $2,255,875.

As of December 31, 2021, the balance of the loan payable was $554,353 (December 31, 2020 – $nil).

Subsequent to December 31, 2021, Fabled Copper repaid the remaining balance of $554,353 to the Company.

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Computer equipment $	Field equipment $	Office equipment $	Vehicles $	Total $
Cost					
As at December 31, 2020 and 2019	-	-	-	-	-
Additions	2,642	16,280	34,091	54,477	**107,490**
Effect of movements in exchange rates	-	(314)	485	916	**1,087**
As at December 31, 2021	**2,642**	**15,966**	**34,576**	**55,393**	**108,577**
Depreciation					
As at December 31, 2020 and 2019	-	-	-	-	-
Charged for the year	(793)	(4,138)	(3,543)	(15,551)	**(24,025)**
Effect of movements in exchange rates	-	85	72	318	**475**
As at December 31, 2021	**(793)**	**(4,053)**	**(3,471)**	**(15,233)**	**(23,550)**
Net book value					
As at December 31, 2020	**-**	**-**	**-**	**-**	**-**
As at December 31, 2021	**1,849**	**11,913**	**31,105**	**40,160**	**85,027**

During the year ended December 31, 2021, the Company charged $24,025 (December 31, 2020 – $nil) in depreciation of which $19,689 was recognized as exploration and evaluation costs in the statements of loss (Note 6) (December 31, 2020 – $nil).

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets as of December 31, 2021 and 2020

	ChurchKey Property $	Muskwa Project (Note 3) $	Santa María Project $	Total $
Balance as at December 31, 2019	-	-	-	-
Acquisition costs		-		
- cash	150,000	-	641,522	**791,522**
- shares	-	-	70,000	**70,000**
Impairment	(150,000)	-	-	**(150,000)**
Effect of movements in exchange rate	-	-	4,571	**4,571**
Balance as at December 31, 2020	**-**	**-**	**716,093**	**716,093**
Acquisition costs				
- cash	-	450,000	2,355,295	**2,805,295**
Staking costs	-	2,657	-	**2,657**
Recovery of impairment	-	2,204,913	-	**2,204,913**
Transfer of assets per Plan of Arrangement (Note 3)	-	(2,657,570)	-	**(2,657,570)**
Effect of movements in exchange rate	-	-	261,006	**261,006**
Balance as at December 31, 2021	**-**	**-**	**3,332,394**	**3,332,394**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation costs incurred by the Company during the years ended December 31, 2021 and 2020

	Muskwa Project (Note 3) $	Santa María Project $	Total $
During the year ended December 31, 2020			
Drilling	-	21,741	**21,741**
Equipment rental	-	5,582	**5,582**
Field	-	77,472	**77,472**
Geological	-	14,429	**14,429**
	-	**119,224**	**119,224**
During the period ended December 31, 2021			
Depreciation	-	19,689	**19,689**
Drilling	-	1,669,487	**1,669,487**
Equipment rental	407,964	63,375	**471,339**
Field	92,261	303,149	**395,410**
Field technicians	8,000	-	**8,000**
Geological	352,711	(4,489)	**348,222**
BC mining exploration tax credit	(115,585)	-	**(115,585)**
Salaries and wages	-	37,040	**37,040**
Sample analysis	21,231	579,766	**600,997**
	766,582	**2,668,017**	**3,434,599**

The Company is engaged in the business of exploration and development of mineral projects. The Company's primary and only mineral project is the Santa María Project (the "Santa María Project") located in Parral, Chihuahua, Mexico. The Company previously had 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, which were spun out as discussed in Note 1.

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").

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Muskwa Project (continued)

Pursuant to the Amended MP Option Agreement, the Company had, prior to the completion of the Arrangement (such right now being the right of Fabled Copper) 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").

As discussed in Note 1, the Muskwa Project was spun out by the Company to Fabled Copper under the Arrangement completed on December 21, 2021.

Recovery of impairment loss on exploration

During the year ended December 31, 2019, due to the management's decision at that time 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 year ended December 31, 2021, the Company considered the following factors to be an indicator of reversal of the previous impairment charges:

- The Company entered into the Arrangement (Note 3);
- Upon completion of the Arrangement, Fabled Copper would be (and now is) an exploration company focused on the Muskwa Project; and
- Completion by Fabled Copper of a private placement of subscription receipts for gross proceeds of $6,900,000 (the "Private Placement") provided sufficient funds for Fabled Copper to conduct future exploration work on the Muskwa Project.

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 Fabled Copper Shares to be 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 Fabled Copper Shares is determined as $0.05 which is the price of the conventional unit subscription receipt issued by Fabled Copper in connection with the Private Placement. 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%.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Santa María Project

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 Project 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 (paid)
- 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 Project:

- 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 (paid subsequent to December 31, 2021)

The Company will grant Golden Minerals a 1% net smelter royalty with respect to the Santa María Project 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 Project.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	December 31, 2021	**December 31, 2020**
	$	**$**
Trade payables	149,723	96,505
Accrued liabilities	70,685	89,869
	220,408	**186,374**

8. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2021, the Company had 208,533,577 (December 31, 2020 – 140,051,903) common shares issued and outstanding with a value of $18,592,615 (December 31, 2020 – $13,750,054).

During the year ended December 31, 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.

- The Company issued 519,507 common shares with fair value of $67,800 pursuant to a consulting agreement entered during the year ended December 31, 2020 (Note 10).

- The Company issued 169,500 common shares with fair value of $16,950 pursuant to a consulting agreement entered during the year ended December 31, 2021 (Note 10).

During the year ended December 31, 2020

- **Financing**
  On August 14, 2020, the Company completed a financing (the "2020 Financing"). Mackie Research Capital Corporation (the "Agent") was the sole agent for the 2020 Financing. The 2020 Financing was made in connection with the acquisition of Santa María Project. The net proceeds of the 2020 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.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the year ended December 31, 2020 (continued)

In connection with the 2020 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. The Company estimated the fair value of Broker Warrants ($413,089) 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%.

- **Others**
  - The Company issued 242,143 common shares with fair value of $16,950 pursuant to a consulting agreement entered during the year ended December 31, 2020 (Note 10).
  - On December 4, 2020, the Company issued 1,000,000 common shares with a fair value of $70,000 in connection of the acquisition of Santa María Project with Golden Minerals.

Warrants

The changes in warrants during December 31, 2021 and 2020, are as follows:

	December 31, 2021		December 31, 2020	
	Number outstanding	Weighted average exercise price ($)	Number outstanding	Weighted average exercise price ($)
Balance, beginning of year	**99,280,000**	**0.10**	-	-
Issued	7,280,000	0.10	99,280,000	0.10
Exercised	(67,501,000)	0.09	-	-
Balance, end of year	**39,059,000**	**0.10**	**99,280,000**	**0.10**

The following summarizes information about warrants outstanding as of December 31, 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	-	0.93

* Pursuant to the terms of the Arrangement, the warrant holder will receive one common share of the Company and one-fifth of one Fabled Copper Share upon exercise. The Company will pay $0.01 to Fabled Copper for each whole warrant that is exercised.

(Expressed in Canadian Dollars)

8. 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 stock options during the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Number outstanding	Weighted average exercise price ($)	Number outstanding	Weighted average exercise price ($)
Balance, beginning of year	**5,353,729**	**0.10**	3,391,055	0.130
Granted	6,850,000	0.11	3,850,000	0.080
Exercised	(291,667)	0.08	-	-
Expired	(500,000)	0.08	(961,002)	0.130
Cancelled	(116,662)	0.13	-	-
Forfeited	-	-	(926,324)	0.130
Repricing - cancelled	(11,295,400)	0.10	-	-
Repricing - re-issued	11,295,400	0.09	-	-
Balance, end of year	**11,295,400**	**0.09**	**5,353,729**	**0.09**

During the year ended December 31, 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. 25% vest on the date of grant and 25% 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.

- 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. 25% vest on the date of grant and 25% will vest every six-months thereafter.

- Pursuant to the terms of the Arrangement, the Company cancelled and exchanged the Silver Options for the Replacement Options. Except for the exercise price, the terms of the Replacement Options remain the same as the Silver Options. The revised exercise price of the Replacement Options is 90% of the exercise price of the Silver Options.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Stock options (continued)

During the year ended December 31, 2020

- On December 7, 2020, the Company entered into an agreement with the Company's former president to cancel and forfeit certain portion of the options previously granted as follows:

Grant date	Expiry date	Number of options granted	Number of options cancelled and forfeited		Remaining options
November 21, 2018	November 21, 2028	1,101,994	801,994	(1)	300,000
November 21, 2018	November 21, 2028	1,101,994	801,994	(2)	300,000
		2,203,988	**1,603,988**		**600,000**

(1) 367,330 were unvested options.
(2) 367,330 were unvested options.

- On December 18, 2020, the Company granted 3,850,000 options with an exercise price of $0.08 to certain 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.

The estimated grant date fair value of the options granted during the years ended December 31, 2021 and 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended	
	December 31, 2021	**December 31, 2020**
Number of options granted	6,850,000	3,850,000
Risk-free interest rate	1.49%	0.38%
Expected annual volatility	114%	109%
Expected life (in years)	9.57	10.00
Expected dividend yield	0%	0%
Grant date fair value per option ($)	0.10	0.07
Share price at grant date ($)	0.11	0.08

During the year ended December 31, 2021 and 2020, the Company recognized share-based payments expense of $519,433 and $72,384, respectively.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The following summarizes information about stock options outstanding and exercisable as at December 31, 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	-	3.45
November 21, 2028	0.10	558,333	558,333	35,528	6.90
November 21, 2028	0.15	600,000	600,000	37,374	6.90
December 18, 2030	0.08	3,100,000	2,262,500	212,527	8.97
January 6, 2031	0.10	200,000	100,000	16,438	9.02
September 1, 2022 (1)	0.22	350,000	350,000	80,698	0.67
October 28, 2031	0.10	6,300,000	1,875,000	582,727	9.83
		11,295,400	**5,932,900**	**965,292**	**8.89**
Weighted average exercise price ($)		**0.10**	**0.12**		

(1) 350,000 cancelled subsequent to December 31, 2021.

9. 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 year ended December 31, 2021, the Company incurred $120,000 (December 31, 2020 – $120,000) in management fees related to the Company's President and Chief Executive Officer.

- During the year ended December 31, 2021, the Company incurred $173,000 (December 31, 2020 – $28,500) in professional fees from an accounting firm owned whose incorporated partner is the Chief Financial Officer of the Company.

- During the year ended December 31, 2021, the Company incurred $514,023 (December 31, 20202 – $27,120) in professional legal fees and $nil in share issuance costs (December 31, 2020 – $104,432) from a private company owned by a director of the Company.

- During the year ended December 31, 2021, the Company recognized $318,360 (December 31, 2020 – $48,362) in share-based payments related to options granted to the Company's officers and directors.

On July 29, 2020, the Company issued four non-interesting 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.

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

As at December 31, 2020, the Company owed $5,000 to a director of the Company. The loan is interest free and unsecured with no fixed terms of repayment. During the year ended December 31, 2021, the Company repaid $5,000 of the note payable (December 31, 2020 – $5,000).

The balances due to the Company's directors and officer were $22,663 as at December 31, 2021 (December 31, 2020 – $77,253), which were paid subsequent to December 31, 2021.

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

10. COMMITMENTS

Agora Internet Relations Corp. ("AGORA")

On October 2, 2020, the Company entered into a service agreement (the "2020 Service Agreement") with AGORA for online advertising, marketing and branding services. Pursuant to the terms of the 2020 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)(1)
- $15,000 plus tax on January 1, 2021; (issued)(2)
- $15,000 plus tax on April 1, 2021; (issued)(2)
- $15,000 plus tax on July 1, 2021; and (issued)(2)
- $15,000 plus tax on September 30, 2021. (issued)(2)

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(1) 242,143 common shares were issued during the year ended December 31, 2020 (Note 8)
(2) 519,507 common shares were issued during the year ended December 31, 2021 (Note 8)

On November 15, 2021, the Company entered into a renewal agreement (the "2021 Service Agreement") with AGORA to continue to provide advertising services to the Company. Pursuant to the terms of the 2021 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 immediately (issued); (issued)
- $15,000 plus tax on February 15, 2022;
- $15,000 plus tax on May 15, 2022;
- $15,000 plus tax on August 15, 2022; and
- $15,000 plus tax on November 30, 2022.

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(1) 169,500 common shares were issued during the year ended December 31, 2021 (Note 8)

(Expressed in Canadian Dollars)

10. COMMITMENTS (CONTINUED)

Hybrid Financial Ltd. (“Hybrid”)

On December 1, 2021, the Company entered into a service agreement Hybrid for marketing and branding services. Hybrid has been engaged by the Company for an initial period of 6 months starting December 1, 2021 (the “Initial Term”) and then shall be renewed automatically for successive 3-month periods thereafter, unless terminated by the Company. Hybrid will be paid a monthly fee of $22,500, plus applicable taxes, during the Initial Term and any subsequent renewal terms, such payment in respect of the Initial Term to be deferred until such time as the Company announces its next financing, or if it does not announce a financing during the Initial Term, at the conclusion of the Initial Term.

11. SEGMENTED INFORMATION

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

During the years ended December 31, 2021 and 2020, no revenue was generated from the reportable segment.

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

	Canada	Mexico	Total
	$	$	$
As at December 31, 2021			
Non-current assets			
Equipment	1,849	83,178	85,027
Exploration and evaluation assets	-	3,332,394	3,332,394
	1,849	**3,415,572**	**3,417,421**
As at December 31, 2020			
Non-current assets			
Exploration and evaluation assets	-	716,093	716,093

12. 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 year ended December 31, 2021 and 2020.

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

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, GST 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 December 31, 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:

	December 31, 2021 $	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	903,215	903,215	-	-
GST receivable	88,366	-	88,366	-
Loan receivable	554,353	-	554,353	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	220,408	-	220,408	-
Due to related party	22,663	-	22,663	-

	December 31, 2020 $	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	1,797,493	1,797,493	-	-
GST 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	-

13. 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 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 GST receivable. The Company's maximum exposure to credit risk is minimal as cash is deposited with reputable financial institutions. GST receivables 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 December 31, 2021, the Company had accounts payable and accrued liabilities and due to related party of $220,408 and $22,663, 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, GST receivable, loan 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.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

- Currency risk (continued)
  The Company had the following balances in foreign currency as at December 31, 2021:

	CA$	US$	MXN
Cash	707,760	142,000	244,273
GST receivable	88,050	-	15,437,030
Loan receivable	554,353	-	-
Accounts payable and accrued liabilities	(87,488)	(511)	(2,132,148)
Due to related party	(22,663)	-	-
	1,240,012	**141,489**	**13,549,155**
Rate to convert to $1.00 CAD	1.0000	1.2697	0.0620
Equivalent to CAD	**1,240,012**	**179,653**	**840,535**

  Based on the above net exposures as at December 31, 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 $100,000.

- 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.

14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021 $	2020 $
Loss for the year	**(1,413,038)**	**(1,417,839)**
Expected income tax (recovery)	(382,000)	(383,000)
Change in statutory, foreign tax, foreign exchange rates and other	(3,000)	(11,000)
Permanent differences	(613,000)	23,000
Share issue cost	-	(223,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	64,000	(35,000)
Impact of spin-out	2,395,000	-
Change in unrecognized deductible temporary differences	(1,461,000)	629,000
Total income tax expense (recovery)	**-**	**-**

(Expressed in Canadian Dollars)

14. INCOME TAXES (CONTINUED)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2021 $	Expiry Range	December 31, 2020 $	Expiry Range
Temporary Differences				
Exploration and evaluation assets	-	N/A	8,588,000	No expiry date
Property and equipment	1,000	No expiry date	-	N/A
Share issue costs	494,000	2042 to 2044	659,000	2041 to 2044
Allowable capital losses	40,000	No expiry date	-	N/A
Non-capital losses available for future period	4,658,000	2030 to 2041	1,980,000	2030 to 2040
Canada	1,825,000	2034 to 2041	1,854,000	2034 to 2040
Mexico	2,833,000	2030 to 2031	126,000	2030

Tax attributes are subject to review and potential adjustment by tax authorities.