



**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

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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 three months ended March 31, 2022 is prepared as at May 27, 2022. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the three months ended March 31, 2022. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **BACKGROUND**

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

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

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

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

On August 6, 2019, the Company, through its wholly owned subsidiary, Fabled Copper 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”.

On March 22, 2021, the Company listed on the OTCQB Venture Marketplace (“OTCQB”) under the symbol “FBSGF”.

## **ARRANGEMENT AGREEMENT**

On December 21, 2021, the Company, and its former wholly owned subsidiary Fabled Copper Corp. (“Fabled Copper”) completed a statutory plan of arrangement (the “Arrangement”) under the Business Corporations Act (“BCBCA”). The purpose of the Arrangement and the related transactions was to reorganize the Company and Fabled Copper into two separate publicly traded companies:

- Fabled Silver, which is a silver gold exploration company focused on exploring and developing the Santa María Project; and

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- 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.

### 2022 HIGHLIGHTS

- See Drilling Program section below for updates on the Santa María Project.
- 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.
- On May 17, 2022, the Company announced that it has amended the payment schedule under its option agreement with Golden Minerals Company with respect to the Santa María Project. See below for details on the Santa María Project amendment.

### EXPLORATION AND EVALUATION ASSETS

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 located in Parral, Chihuahua, Mexico.

#### Santa María Project

On December 4, 2020, the Company entered into an option agreement with Golden Minerals Company (“Golden Minerals”), which was amended on May 17, 2022 (“Option Agreement”). Pursuant to the amended 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 (\$641,522) (paid) and 1,000,000 common shares (issued with a fair value of \$70,000)
- December 4, 2021: US\$1,500,000 (\$1,925,865) (paid)
- December 4, 2022: US\$1,000,000  
Issue common shares with a fair value of \$75,000
- March 31, 2023: US\$250,000
- June 30, 2023: US\$250,000
- September 30, 2023: US\$250,000
- December 31, 2023: US\$250,000

In addition, the Company has made the following option payments to the underlying Optionors of the Santa María Project:

- December 4, 2020: US\$100,000 (\$125,592) (paid)
- On February 4, 2021: US\$120,000 (\$153,383) (paid)
- On August 4, 2021: US\$120,000 (\$150,456) (paid)
- On February 4, 2022: US\$140,000 (\$177,683) (paid)

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.

### ***Drilling Program Updates***

- 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
- The planning of Phase 2 exploration diamond program was completed on May 11, 2022.

Further information can be found in the Company's news releases dated as of the above dates and available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com)

### **COVID-19**

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

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

**SELECTED INFORMATION**

	For the three months ended		
	March 31, 2022	March 31, 2021	March 31, 2020
	\$	\$	\$
Operating expenses	671,920	834,886	38,253
Interest and miscellaneous income	-	-	-
Net loss for the period	(671,920)	(834,886)	(38,253)
Comprehensive loss for the period	(605,707)	(879,114)	(38,253)
Loss per share:			
- Basic	(0.00)	(0.01)	(0.00)
- Diluted	(0.00)	(0.01)	(0.00)

As at	March 31, 2022	December 31, 2021	December 31, 2020
	\$	\$	\$
	Working capital	655,067	1,407,914
Total assets	5,526,889	6,025,741	2,804,294
Total liabilities	216,181	243,071	268,627
Share capital	18,592,615	18,592,615	13,750,054
Deficit	13,936,827	13,264,907	11,851,867

**RESULT OF OPERATIONS**

	Three months ended			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	\$	\$	\$	\$
Interest income	-	-	-	-
Net income (loss)	(671,920)	1,052,300	(2,762,564)	1,132,110
Comprehensive income (loss)	(605,707)	1,020,912	(2,810,345)	1,153,861
Earnings (loss) per share:				
- Basic	(0.00)	0.00	(0.01)	0.01
- Diluted	(0.00)	0.00	(0.01)	0.01

	Three months ended			
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
	\$	\$	\$	\$
Interest income	-	2,395	-	-
Net income (loss)	(834,886)	(840,179)	(433,629)	(105,778)
Comprehensive loss	(879,114)	(831,457)	(433,629)	(105,778)
Earnings (loss) per share:				
- Basic	(0.01)	(0.02)	(0.01)	(0.00)
- Diluted	(0.01)	(0.02)	(0.01)	(0.00)

**Three Months Ended March 31, 2022 compared with the Three Months Ended March 31, 2021**

The Company is in the exploration stage and has no revenue from operations. During the three months ended March 31, 2022, the Company recorded a net loss of \$671,920, a decrease of \$162,966, compared to a net loss of \$834,886 for the three months ended March 31, 2021.

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During the three months ended March 31, 2022, the Company incurred the following expenditures:

- Consulting fees of \$13,292 (March 31, 2021 – \$nil);
- Exploration and evaluation costs of \$203,313 (March 31, 2021 – \$415,702);
- Investor relations and promotion of \$106,948 (March 31, 2021 – \$129,301);
  - Machai Capital Inc. for digital marketing services of \$25,000 (March 31, 2021 – \$nil);
  - Stockhouse Publishing Ltd. for advertising and promotional services of \$15,000 (March 31, 2021 - \$nil);
  - Kayla Ferderber for investor relations consulting services of \$12,000 (March 31, 2021 - \$11,750);
  - Streetwise Reports for billboard programs streetwise reports of \$11,580 (March 31, 2021 – 15,000);
  - M & M Consult UG for press release distributions and translations of \$11,512 (March 31, 2021 - \$4,404).
- Management fees of \$30,000 (March 31, 2021 – \$30,000);
  - Peter Hawley (related party) for CEO services of \$30,000 (March 31, 2021 - \$30,000).
- Professional fees of \$128,544 (March 31, 2021 – \$94,019);
  - David Smalley Law Corp. (related party) for legal fees of \$81,065 (March 31, 2021 - \$30,920);
  - Davidson and Company LLP for audit and tax fees of \$8,750 (March 31, 2021 - \$14,000);
  - Quantum Advisory Partners LLP (related party) for CFO and accounting services of \$37,000 (March 31, 2021 - \$31,500).
- Regulatory and filing fees of \$26,307 (March 31, 2021 – \$33,679); and
  - Computershare for transfer agent fees of \$17,040 (March 31, 2021 - \$6,576);
  - TSX Venture Exchange for filing fees of \$6,900 (March 31, 2021 - \$7,300).
- Share-based payments of \$133,745 (March 31, 2021 – \$116,446).
  - The Company recognized \$133,745 (March 31, 2021 - \$116,446) in share-based payments related to options granted to the Company's officers and directors.

### LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2022, the Company had working capital of \$655,067 (December 31, 2021 – \$1,407,914) including cash of \$673,503 (December 31, 2021 – \$903,215).

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 March 31, 2022 and December 31, 2021, the Company had 208,533,577 common shares issued and outstanding with a value of \$18,592,615.

#### ***During the three months ended March 31, 2022:***

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

#### ***Subsequent to March 31, 2022:***

- 161,428 shares were issued to Agora Internet Relations Corp. at a price per share of \$0.105 in payment of \$15,000 + HST pursuant to the advertising services agreement entered into on November 15, 2021.

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### MANAGEMENT DISCUSSION AND ANALYSIS For the Three Months Ended March 31, 2022 (Expressed in Canadian Dollars)

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

- 208,695,005 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

### **Agora Internet Relations Corp. (“AGORA”)**

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 (issued subsequent to March 31, 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 12 of our unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022. 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 three months ended March 31, 2022 and 2021:



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	For the three months ended	
	March 31, 2022	March 31, 2021
	\$	\$
<b>Peter Hawley, CEO, Director and President</b>		
Management fees	30,000	30,000
<b>Alnesh Mohan, CFO</b>		
Professional fees <sup>(1)</sup>	37,000	31,500
<b>David Smalley, Director</b>		
Professional fees <sup>(2)</sup>	81,065	30,920
<b>Total</b>	<b>148,065</b>	<b>92,420</b>

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.

During the three months ended March 31, 2022, the Company recognized \$116,227 (March 31, 2021 – \$41,231) 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 \$111,371 as at March 31, 2022 (December 31, 2021 – \$22,663).

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 unaudited condensed consolidated interim 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**

There were no new or amended IFRS pronouncements effective January 1, 2022, that impacted these condensed consolidated interim financial statements.

**OFF-BALANCE SHEET FINANCING ARRANGEMENTS**

As of March 31, 2022, 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 property.

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### **MANAGEMENT DISCUSSION AND ANALYSIS**

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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 our project is 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.

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### **MANAGEMENT DISCUSSION AND ANALYSIS**

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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.

#### **Future Profits/Losses and Production Revenues/Expenses**

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 María 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 the Santa María Project. Title to the properties underlying the Santa María Project is in the names of the respective vendors and transfer of title to Fabled is conditional upon Fabled's fulfilling its obligations under agreements with current title holders, including making due payments under these agreements. Until titles to the properties are transferred to Fabled, there is no guarantee that Fabled's interest in the properties will not be challenged by the present title holders.

Although Fabled holds contractual surface rights (See "Surface Rights") to the concessions comprising the Santa María Project, 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 properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Fabled's mineral property interests 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 properties 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 properties as permitted or to enforce its rights with respect to its properties.

#### **Surface Rights**

In Mexico, mining rights that are covered under a concession do not include direct ownership or possession rights over the surface, or surface access, and at any particular time the Company may be involved in negotiations with various property owners and ejido communities to enter into new temporary occupation agreements or other surface access agreements or amend existing agreements. Failure to reach new agreements or disputes regarding existing agreements may cause, blockades, suspension of operations, delays to projects, and on occasion, may lead to legal disputes. Any such failure to reach new agreements or disputes regarding existing agreements may have a material adverse effect on the Company's business.

Certain of the surface rights required by the Company are held under a contract entered into by the Company and a local ranch owner and certain others are held by an unrecorded ejido right each of which allow the Company to use the surface of the lands for its mining activities for a set period of time.

## **FABLED SILVER GOLD CORP.**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

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#### **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. As at the date of this MD&A the Company does not have any active hedging strategy to reduce the risk associated with currency fluctuations but may decide to do so in the future.

#### **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

## **FABLED SILVER GOLD CORP.**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

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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 María 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 María 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](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

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

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

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