FABLED SILVER GOLD CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

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INTRODUCTION

This Management Discussion and Analysis (the "MD&A") of Fabled Silver Gold Corp.'s ("Fabled", "Fabled Silver" or the "Company") financial position and results of operations for the year ended December 31, 2021 is prepared as at May 2, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company and the notes relating thereto, for the year ended December 31, 2021. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR at www.sedar.com.

BACKGROUND

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

On January 23, 2017, the Company entered into an assignment agreement (the "Neil/Ram Creek Assignment Agreement") with an arm's length company (the "Assignor") to acquire all of the Assignor's right title and interest in an option agreement (the "Neil/Ram Creek Option Agreement") with a third-party company (the "Optionor").

On March 4, 2017, the Company entered into an assignment agreement (the "Toro Assignment Agreement") with two directors of the Company (the "Assignors") to acquire all of the Assignors' right title and interest in an option agreement (the "Toro Option Agreement") with a third-party company (the "Optionor").

On March 4, 2017, the Company entered into an assignment agreement (the "Ribbon Assignment Agreement") with various arm's length individuals and companies (collectively the "Assignors") to acquire all of the Assignors' right title and interest in an option agreement (the "Ribbon Option Agreement") with a third-party company (the "Optionor").

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

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

On December 4, 2020, the Company, through its wholly owned subsidiary, Fabled Silver Gold Mexico Corp. ("Fabled Mexico"), completed the acquisition of the Santa María Project in Parral, Mexico (the "Santa María Project").

On December 18, 2020, the Company listed on the Frankfurt Stock Exchange under the symbol "7NQ".

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 ("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:

(Expressed in Canadian Dollars)

- 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.

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. 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*	(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**

* The amount is due to the Company pursuant to the loan agreement entered between the Company and Fabled Copper on December 21, 2021.

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 one-fifth of the Fabled Copper Shares ($167,424) that may be issued upon exercise of the Fabled Warrants.

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.

For more information on the Arrangement, please refer to the Company's new releases dated May 19, 2021, June 16, 2021, August 19, 2021, September 21, 2021, October 29, 2021, November 16, 2021 and December 16, 2021 available on the Company's profile on SEDAR at www.sedar.com.

2021 HIGHLIGHTS

- See Drilling Program section below for updates on the Santa María Project.
- On January 6, 2021, the company granted 200,000 stock options to a consultant of the Company, at an exercise price of $0.10 per common share until January 6, 2031.
- On February 5, 2021, the Company granted 350,000 stock options to certain consultants, each exercisable to acquire one common share of Fabled at an exercise price of $0.22 per common share until September 21, 2022.
- On February 22, 2021, the Company announced that 41,500,000 warrants had been exercised for gross proceeds of $4,150,000.
- On March 2, 2021, the Company announced the promotion of its media projects coordinator Kayla Ferderber to Investor Relations Manager of Fabled.
- On March 22, 2021, the Company listed on the OTCQB Venture Marketplace ("OTCQB") under the symbol "FBSGF".
- On April 8, 2021, the Company entered into an amended and restated option agreement with respect to certain of the Company's copper properties, being Neil Property and Toro Property, located in the Liard Mining Division in northern British Columbia.
- On May 19, 2021, the Company announced a proposed spin-out of its copper assets in Northern British Columbia.
- On June 16, 2021, the Company and Fabled Copper entered into an agreement with Research Capital Corporation (the "Agent"), in connection with a private placement for aggregate gross proceeds of up to $6,000,000 (subject to a 15% increase option that the Agent may exercise up to 24 hours prior to closing).
- On August 19, 2021, the Company announced that Fabled Copper had closed its previously announced brokered private placement offering for aggregate gross proceeds of $6.9 million in connection with the Arrangement.
- On September 21, 2021, the Company entered into the Arrangement Agreement.
- On October 29, 2021, the Company announced that all proposed resolutions were approved at the Company's Annual General and Special meeting of Shareholders held on October 28, 2021. The Company also welcomed Mr. Roger Scammel to the board of the Company. The Company further announced that it granted 6,300,000 stock options to certain directors, officers, employees and consultants, each exercisable to acquire one common share of the Company at an exercise price of $0.10 per common share until October 28, 2031.
- On November 16, 2021, the Company announced that it obtained a final order from the Supreme Court of British Columbia to implement the Arrangement.

- The Company renewed its agreement (the "Renewal Agreement") with Agora Internet Relations Corp. ("AGORA") on November 29, 2021, to provide online advertising, marketing and branding services and issued common shares in settlement of advertising services provided by AGORA pursuant to the shares for services program that ended on September 30, 2021 (the "Prior Agreement"). The Company issued a total of 519,007 common shares of the Company in respect of the Prior Agreement and an additional 169,500 common shares in respect of the first payment required by the Renewal Agreement for a total of 689,007 common shares.

- On December 2, 2021, the Company retained Hybrid Financial Ltd. ("Hybrid") to provide marketing services to the Company for an initial period of 6 months starting December 1, 2021. Hybrid has been engaged to heighten market and brand awareness for the Company and to broaden the Company's reach within the investment community.

- On December 15, 2021, the Company received final approval from the TSX Venture Exchange for its proposed shares for services agreement with AGORA.

- On December 16, 2021, the Company announced the effective date for the Arrangement. The Arrangement occurred on December 21, 2021.

2022 HIGHLIGHTS

- On January 11, 2022, the Company entered into a digital awareness services agreement with Machai Capital Inc. ("Machai") for an initial term of 6 months.

EXPLORATION AND EVALUATION ASSETS

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 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. The Company ceased to have such rights upon completion of the Arrangement.

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 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;

(Expressed in Canadian Dollars)

- 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 above, the Muskwa Project was spun out by the Company to Fabled Copper pursuant to 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 the 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;
- 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 $6,899,999.98 (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 distributed to the 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 receipts issued by Fabled Copper in connection with the Private Placement.

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 (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 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 (paid subsequent to December 31, 2021)

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.

Drilling Program Updates

- On January 25, 2021, the Company announced the initial drill results from the on-going 8,000-meter drill program on the Santa María Project.

- The second diamond drill hole was announced on February 3, 2021.

- The third diamond drill hole was announced on February 24, 2021.

- On March 22, 2021, the Company announced the assay results of the diamond drill hole 6 from the on-going 8,000-meter drill program.

- The on-going 8,000-meter drill program was increased to a minimum of 9,200 meters on April 15, 2021.

- On April 28, 2021, the Company announced assay results of diamond drill holes 8b, 10 and 11 from the on-going 8,000-meter drill program.

- On June 3, 2021, the Company announced updates of diamond drilling from the upgraded 9,200-meter drill program with silver intercepted in the newly defined Bonanza Grade mineralized shoot.

- The Company provided further updates to the drill program on June 22, 2021, with drill assay results for holes SM20-16, SM20-17 and SM20-18.

- On July 8, 2021, the Company announced the first results of underground diamond drilling from the 1,200-meter underground drill program.

- This was followed by further results announced on July 12, 2021, for surface diamond drill holes SM20-19 and 20.

- On July 26, 2021, the Company announced updates of the results of diamond drilling from the newly upgraded 14,200-meter drill program along with results for surface diamond drill holes SM20-21 and SM20-22.

- On August 3, 2021, the Company announced results of underground diamond drilling from the 1,200-meter underground drill program on the Santa María Project.

- On August 17, 2021, the Company announced updates of the results of diamond drilling from the newly upgraded 14,200-meter drill program on the Santa María Project for surface diamond drill holes SM20-23 and SM20-24.

- On August 23, 2021, the Company announced drill assay results for surface diamond drill holes SM20-25, SM20-26 and SM20-27 from the updated 14,200-meter drill program on the Santa María Project.

- On September 1, 2021, the Company announced results of underground diamond drilling from the 1,200-meter underground drill program on the Santa María Project.

- The Company announced, on September 7, 2021, the additional results from underground diamond drilling of the 1,200-meter underground drill program on the Santa María Project.

- On September 14, 2021, the Company announced additional drill assay results for surface diamond drill holes SM20-28, SM20-29 and SM20-30, which continue to intercept the gold bearing sheeted vein structures with the grade and amount of sulphides increasing with depth on the Santa María Project.

- On September 30, 2021, the Company announced additional drill assay results for surface diamond drill holes SM20-31, SM20-32 and SM20-33 from the upgraded 14,200-meter drill program on the Santa María Project.

- On October 5, 2021, the Company announced additional results from underground diamond drilling of the 1,200-meter underground drill program on the Santa María Project.

- On October 13, 2021, the Company announced additional results from underground diamond drilling of the increased 1,400-meter underground drill program on the Santa María Project.

- On October 19, 2021, the Company announced additional drill assay results for surface diamond drill holes SM20-34, SM20-35 and SM20-36, which continue to intercept the gold bearing mineralized diorite dike and related sheeted vein structures and breccias.

- On November 2, 2021, the Company announced the results of surface diamond drilling from the upgraded 14,200-meter drill program on the Santa María Project.

- On November 8, 2021, the Company announced the final results from underground diamond drilling of the increased 1,400-meter drill program on the Santa María Project.

- On November 10, 2021, the Company reported that it filed an amended technical report for the Santa Maria project.

- On November 16, 2021, the Company announced the results of surface diamond drilling from the upgraded 14,400-meter drill program on the Santa María Project.

- On November 24, 2021, the Company announced the results of surface diamond drilling from the upgraded 14,400-meter drill program. Planned definition holes SM20-40 and 41 successfully targeted and intercepted the down plunge extension of previous drilled exploration hoes. The Company is currently drilling surface definition drill hole SM20-48 with holes 42-47 summitted for assay.

- On November 30, 2021, the Company stated that Hole SM20-42 was successful in intercepting 6 gold bearing zones of interest.

- The Company provided an update on drill hole SM20-43, on December 7, 2021, with success in intercepting 6 silver, with little to no gold, bearing zones of interest before hitting the targeted zone. The 7 zones of interest, the breccias and related mineralization will now start to be modelled into the controls of the types of mineralization on the property.

- On December 15, 2021, the Company provided an update on definition diamond drill hole SM20-44 which was drilled at a dip of -75 degrees for a total drilled length of 231 meters. The hole was successful in hitting the targeted footwall zone over 7.95 meters, at the predicted depth.

- On December 28, 2021, the Company provided an update on definition diamond drill hole SM20-45. The hole was successful in hitting the targeted footwall zone at 71.60 meters to 78.00 meters but a mined-out void from a previous bulk sample was encountered, thus the hole was terminated at 78.00 meters.

- Fabled continues to intersect mineralized structure over 13.10 meters reporting 98.31 g/t Ag Eq on January 5, 2022. Hole SM20-47 was successful in determining the location of the footwall structure and filled in the resource gap with a 13.10-meter mineralized intercept. Holes SM20-48 – 50 have been completed, holes 48-50 have been submitted for assay.

- On January 11, 2022, the Company reported 24.50 meters of 110.81 g/t Ag Eq, including 379.30 g/t ag Eq with 1.25 g/t Au over 1.5 meters. Hole SM20-48 was successful with interception of 13.10 meters of silver mineralization. Holes SM20-49 – 50 have been completed and have been submitted for assay.

- On January 18, 2022, the Company reported successful results for hole SM20-49. Final definition drill hole SM20-50 has also been completed and submitted for assay.

- On February 2, 2022, the Company reported successful results for hole SM20-50. New up hole hydrothermal breccia was also intercepted. The strong bearing domain intercept also adds quality gold and silver ounces to the resource build out. Phase 1 exploration and definition drilling is now complete. The Company will now compile all the results to define and outline targets in the eastern sector of the property.

- On February 9, 2022, the Company provided an exploration review of Phase 1 with a summary of all previous results of surface diamond drilling from the upgraded 14,400-meter drill program.

- On March 9, 2022, the Company completed the planning for a Phase 2 definition diamond drill program. The accompanying Phase 2 exploration drill program is still in the planning stage.

- On April 13, 2022, the Company reported that it has completed part of the planning for a Phase 2 exploration diamond drill program. The 2022 field work and observations are currently ongoing with the following completed as of the end of March:
    - 258 new surface samples taken to date
        - 138 samples pending assay results
    - 11,388 square kilometers of detailed geological mapping
    - 237 structural stations for detailed structural interpretations

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

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

CHANGE IN MANAGEMENT

On October 29, 2021, the Company announced the appointment of Roger Scammell as a director in place of Michael Harrison who did not stand for re-election at the Company’s Annual General and Special meeting of Shareholders.

(Expressed in Canadian Dollars)

SELECTED INFORMATION

	For the year ended		
	December 31, 2021	December 31, 2020	December 31, 2019
	$	$	$
Operating expenses	4,011,745	1,120,234	889,500
Interest and miscellaneous income	-	2,395	-
Net loss for the year	(1,413,040)	(1,417,839)	(8,290,112)
Comprehensive loss for the year	(1,514,688)	(1,409,117)	(8,290,112)
Loss per share:			
- Basic	(0.01)	(0.03)	(0.19)
- Diluted	(0.01)	(0.03)	(0.19)

As at	December 31, 2021	December 31, 2020	December 31, 2019
	$	$	$
Working capital (deficiency)	1,407,914	1,819,574	(158,432)
Total assets	6,025,741	2,804,294	172,677
Total liabilities	243,071	268,627	331,109
Share capital	18,592,615	13,750,054	10,132,311
Deficit	13,264,907	11,851,867	10,434,028

RESULT OF OPERATIONS

	Three months ended			
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	$	$	$	$
Interest income	-	-	-	-
Net income (loss)	1,052,300	(2,762,564)	1,132,110	(834,886)
Comprehensive income (loss)	1,020,912	(2,810,345)	1,153,861	(879,114)
Earnings (loss) per share:				
- Basic	0.00	(0.01)	0.01	(0.01)
- Diluted	0.00	(0.01)	0.01	(0.01)

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

Three Months Ended December 31, 2021 compared with the Three Months Ended December 31, 2020

The Company is in the exploration stage and has no revenue from operations. During the three months ended December 31, 2021, the Company recorded net income of $1,052,300, an increase of $1,892,479, compared to a net loss of $840,179 for the three months ended December 31, 2020.

During the three months ended December 31, 2021, the Company incurred the following expenditures:

- Consulting fees of $13,211 (December 31, 2020 – $nil);
- Exploration and evaluation costs of $298,528 (December 31, 2020 – $119,224);
- Investor relations and promotion of $302,724 (December 31, 2020 – $216,995);
    - AGORA Internet Relations Corp. for investor relations services of $75,000 (December 31, 2020 – 15,000);
    - Stockhouse Publishing Ltd. for advertising and promotional services of $41,600 (December 31, 2020 - $120,000);
    - Kayla Ferderber for investor relations consulting services of $22,667 (December 31, 2020 - $10,628);
    - Investing News Network for advertising and promotional services of $16,980 (December 31, 2020 - $nil).
- Management fees of $30,000 (December 31, 2020 – $90,000);
    - Peter Hawley (related party) for CEO services of $30,000 (December 31, 2020 - $90,000).
- Professional fees of $500,120 (December 31, 2020 – $(5,422));
    - David Smalley Law Corp. (related party) for legal fees of $182,700 (December 31, 2020 - $(32,767));
    - Davidson and Company LLP for audit, review and tax fees of $82,888 (December 31, 2020 - $7,094);
    - Quantum Advisory Partners LLP (related party) for CFO and accounting services of $45,000 (December 31, 2020 - $28,500);
    - BCF LLP for professional fees related to the spin out of $69,185 (December 31, 2020 - $nil);
    - McCarthy Tetrault LLP for legal fees for general corporate matters and spin out costs of $51,757 (December 31, 2020 - $nil).
- Regulatory and filing fees of $94,386 (December 31, 2020 – $39,626); and
    - Computershare for transfer agent fees of $52,368 (December 31, 2020 - $6,867);
    - TSX Venture Exchange for filing fees of $18,018 (December 31, 2020 - $1,425);
    - Canadian Securities Exchange for application and filing fees of $10,000 (December 31, 2020 - $nil);
    - Broadridge for annual general meeting forms and processing fees of $8,472 (December 31, 2020 - $nil).
- Share-based payments of $282,131 (December 31, 2020 – $39,770).
    - The Company recognized $219,571 (December 31, 2020 - $15,303) in share-based payments related to options granted to the Company's officers and directors.

Year Ended December 31, 2021 compared with the Year Ended December 31, 2020

The Company is in the exploration stage and has no revenue from operations. During the year ended December 31, 2021, the Company recorded a net loss of $1,413,040, a decrease of $4,799, compared to $1,417,839 for the year ended December 31, 2020.

During the year ended December 31, 2021, the Company incurred the following expenditures:

- Consulting fees of $40,106 (December 31, 2020 – $nil);
    - Feneck Consulting Group for consulting services of $39,256 (December 31, 2020 - $nil).
- Exploration and evaluation costs of $3,434,599 (December 31, 2020 – $119,224);
- Investor relations and promotion of $751,703 (December 31, 2020 – $223,970);
    - Stockhouse Publishing Ltd. for advertising and promotional services of $96,000 (December 31, 2020 - $120,000);
    - AGORA Internet Relations Corp. for investor relations services of $76,950 (December 31, 2020 - $15,000);
    - Kayla Ferderber for investor relations consulting services of $76,756 (December 31, 2020 - $14,128);
    - Octagon Media Corp. for media ads and shareholder information of $99,797 (December 31, 2020 - $nil);
    - Investor News Network for advertising and promotional services of $48,000 (December 31, 2020 - $nil);

- M&M Consult UG for investor relations services of $48,041 (December 31, 2020 - $nil).
- Management fees of $120,000 (December 31, 2020 – $120,000);
  - Peter Hawley (related party) for CEO services of $120,000 (December 31, 2020 - $120,000).
- Professional fees of $1,112,496 (December 31, 2020 – $145,398);
  - David Smalley Law Corp. (related party) for legal fees of $514,023 (December 31, 2020 - $27,120);
  - Davidson and Company LLP for audit, review and tax fees of $187,881 (December 31, 2020 - $39,540);
  - Quantum Advisory Partners LLP (related party) for CFO and accounting services of $173,000 (December 31, 2020 - $28,500);
  - BCF LLP for professional fees related to the spin out of $69,185 (December 31, 2020 - $nil);
  - McCarthy Tetrault LLP for legal fees for general corporate matters and spin out costs of $57,327 (December 31, 2020 - $nil).
- Regulatory and filing fees of $208,557 (December 31, 2020 – $126,668); and
  - Computershare for transfer agent fees of $109,422 (December 31, 2020 - $23,067);
  - TSX Venture Exchange for exchange filing fees of $39,687 (December 31, 2020 - $9,501);
  - Canadian Securities Exchange for application and filing fees of $15,000 (December 31, 2020 - $nil);
  - B. Riley Securities, Inc. for advisory fees for listing on OTCQB of $13,999 (December 31, 2020 - $nil);
  - Broadridge for annual general meeting forms and processing fees of $12,269 (December 31, 2020 - $643).
- Share-based payments of $519,433 (December 31, 2020 – $72,384).
  - 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.

As a result of the Arrangement, the Company partially reversed the impairment loss recorded for the Muskwa Project during the years ended December 31, 2020, and 2019 according to IAS 36, Impairment of Loss, and recognized a recoverable amount of $2,204,913 as a recovery of impairment loss on exploration and evaluation assets during the year ended December 31, 2021.

Also, as a result of the Arrangement, the Company recognized a gain on transfer of spin-out assets of $2,598,707 during the year ended December 31, 2021.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company had working capital of $1,407,914 (December 31, 2020 – $1,819,574) including cash of $903,215 (December 31, 2020 – $1,797,493).

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

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

OUTSTANDING SHARE DATA

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 warrants. 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.
- 291,667 options were exercised for proceeds of $24,167.
- 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 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. The Company issued 689,007 common shares with a fair value of $84,750 to AGORA.
- 200,000 options were granted 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.
- 350,000 options were granted with an exercise price of $0.22 to Mars Investor Relations Corp. pursuant to the investor relations agreement entered on September 1, 2020. 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.
- 6,300,000 options were granted 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.
- 58,331 options with an exercise price of $0.10 were cancelled.
- 58,331 options with an exercise price of $0.15 were cancelled.

Subsequent to December 31, 2021:

- 350,000 options with an exercise price of $0.22 were cancelled.

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

- 208,533,577 common shares; and
- 39,059,000 Warrants with an exercise price of $0.10 per unit; and
- 10,945,400 stock options with exercise prices ranging from $0.09 to $0.27 per share.

COMMITMENTS

<u>Agora Internet Relations Corp. ("AGORA")</u>

Except for the option payments on the exploration and evaluation assets discussed under the section of "Exploration and Evaluation Assets", 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);
- $15,000 plus tax on January 1, 2021 (issued);

- $15,000 plus tax on April 1, 2021 (issued);
- $15,000 plus tax on July 1, 2021 (issued); and
- $15,000 plus tax on September 30, 2021 (issued).

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);
- $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.

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.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management’s assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company’s operations. These financial risks and the Company’s exposure to these risks are provided in various tables in note 13 of our consolidated financial statements for the year ended December 31, 2021. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended December 31, 2021.

RELATED PARTY TRANSACTIONS AND BALANCES

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

The following table discloses the total compensation incurred to the Company’s key management personnel during the year ended December 31, 2021 and 2020:

(Expressed in Canadian Dollars)

	For the year ended	
	December 31, 2021	**December 31, 2020**
	$	**$**
Peter Hawley, CEO, Director and President		
Management fees	120,000	120,000
Alnesh Mohan, CFO		
Professional fees (1)	173,000	28,500
David Smalley, Director		
Professional fees (2)	514,023	27,120
Share issuance costs (3)	-	104,432
	514,023	131,552
Total	**807,023**	**280,052**

1) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner.
2) Paid to David Smalley Law Corporation, a law firm in which Mr. Smalley is a principal.
3) Share issuance costs related to the financing completed during the year ended December 31, 2020.

During the year ended December 31, 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.

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

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of our audited consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited consolidated financial statements for the year ended December 31, 2021 for a more detailed discussion of the critical accounting estimates and judgments.

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.

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

As of December 31, 2021, and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subjected to variations in commodity prices, market sentiment, exchange rates for currency, inflations and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

COVID-19 Pandemic
The current outbreak of the novel coronavirus (COVID-19), and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions which may adversely impact our business and results of operations and the operations of contractors and service providers. The outbreak has spread in both Canada and Mexico where we conduct our principal business operations. Our plans to advance the exploration and development of each of our projects are dependent upon the acquisition of financing and operating permits, as well as our ability to continue the work required by our employees and our contractors. In addition, our personnel may be delayed in completing the required work that we are pursuing due to quarantine, self-isolation, social distancing, restrictions on travel, restrictions on meetings and work from home requirements. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. Moreover, the spread of the coronavirus globally has and is expected to continue to have a material adverse effect on global and regional economies and to continue to negatively impact markets, including the trading price of our shares and mineral commodity prices. These adverse effects on the economy, commodity prices, the stock market and our share price could adversely impact our ability to raise capital, with the result that our ability to pursue our exploration and development plans could be adversely impacted, both through delays and through increased costs. Any of these developments, and others, could have a material adverse effect on our business and results of operations.

Insurance and Uninsurable Risks
Exploration and development on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes, cyclones and other environmental occurrences, as well as political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes or changes in regulatory environment, monetary losses and possible legal liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to the Company or to other companies in the mining industry on acceptable terms. Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all potential risks associated with its operations, and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

Exploration and Development Risks
The business of exploring for minerals and mining involves a high degree of risk. The operations of the Company may be disrupted by a variety of risks and hazards normally encountered in the exploration, development and production of precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts,

cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or loss of life and damage to tailings dams, property, and environmental damage, all of which may result in possible legal liability. The occurrence of any of these events could result in a prolonged interruption of the Company's activities that would have a material adverse effect on its business, financial condition, results of operations and prospects. Further, the Company may be subject to liability or sustain losses in relation to certain risks and hazards against it cannot insure or for which it may elect not to insure. The occurrence of operational risks and/or a shortfall or lack of insurance coverage could have a material adverse impact on the Company's results of operations and financial condition.

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Major expenses may be required to locate and establish Mineral Reserves and Mineral Resources, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Fabled will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices that are highly cyclical, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore. Development projects have no operating history upon which to base estimates of future capital and operating costs. For development projects, Mineral Resource and Mineral Reserve estimates and estimates of operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of capital and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from ore, estimated operating costs, and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production can often occur.
All of the claims to which Fabled has a right to acquire an interest or the claims which Fabled has an interest in are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favorable exploration results are obtained.

<u>Future Profits/Losses and Production Revenues/Expenses</u>
The Company has no history of earnings and expects that its losses will continue for the foreseeable future. The Company currently has only one mineral property, being the Santa Maria Project. There can be no assurance that the Company will be able to acquire additional properties. If the Company is unable to acquire additional properties, its entire prospects will rest solely with this one project. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the project and any other properties the Company may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred and the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses unless and until such time as its projects and any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the projects and any other properties the Company may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and

development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects. Delays in obtaining required licenses or permits due to opposition by a third party, location within Aboriginal treaty and asserted territories that may affect or be perceived to affect treaty and asserted aboriginal rights and title or other opposition by Aboriginal communities could affect the ability of the Company to develop its projects or could negatively affect project economics.

Environmental Matters

All of the Company's mining operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether. The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company. All of the Company's exploration, development and any production activities will be subject to regulation under one or more environmental laws and regulations. Many of the regulations require the Company to obtain permits for its activities. The Company must update and review its permits from time to time, and is subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the Company's business, causing those activities to be economically re-evaluated at that time.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of exploration results or development advancement, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time-to-time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

General Economic Conditions

Market conditions and unexpected volatility or illiquidity in financial markets may adversely affect the prospects of the Company and the value of its shares.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or companies providing services to the Company or they may have significant shareholdings in other companies. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Payment of Dividends Unlikely
There is no assurance that the Company will pay dividends on its shares in the near future. The Company will likely require all its funds to further the development of its business for the foreseeable future.

Reliance on Key Personnel
The Company will be dependent on the continued services of its senior management team, and its ability to retain other key personnel. The loss of such key personnel could have a material adverse effect on the Company. There can be no assurance that any of the Company's employees will remain with the Company or that, in the future, the employees will not organize competitive businesses or accept employment with companies competitive with the Company. Furthermore, as part of the Company's growth strategy, it must continue to hire highly qualified individuals. There can be no assurance that the Company will be able to attract, assimilate or retain qualified personnel in the future, which would adversely affect its business.

Risk of Litigation
The Company may become involved in disputes with third parties in the future that may result in litigation. The results of litigation cannot be predicted with certainty and defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If the Company is unable to resolve these disputes favorably or if the cost of the resolution is substantial, such events may have a material adverse impact on the ability of the Company to carry out its business plan.

Title Risk
There is no guarantee that Fabled's title to its project will not be challenged or impugned or that the appropriate permits and approvals will be obtainable on reasonable terms or on a timely basis; the licenses will be renewed upon their expiry; and that Fabled will be able to explore its project as permitted or to enforce its rights with respect to its Project.

Fabled does not yet own title to certain of its Project. Titles to some of the properties underlying its project are in the names of the respective vendors and transfer of title to Fabled or its subsidiaries is conditional upon Fabled's fulfilling its obligations under a number of agreements with current title holders, including making due payments under these agreements. Until titles to the property are transferred to Fabled, there is no guarantee that Fabled's interest in the property will not be challenged by the present title holders.

Although Fabled holds the surface rights to those concessions, it requires work permits and local community approvals to realize further exploration work such as surveying, geophysical, geochemical, geological and sample surveys and drilling. There can be no assurance that the appropriate permits and approvals will be obtainable on reasonable terms or on a timely basis.

Although Fabled has exercised the usual due diligence with respect to determining title to property in which it has a material interest, there is no guarantee that title to such property will not be challenged or impugned. Fabled's mineral property interest may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Until competing interests in the mineral lands have been determined, Fabled can give no assurance as to the validity of title of Fabled to those lands or the size of such mineral lands. Accordingly, Fabled's mineral property may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, Fabled may be unable to explore its property as permitted or to enforce its rights with respect to its property.

Foreign Country and Political Risk
The Company's principal mineral project is located in Mexico. The Company is subject to certain risks as a result of conducting foreign operations, including, but not limited to: currency fluctuations; possible political or economic instability that may result in the impairment or loss of mineral titles or other mineral rights; opposition from environmental or other non-governmental organizations; government regulations relating to the mining industry;

renegotiation, cancellation or forced modification of existing contracts; expropriation or nationalization of property; changes in laws or policies or increasing legal and regulatory requirements including those relating to taxation, royalties, imports, exports, duties, currency, or other claims by government entities, including retroactive claims and/or changes in the administration of laws, policies and practices; uncertain political and economic environments; war, terrorism, sabotage and civil disturbances; delays in obtaining or the inability to obtain or maintain necessary governmental or similar permits or to operate in accordance with such permits or regulatory requirements; currency fluctuations; import and export regulations, including restrictions on the export of gold, silver or other minerals; limitations on the repatriation of earnings; and increased financing costs. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business.

The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company currently conducts business or in the future may conduct business, could result in an increase in taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted or applied in a manner that could result in the Company being subject to additional taxation or that could otherwise have a material adverse effect on us.

Mexico remains a developing country. If the economy of Mexico fails to continue growth or suffers a recession, it may have an adverse effect on the Company's operations in that country. The Company does not carry political risk insurance.

Although the Company believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, new rules and regulations may be enacted and existing rules and regulations may be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations.

Currency Risk

The Company's operations in Mexico make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company reports its financial results in Canadian. dollars, with the majority of transactions denominated in Canadian dollars, and Mexican pesos. As the exchange rates of the Mexican peso fluctuate against the Canadian dollar and, the Company will experience foreign exchange gains or losses.

Competition

The mineral exploration business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on desirable mineral properties, for capital to finance its activities and in the recruitment and retention of qualified employees. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring exploration and development rights, financing, or recruiting and retaining employees.

Foreign Subsidiaries

The Company conducts certain of its operations through a foreign subsidiary and some of its assets are held in such entity. Any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Outside Contractor Risks

It is common for certain aspects of mining operations, such as drilling, blasting and underground development, to be conducted by outside contractors. As a result, the Company is subject to a number of risks, including: reduced control over the aspects of the tasks that are the responsibility of the contractors; failure of the contractors to perform under its agreement with the Company; inability to replace the contractors if their contracts are terminated; interruption of services in the event that the contractors cease operations due to insolvency or other unforeseen events; failure of the contractors to comply with applicable legal and regulatory requirements; and failure of the contractors to properly manage its workforce resulting in labour unrest or other employment issues.

Liquidity Concerns and Future Financing Requirements

The Company may require additional financing in order to fund its ongoing exploration program on the Santa Maria Project. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of Common Shares from treasury, control of the Company may change and shareholders may suffer additional dilution. The further exploration and development of Santa Maria Project and any other mineral properties in which the Company may hold an interest will also require additional equity or debt financing. In particular, the Company will require additional funding to meet the property payment due in December 2022, to fund the next phase of exploration program and to fund the Company's operation for the next 12 months. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development or forfeiture of some rights in the Company's mineral properties. Events in the equity market may impact the Company's ability to raise additional capital in the future.

If available, future equity financing may result in substantial dilution to current shareholders of the Company. At present, it is impossible to determine what amounts of additional funds, if any, may be required.

Market price of Common Shares

The market price of the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of common shares to sell their securities at an advantageous price. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the common shares. Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the common shares may be materially adversely affected.

History of Negative Cash Flows

The Company has a history of negative cash flow from operating activities. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of the net proceeds from the sale of securities to fund such negative cash flow. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all.

FORWARD- LOOKING INFORMATION

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

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

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under “Risks and Uncertainties” as well as in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

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

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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