

Fabled Copper Corp.
(formerly Flying Monkey Capital Corp.)

Condensed Interim Consolidated Financial Statements

For the Six Months Ended June 30, 2019 and 2018

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FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	As at June 30, 2019	As at December 31, 2018
ASSETS		\$	\$
Current Assets			
Cash		601,403	712,895
Restricted cash	10	-	-
Amounts receivable		3,190	3,190
Prepaid expenses		39,115	39,115
		<u>643,708</u>	<u>755,200</u>
Non-current Assets			
Exploration and evaluation assets	6	7,637,147	7,581,896
TOTAL ASSETS		8,280,855	8,337,096
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		44,234	49,699
Due to related party	8	1,484	1,484
Note payable	9	10,000	10,000
Loan	10	-	-
		<u>55,718</u>	<u>61,183</u>
Shareholders' Equity			
Share capital	7	10,132,311	10,132,311
Reserves	7	22,840	22,840
Deficit		(1,930,014)	(1,879,238)
		<u>8,225,137</u>	<u>8,275,913</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,280,855	8,337,096

Note 1 – Nature of Operations and Going Concern

Note 12 – Subsequent Events

The accompanying notes are integral to these interim consolidated financial statements.

Approved on Behalf of the Board of Directors:

/s/ Michael Harrison
Director

/s/ David W. Smalley
Director

FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital		Subscriptions received in advance	Reserves	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance, September 30, 2016	37	1	5,000	-	(8,736)	(3,735)
Private placements	2,600,000	255,000	(5,000)	-	-	250,000
Shares issued for mineral properties	25,617,891	6,850,000	-	-	-	6,850,000
Share-based compensation	5,609,758	1,500,000	-	-	-	1,500,000
Loss for the period	-	-	-	-	(1,548,864)	(1,548,864)
Balance, September 30, 2017	33,827,686	8,605,001	-	-	(1,557,600)	7,047,401
Private placement	2,031,766	304,764	-	-	-	304,765
Loan conversion	6,714,975	1,007,246	-	-	-	1,007,246
Shares issued for reverse take-over	1,435,333	215,300	-	-	-	215,300
Share-based compensation	-	-	-	22,840	-	22,840
Loss for the period	-	-	-	-	(321,638)	(321,638)
Balance, December 31, 2018	44,009,760	10,132,311	-	22,840	(1,879,238)	8,275,913
Loss for the period	-	-	-	-	(50,776)	(50,776)
Balance, June 30, 2019	44,009,760	10,132,311	-	22,840	(1,930,014)	8,225,137

The accompanying notes are integral to these interim consolidated financial statements.

FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital		Subscriptions received in advance	Reserves	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance, December 31, 2017	33,827,686	8,705,501	-	-	(1,581,748)	7,123,753
Private placement	750,000	112,500	-	-	-	112,500
Loss for the period	-	-	-	-	(31,761)	(31,761)
Balance, June 30, 2018	34,577,686	9,010,265	-	-	(1,613,509)	7,204,492

The accompanying notes are integral to these interim consolidated financial statements.

FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)
NOTES TO THE CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

		Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
		\$	\$	\$	\$
EXPENSES					
Share-based compensation	8	-	-		
General and administrative		3,948	804	4,625	1,607
Professional fees		4,987	11,024	4,988	22,049
Regulatory and filing		14,603	-	25,413	-
Consulting fees		7,875	1,893	15,750	3,786
Public listing expense	5	-	-	-	-
Travel		-	2,160	-	4,319
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(31,413)	(15,881)	(50,776)	(31,761)
Weighted Average Number of Shares Outstanding – basic and diluted		44,009,760	11,061,230	44,009,760	11,061,230
Basic Loss Per Share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Diluted Loss Per Share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

The accompanying notes are integral to these interim consolidated financial statements.

FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)**NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOW**

(Expressed in Canadian Dollars)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Loss for the period	(50,776)	(31,761)
Items not affecting cash:		
Public listing expense	-	-
Stock-based compensation	-	-
Changes in non-cash working capital items:		
Amounts receivables	-	-
Prepaid expenses	-	(24,791)
Accounts payable and accrued liabilities	(5,465)	(79,526)
Due to related parties	-	(40,000)
	(56,241)	(176,078)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash acquired from reverse acquisition	-	-
Exploration and evaluation acquisitions	(55,251)	(24,338)
	(537,482)	(24,338)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	-	112,500
Cash unrestricted upon loan conversion	-	-
Restricted cash	-	-
Loan proceeds	-	-
	-	112,500
Changes in cash	(111,492)	(87,916)
Cash, beginning of the period	712,895	100,288
Cash, end of the period	601,403	12,372
Supplemental information:		
Interest paid	\$ Nil	\$ Nil
Income taxes paid	\$ Nil	\$ Nil

The accompanying notes are integral to these interim consolidated financial statements.

FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Fabled Copper Corp. (formerly Flying Monkey Capital Corp.) (the “Company”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on December 15, 2014 and changed its name from Flying Monkey Capital Corp. to Fabled Copper Corp. on September 27, 2018. The Company is listed on the TSX Venture Exchange (the “Exchange”) under the symbol “FCO”. The Company is currently engaged in exploration of mineral properties and holds a 100% interest in copper properties located in British Columbia, Canada.

The head office and the registered address of the Company are 2300 – 1066 West Hastings Street, Vancouver, BC V6E 3X2, 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 at June 30, 2019, the Company had working capital of \$587,990, 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. 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.

Reverse Takeover

On September 25, 2018, the Company completed the acquisition of Fabled Copper and Gold Corp. (“Fabled”), a private company incorporated under the Provincial Laws of British Columbia on April 26, 2016. The Company acquired all of the issued and outstanding shares of Fabled by way of share exchange (the “Reverse Takeover Transaction”, the “Transaction”, or the “RTO”). In connection with the Transaction, the Company consolidated its common shares on the basis of one-post consolidation share for each three pre-consolidation shares (the “Consolidation”). The shares and the per share amount have been adjusted within these financial statements retroactively to reflect the share consolidation. The Transaction resulted in the shareholders of Fabled holding majority of the Company’s issued and outstanding common shares. Accordingly, the transaction is treated as a reverse takeover and the financial statements represent a continuation of the legal subsidiary, Fabled, not the Company, the legal parent.

FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
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2. BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of August 29, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2019 could result in restatement of these unaudited condensed consolidated interim financial statements.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets carried at fair value. The financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiary, unless otherwise noted.

Basis of consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiary. The subsidiary is an entity controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. The subsidiary is fully consolidated from the date on which control is obtained by the Company, and are deconsolidated from the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Use of estimates and judgements

The preparation of these financial statements requires management to make certain estimates, judgments 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.

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

FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
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2. BASIS OF PRESENTATION (CONTINUED)

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:

Future Accounting Policy Changes

New Standard IFRS 9 “Financial Instruments”

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not expect the adoption of this standard will have a significant effect on the Company’s consolidated financial statements.

New Standard IFRS 16 “Leases”

IFRS 16, Leases, new standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019. The adoption of this standard will not have a significant effect on the Company’s consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

FABLED COPPER CORP. (FORMERLY FLYING MONKEY CAPITAL CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
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4. FINANCIAL AND CAPITAL RISK MANAGEMENT

	June 30, 2019	December 31, 2018
	\$	\$
Cash and restricted cash	601,403	712,895
Amounts receivable	3,190	3,190
Accounts payable and accrued liabilities	44,234	49,699
Due to related party	1,484	1,484
Note payable	10,000	10,000
Loan	-	-

Cash and restricted cash are carried at fair value using a level 1 fair value measurement. The carrying value amounts receivable, accounts payable and accrued liabilities, due to related party, note payable and loan approximate their fair value because of the short-term nature of these instruments.

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash and restricted cash are managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk

The Company operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

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4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

Interest Rate Risk

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

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 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.

Commodity Price Risk

The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2019.

5. REVERSE TAKEOVER

On September 25, 2018, pursuant to the terms of the Transaction, the Company acquired all of the outstanding shares of Fabled by way of share exchange. Where the Fabled shareholders paid less than \$0.05 cash per share for their Fabled shares they received one post-consolidated common share of the Company for every 2.67 Fabled shares currently held. Where the Fabled shareholders paid \$0.05 or more cash per share for their Fabled shares they received one post-consolidated common share of the Company for every one Fabled share currently held (the "Share Exchange").

Fabled is considered to have acquired the Company, with the Transaction being accounted for as a reverse takeover of the Company by Fabled in accordance with the guidance provided in IFRS2, Share-based Payments and IFRS 3, Business Combinations. Accordingly, the financial statements represent a continuation of Fabled, not the Company with the exception that all figures as to the number of common shares, as well as loss per share in these consolidated financial statements reflect the legal capital of Company at the exchange ratio in the acquisition. The Company granted replacement options valued at \$Nil pursuant the Transaction (Note7).

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5. REVERSE TAKEOVER (CONTINUED)

The acquisition constitutes an asset acquisition as the Company does not meet the definition of a business, as defined in IFRS 3, Business Combinations.

As a result of this asset acquisition, a listing expense of \$167,654 has been recorded. This reflects the difference between the estimated fair value of Fabled shares deemed to have been issued to the Company's shareholders less the fair value of the assets of the Company acquired.

Purchase price	
1,435,333 common shares of the Company at \$0.15 per share	\$215,300
Total Purchase Price	\$215,300
Allocation of Purchase Price	
Cash	\$ 52,413
Prepaid expenses	15,000
Amounts receivable	3,137
Accounts payable	(22,904)
Listing expense	167,654
	\$215,300

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprise three properties located in British Columbia, Canada.

	ChurchKey Property	Toro Property	Neil/Ram Creek Property	Ribbon Property	Total
	\$	\$	\$	\$	\$
Balance at September 30, 2017	-	3,139,338	2,563,887	1,395,972	7,099,197
Acquisition costs	-	176,667	63,884	176,667	417,218
Geological	-	19,042	36,398	10,041	65,481
Balance at December 31, 2018	-	3,335,047	2,664,169	1,582,680	7,581,896
Acquisition costs	32,400	-	-	-	32,400
Geological	14,608	6,668	1,575	-	22,851
Balance at June 30, 2019	47,008	3,341,715	2,665,743	1,582,680	7,637,147

a) ChurchKey Property

On March 27, 2019, the Company, through its wholly owned subsidiary, Fabled, entered into a letter of intent with ChurchKey Mines Inc. (the "ChurchKey") to acquire mineral claims comprising the ChurchKey Property ("Property"). On May 22, 2019, the letter of intent was amended to reflect an additional acquisition of claims and a change in consideration due to the ChurchKey.

In consideration for the Property, the Company will pay the following consideration to ChurchKey:

- o \$50,000 in cash on date of closing;
- o \$50,000 in cash 90 days after closing;

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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

- o \$100,000 in cash 12 months after closing;
- o \$250,000 in cash 24 months after closing;
- o \$300,000 in cash 36 months after closing;
- o \$500,000 in cash 48 months after closing; and
- o \$750,000 in cash 60 months after closing.

The Company has granted the Vendor an increased 2% NSR with respect to the Property upon commencement of commercial production. In addition, the Company has the exclusive right to purchase 1% of 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. 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. This transaction is subject to regulatory approval.

b) Toro Property

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”). Under the Toro Option Agreement, the Company has an option to acquire an undivided 100% interest in nine mineral claims located within the Omineca mining division, British Columbia, Canada (the “Toro Property”). Pursuant to the Toro Assignment Agreement, the Company issued 11,219,515 common shares of the Company valued at \$3,000,000 to the Assignors during the year ended September 30, 2017.

a) Toro Property (continued)

The Toro Option Agreement, dated March 3, 2017, requires the Company to pay \$100,000 within 180 days of March 3, 2017 to acquire an undivided 50% interest in the Toro Property (the “First Option”). To acquire the remaining 50% interest (the “Second Option”), the Company shall pay \$5,000,000 by March 3, 2022. Commencing on March 3, 2018, the Company shall pay a non-refundable annual advance royalty payment of \$100,000 to the Optionor. The Optionor retains a royalty of 2% of Net Smelter Return (“NSR”).

Subsequently, the Toro Option Agreement was amended and restated to re-schedule the \$100,000 payment as follows:

- i) \$25,000 (paid) to be paid on or before June 16, 2017; and
- ii) \$75,000 (paid) to be paid on or before December 31, 2017.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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On August 24, 2017, the agreement was further amended to allow the Company to exercise the Second Option by paying the Optionor either i) the sum of \$5,000,000 in cash or ii) a number of common shares of the Company with a value equal to \$5,000,000, by March 3, 2022.

On February 26, 2018 the agreement was further amended to reschedule the \$75,000 payment due on February 28, 2018 and the first advance royalty payment of \$100,000 due on March 3, 2018 to the earlier of (i) April 30, 2018 and (ii) the date the shares of the company formed following completion of the Transaction begin trading on the TSX Venture Exchange.

Subsequently, the agreement was further amended to change the reference to April 30, 2018 in the February amendment to September 30, 2018. On October 5, 2018, \$75,000 property payment and \$100,000 advance royalty payment was made by the Company.

In respect of the advance royalty payment of \$100,000 due on March 3, 2019, the Company and the Optionor agreed to extend the date for payment to the earlier of December 31, 2019 and the date the Company completes a financing or series of financings for a total of not less than \$1,500,000.

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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Neil/Ram Creek Property

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”). Under the Neil/Ram Creek Option Agreement, the Company has an option to acquire an undivided 100% interest in three mineral claims located within the Omineca mining division, British Columbia, Canada (the “Neil/Ram Creek Property”). Pursuant to the Neil/Ram Creek Assignment Agreement, the Company acquired a 50% interest in the three mineral claims and issued 9,349,595 common shares of the Company valued at \$2,500,000 to the Assignor during the year ended September 30, 2017.

The Neil/Ram Creek Option Agreement, dated August 17, 2016, requires the Company to pay \$5,000,000 to acquire the remaining 50% interest by August 17, 2021. Commencing on March 3, 2018, the Company shall pay a non-refundable annual advance royalty payment of \$50,000 to the Optionor. The Optionor retains a royalty of 2% of NSR.

On June 15, 2017, the Neil/Ram Creek Option Agreement was amended and restated to re-schedule the \$5,000,000 payment to be paid the earlier of:

- i) commencement of commercial production; or
- ii) when the Company’s interest in the Neil/Ram Creek Property is sold, on closing of change of control of the property interest; or where the Company enters into a joint venture or co-shareholders agreement involving the Company, but only where such events take place after December 31, 2017.

On August 24, 2017, the agreement was further amended to allow the Company to exercise the Option by paying the Optionor either i) the sum of \$5,000,000 in cash or ii) a number of common shares of the Company with a value equal to \$5,000,000, by March 3, 2022.

On February 26, 2018 the agreement was further amended to reschedule the first advance royalty payment of \$50,000 due on March 3, 2018 to the earlier of (i) April 30, 2018 and (ii) the date the shares of the Company formed following completion of the Transaction begin trading on the Exchange.

On May 4, 2018, June 30, 2018 and August 15, 2018 the agreement was further amended to change the reference to April 30, 2018 in the February amendment to September 30, 2018. On October 5, 2018 an advance royalty payment \$50,000 was paid.

In respect of the advance royalty payment of \$50,000 due on March 3, 2019, the Company and the Optionor agreed to extend the date for payment to the earlier of December 31, 2019 and the date the Company completes a financing or series of financings for a total of not less than \$1,500,000.

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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Ribbon Property

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”). Under the Ribbon Option Agreement, the Company has an option to acquire an undivided 100% interest in two mineral claims located within the Omineca mining division, British Columbia, Canada (the “Ribbon Property”). Pursuant to the Ribbon Assignment Agreement, the Company issued 5,048,781 common shares of the Company valued at \$1,350,000 to the Assignors during the year ended September 30, 2017.

The Ribbon Option Agreement, dated March 3, 2017, requires the Company to pay \$100,000 within 180 days of March 3, 2017 to acquire 100% interest in the Ribbon Property. Commencing on March 3, 2018, the Company shall pay a non-refundable annual advance royalty payment of \$100,000 to the Optionor. The Optionor retains a royalty of 2% of NSR.

On June 15, 2017, the Ribbon Option Agreement was amended and restated to re-schedule the \$100,000 payment as follows:

- i) \$25,000 (paid) to be paid on or before June 16, 2017; and
- ii) \$75,000 to be paid on or before December 31, 2017.

On December 4, 2017, the agreement was further amended to reschedule the \$75,000 payment due on December 31, 2017 to February 28, 2018.

On February 26, 2018 the agreement was further amended to reschedule the \$75,000 payment due on February 28, 2018 and the first advance royalty payment of \$100,000 due on March 3, 2018 to the earlier of (i) April 30, 2018 and (ii) the date the shares of the Company formed following completion of the Transaction begin trading on the Exchange.

Subsequently, the agreement was further amended to change the reference to April 30, 2018 in the February amendment to September 30, 2018. On October 5, 2018, \$75,000 property payment and \$100,000 advance royalty payment was made by the Company.

In respect of the advance royalty payment of \$100,000 due on March 3, 2019, the Company and the Optionor agreed to extend the date for payment to the earlier of December 31, 2019 and the date the Company completes a financing or series of financings for a total of not less than \$1,500,000.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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7. SHARE CAPITAL

Authorized share capital of the Company consists of an unlimited number of common shares with no par value.

For the three months ended June 30, 2019

There was no share capital activity during the period.

For the fifteen months ended December 31, 2018

During the period ended December 31, 2018, the Company completed a private placement for gross proceeds of \$304,764 by issuing 2,031,766 common shares.

During the period ended December 31, 2018, the Company issued 6,714,975 common shares pursuant to a loan agreement dated September 13, 2017 (Note 10).

Stock Options

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

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7. SHARE CAPITAL (CONTINUED)

Stock option transactions and the number of options outstanding are summarized as follows:

	Number of options	Weighted Average Exercise Price
Balance, September 30, 2018	187,067	\$ 0.30
Granted	3,203,988	\$ 0.125
Balance, December 31, 2018	3,391,055	\$ 0.13
Balance, June 30, 2019	3,391,055	\$ 0.13

On November 21, 2018, the Company granted 3,203,988 stock options to various Directors, Officers and Consultants of the Company with 1,601,994 exercisable at \$0.10 and 1,601,994 exercisable at \$0.15 for a period of ten years. The options were fair valued at \$0.60 per option using Black-Scholes option pricing model with the following weighted average assumptions: share price on issue date of \$0.09, expected life of stock option of 10 years, volatility of 111%, annual rate of dividends of 0.00% and a risk free rate of 0.66%. The options vest quarterly over a 36 months period. During the period ended December 31, 2018, the Company recognized \$22,840 is share-based compensation associated with stock options granted and vested.

As at June 30, 2019, stock options outstanding and exercisable are as follows:

Grant Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (years)
June 12, 2015	187,067	187,067	\$ 0.10	June 12, 2025	6.20
November 21, 2018	1,601,994	-	\$ 0.10	November 21, 2028	9.65
November 21, 2018	1,601,994	-	\$ 0.15	November 21, 2028	9.65

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8. RELATED PARTY TRANSACTIONS

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.

During the year ended December 31 2017, the Company entered into an assignment agreement with two directors of the Company. See Note 6 (a) for detail.

As at June 30, 2019, the Company owed \$1,484 (December 31, 2019 - \$1,484) to a director of the Company and a company controlled by the director for disbursements made on behalf of the Company.

As at June 30, 2019, included in prepaid expenses was \$14,115 prepaid fees (December 31, 2018 - \$14,115) to a company controlled by the director.

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

9. NOTE PAYABLE

As at June 30, 2019, the Company owed \$10,000 to a third party vendor of the Company. The loan is interest free and unsecured with no fixed terms of repayment.

10. LOAN

On September 13, 2017, the Company entered into a subscription agreement (the "Agreement") with a non-arm's length third party (the "Subscriber") whereby the Subscriber agreed to purchase 6,714,975 common shares of the Company at \$0.15 per share for a total of \$1,007,246. Completion of this transaction is subject to various closing conditions, including but not limited to:

- The sale of the Shares being exempt from the prospectus and registration requirements under applicable Securities Laws; and
- The Company having received conditional acceptance from the Exchange for the completion of the Transaction (Note 4).

As of December 31, 2018, the Company has received the funds of \$1,007,246 (2017 - \$1,007,246) in full, and with the completion of the Transaction (Note 5) has issued 6,714,975 shares to the Subscriber.

11. SEGMENTED INFORMATION

The Company operates in one single reportable segment, being the acquisition and exploration of mineral resource properties. All of the Company's non-current assets are located in Canada.