



(FORMERLY FABLED COPPER AND GOLD CORP.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Fabled Copper Corp.

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

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

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

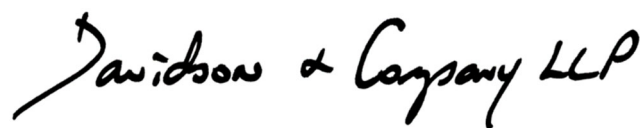
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

May 2, 2022

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Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Statements of Financial Position

(Expressed in Canadian Dollars)

	As at Note(s)	December 31, 2021 \$	December 31, 2020 \$
ASSETS			
Current assets			
Cash		3,604,211	277
Amounts receivable		28,438	1,648
Prepaid expenses		301,817	-
		3,934,466	1,925
Non-current assets			
Exploration and evaluation assets	4	2,657,569	-
TOTAL ASSETS		6,592,035	1,925
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		183,905	-
Due to related party	7	154,365	-
Loan payable	5	554,353	-
Note payable		-	5,000
Flow through shares premium liability	8	302,748	-
TOTAL LIABILITIES		1,195,371	5,000
SHAREHOLDERS' EQUITY (DEFICIT)			
Net parent investment	6	-	10,590,579
Share capital	6	7,502,453	-
Warrants reserve	6	333,155	-
Stock options reserve	6	456,930	-
Other reserves	3	167,424	-
Additional paid-in capital		7,664,252	-
Deficit		(10,727,550)	(10,593,654)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		5,396,664	(3,075)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		6,592,035	1,925

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These financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Luc Pelchat Director

/s/ David W. Smalley Director

Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note(s)	For the years ended	
		December 31, 2021	December 31, 2020
		\$	\$
Expenses			
Consulting fees		13,448	-
Directors' fees and management remuneration	7	45,000	30,000
Evaluation and exploration costs	4	768,033	-
Foreign exchange loss (gain)		(33,654)	11,562
General and administrative expenses		13,725	1,967
Investor relations and promotion		253,196	-
Professional fees		685,583	24,299
Property investigation costs		10,000	39,999
Regulatory and filing fees		70,303	-
Share-based payments	6	513,031	7,460
Travel		903	-
		(2,339,568)	(115,287)
Other income (expenses)			
Finance costs	4	-	(150,000)
Impairment of mineral properties	4	-	(150,000)
Recovery of impairment loss of mineral properties	4	2,204,913	-
Interest income		759	-
		2,205,672	(300,000)
Total loss and comprehensive loss		(133,896)	(415,287)
Basic and diluted loss per share for the year attributable to common shareholders (\$ per common share)		(0.00)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		45,683,127	41,706,701

See accompanying notes to these financial statements.

Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian Dollars)

	Note(s)	Share capital		Net parent investment	Stock options reserve	Warrants reserve	Other reserves	Additional paid-in capital	Deficit	Total
		Number of shares	Amount							
			\$	\$	\$	\$	\$	\$	\$	\$
Balance at December 31, 2019	3	-	-	10,276,798	-	-	-	-	(10,178,367)	98,431
Total funding provided by Fabled Silver Gold Corp.		-	-	306,321	-	-	-	-	-	306,321
Share-based payments	6	-	-	7,460	-	-	-	-	-	7,460
Loss for the year		-	-	-	-	-	-	-	(415,287)	(415,287)
Balance at December 31, 2020		-	-	10,590,579	-	-	-	-	(10,593,654)	(3,075)
Total funding provided by Fabled Silver Gold Corp.		-	-	2,080,559	-	-	-	-	-	2,080,559
Shares issued for cash - private placement	1,6	131,945,033	6,597,252	-	-	-	-	-	-	6,597,252
Share issue costs		-	-	-	-	-	-	-	-	
- Cash	6	-	(846,979)	-	-	-	-	-	-	(846,979)
- Warrants	6	-	(333,155)	-	-	333,155	-	-	-	-
Shares issued pursuant to the Arrangement	3	41,706,701	2,085,335	(12,727,239)	-	-	167,424	7,664,252	-	(2,810,228)
Share-based payments	6	-	-	56,101	456,930	-	-	-	-	513,031
Loss for the year		-	-	-	-	-	-	-	(133,896)	(133,896)
Balance at December 31, 2021		173,651,734	7,502,453	-	456,930	333,155	167,424	7,664,252	(10,727,550)	5,396,664

See accompanying notes to these financial statements.

Fabled Copper Corp.
(formerly Fabled Copper and Gold Corp.)
Statements of Cash Flows
(Expressed in Canadian Dollars)

		For the years ended	
		December 31, 2021	December 31, 2020
	Note(s)	\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Net loss for the year		(133,896)	(415,287)
<i>Adjustments for items not affecting cash:</i>			
Depreciation		-	7,460
Share-based payments	6	513,031	-
Impairment of evaluation and exploration assets	4	-	150,000
Recovery of impairment loss on exploration and evaluation assets	4	(2,204,913)	-
Change in non-cash working capital			
Amounts receivable		(26,790)	(618)
Prepaid expenses		(301,817)	-
Accounts payable and accrued liabilities		183,905	(13,924)
Due to related party		154,365	-
Cash flow used in operating activities		(1,816,115)	(272,369)
INVESTING ACTIVITIES			
Acquisition costs on exploration and evaluation assets	4	(452,656)	(150,000)
Cash flow used in investing activities		(452,656)	(150,000)
FINANCING ACTIVITIES			
Proceeds from share issuance, net of share issue costs	6	6,053,021	-
Repayment of note payable		(5,000)	(5,000)
Funding provided by Fabled Silver Gold Corp.		2,080,559	306,321
Repayment to Fabled Copper Corp.	5	(2,255,875)	-
Cash flow from financing activities		5,872,705	301,321
Increase (decrease) in cash		3,603,934	(121,048)
Cash, beginning of year		277	121,325
Cash, end of year		3,604,211	277
SUPPLEMENTAL CASH FLOW			
Payment of finder's fees through issue of finder's warrants	6	333,155	-
Share-based payments allocated from Fabled Silver Gold Corp.	6	56,101	-
Fair value of shares issued pursuant to Arrangement	3, 6	2,085,335	-
Fair value of deemed warrants issued pursuant to Arrangement	3, 6	167,424	-
Initial recognition of loan payable due to Fabled Silver Gold Corp. pursuant to the Arrangement	3	2,810,228	-
Reduction to share capital for flow-through share premium liability	6	302,748	-
Net assets transferred from Fabled Silver Gold Corp. pursuant to the Arrangement	3	9,917,011	-
Cash paid during the year for interest		-	-
Cash paid during the year for income taxes		-	-

See accompanying notes to these financial statements.

Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Notes to the Financial Statements

For The Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Fabled Copper Corp. (formerly Fabled Copper and Gold Corp.) (the “Company” or “Fabled Copper”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on April 27, 2016.

Prior to the completion of the Arrangement as described and defined below (see “*Arrangement*”), the Company was a wholly owned subsidiary of Fabled Silver Gold Corp. (“Fabled Silver” or the “Parent”). The Arrangement was completed on December 21, 2021 (the “Closing Date”). The Company was listed on the Canadian Securities Exchange (the “Exchange”) under the symbol “FABL” on the Closing Date and has been listed on the Frankfurt Stock Exchange under the symbol “XZ7” since February 2, 2022.

The Company is an exploration stage company that is engaged directly in the acquisition and exploration of exploration and evaluation of mining properties in Canada. The address of the Company’s registered and records office is 480 – 1500 West Georgia Street, Vancouver, BC V6G 2Z6, Canada.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of December 31, 2021, the Company had working capital of \$2,739,095 (December 31, 2020 – working capital deficiency of \$3,075), had not advanced its mineral properties to commercial production and is not able to finance day-to-day activities through operations. The Company’s continuation as a going concern is dependent upon the successful exercise of its mineral property option agreements, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. The current cash resources are not adequate to pay the Company’s accounts payable and to meet its minimum commitments as at the date the Board of Directors approved these financial statements, including planned corporate and administrative expenses, and other project implementation costs; accordingly, these uncertainties cast a significant doubt on the ability of the Company to continue operations as a going concern. These financial statements do not include any adjustments that might result from this uncertainty.

Arrangement

On September 17, 2021, the Company entered into an arrangement agreement (the “Arrangement Agreement”) with its parent company Fabled Silver Gold Corp. (“Fabled Silver”) with respect to a corporate restructuring by way of a statutory plan of arrangement (“Arrangement”) under the Business Corporations Act (“BCBCA”).

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

- Fabled Silver, which is a silver gold exploration company focused on exploring and developing the Santa Maria Project ; and
- the Company, which is an exploration company focused on British Columbia copper assets, which holds an option interest in the Muskwa Project and the Bronson Property.

Immediately prior to the Closing Date, the Company completed a consolidation of its common shares at a ratio of approximately 0.4397 of a post-consolidated share for every one (1) pre-consolidation share, such that the number of post-consolidation common shares outstanding was the same as the number of shares required to be distributed to Fabled Silver shareholders pursuant to the Arrangement.

Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Notes to the Financial Statements

For The Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)

Arrangement (continued)

Pursuant to the Arrangement, (a) holders of common shares in Fabled Silver ("Old Fabled Silver Shares") exchanged each Old Fabled Silver Share for one new common share of Fabled Silver ("New Fabled Silver Shares") and 1/5 of one common share of the Company existing at that date (together the "SpinCo Shares"). Holders of common share purchase warrants of Fabled Silver held on the Closing Date ("Fabled Silver Warrants") are, following the Arrangement, entitled to receive, upon exercise of a Fabled Silver Warrant for the same aggregate consideration, one New Fabled Silver Share and 1/5 of one common share of the Company ("Common Shares"), in accordance with the terms of the agreements, plans or certificates representing such Fabled Silver Warrants. The exercise price of all outstanding stock options of Fabled Silver at the Closing Date (the "Fabled Silver Options") were adjusted by amounts reflective of the relative fair market values of Fabled Silver and the Company, provided that the "In the Money Amount" of the Fabled Silver Options immediately after the Arrangement did not exceed the "In the Money Amount" of the Fabled Silver Options immediately before the Arrangement. "In the Money Amount" at a particular time with respect to a Fabled Silver 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 Company has reserved up to 7,811,800 Common Shares that may be issued pursuant to the exercise of Fabled Silver Warrants that have an expiry date of December 5, 2022.

The Arrangement was completed on December 21, 2021.

- **Financing**

In connection with the Arrangement, the Company completed a private placement of subscription receipts (the "Private Placement") for gross proceeds of \$6,900,000. Pursuant to the Private Placement the Company issued:

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

Upon the satisfaction of certain escrow release conditions that occurred on the Closing Date each Conventional Unit Subscription Receipt was automatically exchanged into one unit consisting of one Common Share and one Common Share purchase warrant (a "Warrant") upon satisfaction of the escrow release conditions. Each FT Unit Subscription Receipt was automatically exchanged into one unit consisting of one Common Share that will qualify as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada) (the "Tax Act") and one Warrant.

Each Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") at an exercise price of \$0.10, at any time up to 24 months from the Closing Date.

Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Notes to the Financial Statements

For The Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)**Arrangement (continued)**

- **Financing (continued)**

In connection with the Private Placement, the Company paid \$190,190 in agent's expenses and 8.0% cash agency fee of \$512,239 and issued 9,774,386 broker warrants to Research Capital Corp. (the "Agent"). The broker warrants were automatically exchanged into compensation options upon completion of the Arrangement. Each compensation option is exercisable into one unit consisting of one Common Share and one Warrant, at \$0.05 unit for a period of two years from the date the subscription receipts were converted (Note 6). In connection, the Company paid cash of \$144,550 as share issue costs.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION**Statement of compliance to International Financial Reporting Standards**

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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

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

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)**Statement of compliance to International Financial Reporting Standards (continued)**

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

Basis of preparation

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

Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Notes to the Financial Statements

For The Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)**Significant management judgment and estimates in applying accounting policies**

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

- **Critical accounting estimates**

Carrying value and recoverability of exploration and evaluation assets

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

Share-based payments

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

Shares issued for service

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

Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Notes to the Financial Statements

For The Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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

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

- **Critical accounting estimates (continued)**

Income taxes and recoverability of potential deferred tax assets

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

- **Critical accounting judgments**

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

Determination of going concern (note 1)

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

Determination of recovery of impairment loss on exploration and evaluation assets (Note 4)

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

Significant accounting policies

Foreign exchange

- **Translation of foreign transactions and balances into the functional currency**

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

Fabled Copper Corp.

(formerly Fabled Copper and Gold Corp.)

Notes to the Financial Statements

For The Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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

Significant accounting policies (continued)

Foreign exchange (continued)

- **Translation of the functional currency into the presentation currency**

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

Cash and cash equivalents

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

Financial instruments

- **Financial assets**

Classification and measurement

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

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

- **Financial assets (continued)**

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

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

Impairment of financial assets at amortized cost

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

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

Derecognition of financial assets

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

- **Financial liabilities**

Classification and measurement

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

- **Financial liabilities (continued)**

Derecognition of financial liabilities

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

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

Refer to Note 11 for further disclosures.

Taxation

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

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

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

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

Share Capital

- i) **Non-monetary consideration**

Finder's warrants, stock options and other equity instruments issued as consideration in nonmonetary transactions other than as consideration for exploration and evaluation assets are recorded at fair value as determined by management. Proceeds from unit placements are allocated between Common Shares and warrants using the residual value method, which allocates value first to the fair value of the Common Shares and the balance, if any, is allocated to the attached warrants.

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2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)**Significant accounting policies (continued)****Share Capital (continued)****ii) Flow-through shares**

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Where the flow-through common share is issued as part of a unit, the value is first allocated between the unit and the flow-through premium, and then bifurcated between the common share and the warrant on a residual value basis. As qualified expenses are incurred the Company relieves the liability and recognizes the premium in profit or loss as other income. The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Share-based payments

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

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

Loss per share

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

Exploration and evaluation**• Exploration and evaluation assets**

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

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2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)**Significant accounting policies (continued)****Exploration and evaluation (continued)**

- **Exploration and evaluation assets (continued)**

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

- **Exploration and evaluation costs**

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

Impairment of non-financial assets

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

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

Impairment losses of continuing operations are recognized in net loss.

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2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)**Impairment of non-financial assets (continued)**

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

Provision for environmental rehabilitation

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

Provision for environmental rehabilitation

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

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

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

New accounting standards

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

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3. PLAN OF ARRANGEMENT

As discussed in Note 1, the Company completed the Arrangement on December 21, 2021. The carrying value of the net assets spun out from Fabled Silver to the Company, pursuant to the Plan of Arrangement were as follows:

	\$
Cash	557,295
Amounts receivable	25,369
Prepaid expenses	363,828
Exploration and evaluation assets	2,657,570
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)
Accumulated losses, net of contributions	10,262,959
Subtotal	9,917,011
Fair value of shares issued pursuant to Arrangement	(2,085,335)
Fair value of deemed warrants issued pursuant to Arrangement	(167,424)
Adjustment pursuant to the Arrangement	7,664,252

An adjustment of \$7,664,252 was made through additional paid-in capital to reconcile:

- i) the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the SpinCo Shares distributed by Fabled Silver upon closing of the Arrangement*;
- ii) the allocated Fabled Silver accumulated losses up to the Closing Date less Fabled Silver's earlier contributions**;
- and
- iii) the fair value of the Common Shares that may be issued in connection with the exercise of the Silver Warrants (Note 1)***.

* The fair value of shares issued pursuant to the Arrangement was determined based on the price of the Conventional Unit Subscription Receipt (\$0.05) issued pursuant to the Private Placement (Note 1) multiplied by the total number of SpinCo Shares (41,706,701) distributed by Fabled Silver pursuant to the Arrangement.

** Fabled Silver's earlier capital contributions prior to periods presented are included in deficit.

*** The Company estimated the fair value (\$167,424) using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.94%, an expected life of 0.95 year, an expected volatility of 75% and an expected dividend yield of 0%. The fair value was recorded as other reserves.

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4. EXPLORATION AND EVALUATION ASSETS**Exploration and evaluation assets as of December 31, 2021 and 2020**

	\$
Balance as at December 31, 2019	-
Acquisition costs	
- cash	150,000
Impairment	(150,000)
Balance as at December 31, 2020	-
Acquisition costs	
- cash	450,000
Staking costs	2,656
Recovery of impairment	2,204,913
Balance as at December 31, 2021	2,657,569

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

	\$
BC Mining Exploration Tax Credit	(115,585)
Equipment rental	407,964
Field	93,712
Field technicians	8,000
Geological	352,711
Sample analysis	21,231
	768,033

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The Company is engaged in the business of exploration and development of mineral projects. The Company has the rights to acquire and explore the “Muskwa Project” (comprised of the Neil Property (comprised of the Neil Ram/Creek Property, Ribbon Property and ChurchKey Property), and the Toro Property) and the non-material Bronson Property, each of which is located in the Liard Mining Division in northern British Columbia.

Muskwa Project

On April 8, 2021, the Company and Fabled Silver 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:

- 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”).

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**Muskwa Project (continued)**

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

- Neil/Ram Creek Property in which the Company owns a 50% interest;
- Toro Property in which the Company owns a 50% interest; and
- An additional 3,842 hectares, including 2 claims which are contiguous with the Neil/Ram Creek Property, and 4 mineral claims located in the same geographical area and with the same geophysical profile as the Muskwa Project, and referred to as the Bronson Property (the “MP Properties”).

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

- (i) \$200,000 on April 8, 2021 (paid);
- (ii) \$500,000 on April 8, 2022; (paid subsequent to December 31, 2021)
- (iii) \$750,000 on April 8, 2023;
- (iv) \$1,000,000 on April 8, 2024; and
- (v) \$2,000,000 on April 8, 2025.

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

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

ChurchKey Property

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

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

- \$50,000 (paid) in cash on August 6, 2019;
- \$50,000 in cash on or before November 4, 2019 (paid)⁽¹⁾;
- \$100,000 in cash on or before August 6, 2020 (paid)⁽¹⁾;
- \$250,000 in cash on or before August 6, 2021; (paid)
- \$300,000 in cash on or before August 6, 2022;
- \$500,000 in cash on or before August 6, 2023; and
- \$750,000 in cash on or before August 6, 2024.

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

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**Muskwa Project (continued)****ChurchKey Property (continued)**

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

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

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

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

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

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

- **Recovery of impairment loss on exploration**

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

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Muskwa Project (continued)

ChurchKey Property (continued)

- **Recovery of impairment loss on exploration (continued)**

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 is an exploration company focused on the Muskwa Project; and
- Completing the Private Placement provided sufficient funds for the Company 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 SpinCo Shares (\$0.05) distributed to the current Fabled Silver shareholders upon the completion of the Arrangement, and the deemed value of Common Shares that may be issued pursuant to the exercise of Silver Warrants (Note 6) at the date of the completion of the Arrangement. This resulted in a non-cash accounting reversal of the impairment charges previously recorded during the year ended December 2019 and 2020 with an amount of \$2,204,913.

The fair value of the SpinCo Shares was determined as \$0.05 which was the price of the Conventional Unit Subscription Receipts issued pursuant to the Private Placement (Note 1 and Note 6). The estimated fair value of the Common Shares that may be issued upon the exercise of Silver Warrants was determined by using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.44%, an expected life of 18 months, expected volatility of 166% and an expected dividend yield of 0%.

5. LOAN PAYABLE

In connection with the Arrangement, the Company entered into a loan agreement with Fabled Silver with a principal amount of \$2,810,228, of which \$2,080,559 was advanced during the year ended December 31, 2021 (December 31, 2020 – \$306,321). The loan is non-interest bearing and payable on demand.

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

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

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

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6. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2021, the Company had 173,651,734 (December 31, 2020 – nil) Common Shares issued and outstanding.

During the year ended December 31, 2021

- As discussed in Note 1, pursuant to the Private Placement and in connection with the Arrangement, the Company raised gross proceeds of \$6,900,000 by issuing:
 - 101,670,200 Conventional Unit Subscription Receipt at a price of \$0.05 per Conventional Unit Subscription Receipt; and
 - 30,274,833 FT unit subscription receipts at a price of \$0.06 per FT Unit Subscription Receipt.

At the Closing Date, the Company issued 131,945,033 units consisting of one Common Share and one Warrant upon exchange of the 101,670,200 Conventional Unit Subscription Receipt and 30,274,833 FT unit subscription receipts.

At the Closing Date, the Company recognized the gross proceeds of \$5,083,510 and \$1,816,490 raised from issuing the 101,670,200 units and 30,274,833 flow-through units, respectively as share capital.

In respect of the proceeds of \$1,816,490 raised from issuing the flow-through shares, the Company reclassified \$302,748 from share capital to flow-through share premium liability.

No fair value was assigned to the warrants attached to non-flow-through units and flow-through units as the Company allocated the proceeds by using the residual method.

In connection with the Private Placement, the Company paid cash of \$846,979 as share issue costs and issued 9,774,386 brokers' warrants.

The Company estimated the fair value of brokers' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.94%, an expected life of 24 months, an expected volatility of 100% and an expected dividend yield of 0%, which totaled \$333,155, and recorded these values as share issuance costs.

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6. SHARE CAPITAL (CONTINUED)**Warrants**

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

	December 31, 2021		December 31, 2020	
	Number outstanding	Weighted average exercise price (\$)	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of year	-	-	-	-
Issued	141,719,419	0.10	-	-
Balance, end of year	141,719,419	0.10	-	-

The following summarizes information about warrants outstanding as of December 31, 2021:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
December 21, 2023	0.05	9,774,386	333,155	1.97
December 21, 2023	0.10	131,945,033	-	1.97
		141,719,419	333,155	1.97

Stock options

The Company maintains a Stock Option Plan (the "Plan") under which it is authorized to grant stock options to officers, directors, employees, and consultants. Under the Plan, the number of options that may be issued is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant. The exercise price of each stock option shall equal the market price of the Company's shares, less any applicable discount, as calculated on the date of grant. Options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

Options to purchase Common Shares have been granted to directors, employees, consultants and advisors at exercise prices determined by reference to the market value of the Common Shares on the date of the grant.

The changes in stock options during the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Number outstanding	Weighted average exercise price (\$)	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of year	-	-	-	-
Granted	8,450,000	0.10	-	-
Balance, end of year	8,450,000	0.10	-	-

On December 21, 2021, the Company granted an aggregate of 8,450,000 stock options to certain directors, officers and consultants, each exercisable to acquire one Common Share at an exercise price of \$0.10 per Common Share until December 21, 2031. The stock options vested on the date of grant.

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6. SHARE CAPITAL (CONTINUED)**Stock options (continued)**

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

Number of options granted	8,450,000
Risk-free interest rate	1.38%
Expected annual volatility	110%
Expected life (in years)	10.00
Expected dividend yield	0%
Grant date fair value per option (\$)	0.05
Share price at grant date (\$)	0.06

During the year ended December 31, 2021, the Company recognized share-based payments expense of \$513,031 (December 31, 2020 – \$7,460) of which \$56,101 was allocated from Fabled Silver (December 31, 2020 – \$7,460).

The following summarizes information about stock options outstanding and exercisable as at December 31, 2021:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
December 21, 2031	0.10	8,450,000	8,450,000	456,930	9.98

Other reserves

Pursuant to the terms of the Arrangement, the Company is obliged to issue one-fifth of one Common Share in respect of each Fabled Silver Warrant exercised. Fabled Silver will pay \$0.01 to the Company for each Silver Warrant exercised. The Company recognized the fair value (\$167,424) of the shares to be issued for the Silver Warrants upon exercise using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.94%, an expected life of 0.95 year, an expected volatility of 75% and an expected dividend yield of 0%. The fair value was initially recorded as other reserves and will be reclassified as share capital when the Silver Warrants are exercised.

As of the Closing Date and December 31, 2021, 39,059,000 Silver Warrants were issued and outstanding. The Silver Warrants will expire on December 4, 2022. In any circumstances, if all Fabled Silver Warrants are exercised, the Company is obligated to issue 7,811,800 Common Shares.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel. Other related parties to the Company include companies in which key management has control or significant influence. Key management personnel receive remuneration from the Company summarized as follows:

During the year ended December 31, 2021, the Company incurred \$264,342 in professional legal fees from a private company owned by a director of the Company (December 31, 2020 – \$nil).

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7. RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended December 31, 2021, the Company recognized \$381,227 in share-based payments related to options granted on December 21, 2021 to the Company's officers and directors (December 31, 2020 – \$nil).

During the year ended December 31, 2021, \$45,000 management remuneration was allocated from Fabled Silver to the Company (December 31, 2020 – \$30,000).

The balances due to the Company's directors and officer were \$154,365 as at December 31, 2021 which were paid subsequent to December 31, 2021.

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

8. COMMITMENTS

Flow through shares premium liability

The Company periodically issues flow-through shares with any resulting flow-through premium recorded as a flow-through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of the flow-through premium is recorded as other income.

During the year ended December 31, 2021, the Company issued 30,274,833 flow-through shares (Note 6). Based on Canadian tax law, the Company is required to spend the proceeds from the issuance of the flow-through shares on eligible exploration expenditures within two calendar years from the date of issuance. If the Company is unable to meet this deadline, it will be subject to Part XII.6 taxes in accordance with the Canadian Income Tax Act.

As of December 31, 2021, liability incurred on flow-through shares issued was \$302,748 (December 31, 2020 – \$nil).

Agora Internet Relations Corp. ("AGORA")

On November 15, 2021, the Company entered into a service agreement (the "Service Agreement") with AGORA for online advertising, marketing and branding services. Pursuant to the terms of the Service Agreement, the Company will pay AGORA a total fee of \$80,000 plus applicable taxes, to be paid by way of Common Shares as follows:

- \$20,000 plus tax on January 1, 2022;
- \$15,000 plus tax on March 31, 2022;
- \$15,000 plus tax on June 30, 2022;
- \$15,000 plus tax on September 30, 2022; and
- \$15,000 plus tax on December 31, 2022.

Machai Capital Inc. ("Machai")

On January 5, 2022, the Company entered into a digital awareness services agreement (the "Machai Agreement") with Machai Capital Inc. ("Machai") pursuant to which Machai will provide certain digital awareness services (including branding and content and data optimization) in compliance with the policies and guidelines of the CSE and other applicable legislation. The engagement is effective January 5, 2021, and has an initial term of six months. Thereafter, the engagement will automatically renew for another six-month term if not cancelled within 15 days after the expiry of the first 6-month period. Under the terms of the Machai Agreement, Machai will receive \$50,000 in cash for each 6-month term, plus applicable taxes

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9. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of exploration and evaluation assets. All of the Company's equipment and exploration and evaluation assets are located in Canada.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital, being its share capital, are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

There were no changes to the Company policy for capital management during the year ended December 31, 2021 and 2020.

The Company is dependent on external financing to fund its activities. The capital structure of the Company currently consists of Common Shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in the statements of changes in shareholders' equity. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. Any issuance of Common Shares requires approval of the Board of Directors.

The Company anticipates continuing to access equity markets to fund the acquisition and exploration of exploration and evaluation assets and to ensure the future growth of the business.

The Company is not subject to any externally imposed capital restrictions

11. FINANCIAL INSTRUMENTS**Fair value**

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, due to related party, loan payable and note payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

As at December 31, 2021, the financial instrument recorded at fair value on the consolidated statement of financial position is cash which is measured using Level 1 of the fair value hierarchy.

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11. FINANCIAL INSTRUMENTS (CONTINUED)**Fair value (continued)**

Set out below are the Company's financial assets and financial liabilities by category:

	December 31, 2021	FVTPL \$	Amortized costs \$	FVTOCI \$
ASSETS				
Cash	3,604,211	3,604,211	-	-
Amounts receivable	28,438	-	28,438	-
LIABILITIES				
Accounts payable and accrued liabilities	183,905	-	183,905	-
Due to related party	154,365	-	154,365	-
Loan payable	554,353	-	554,353	-
	December 31, 2020	FVTPL \$	Amortized costs \$	FVTOCI \$
ASSETS				
Cash	277	277	-	-
Amounts receivable	1,648	-	1,648	-
LIABILITIES				
Note payable	5,000	-	5,000	-

Financial risk management**Credit risk**

Credit risk is such that a counterparty to a financial instrument will not discharge its obligations resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk.

Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to other receivables and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from cash and amounts receivable. The Company's maximum exposure to credit risk is minimal as cash is deposited with reputable financial institutions. Amounts receivable are due from government agencies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow in the upcoming year will be through equity financings.

At December 31, 2021, the Company had accounts payable and accrued liabilities, due to related party and loan payable of \$183,905, \$154,365 and \$554,353, respectively. All of these amounts are current.

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

The significant market risks to which the Company is exposed are interest rate risk, currency risk, other price risk, and commodity price risk.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its loan payable and due to related party balances.

- Currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As of December 31, 2021, the Company is not exposed to significant currency risk as the majority of the transactions and balances are denominated in Canadian dollars.

- Other price risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in the individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

12. INCOME TAXES

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

	2021 \$	2020 \$
Loss for the year	(133,896)	(415,287)
Expected income tax (recovery)	(36,000)	(112,000)
Change in statutory, foreign tax, foreign exchange rates and other	2,000	(14,000)
Permanent differences	107,000	2,000
Share issue cost	(319,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(25,000)	-
Change in unrecognized deductible temporary differences	271,000	124,000
Total income tax expense (recovery)	-	-

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12. INCOME TAXES (CONTINUED)

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

	December 31, 2021	Expiry Range	December 31, 2020	Expiry Range
	\$		\$	
Temporary Differences				
Exploration and evaluation assets	7,091,000	No expiry date	8,259,000	No expiry date
Transaction costs	346,000	No expiry date	-	N/A
Share issue costs	944,000	2042 to 2045	-	N/A
Non-capital losses available for future period	1,327,000	2033 to 2041	440,000	2033 to 2040

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