



**SILVER PREDATOR CORP.**

**(An Exploration Stage Enterprise)**

**Interim Condensed Consolidated Financial Statements**

**For the Three and Nine Months Ended September 30, 2017 and 2016**

**(Unaudited)**

## **Notice of Non-review of Interim Condensed Consolidated Financial Statements**

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The attached interim condensed consolidated financial statements for the three and nine months ended September 30, 2017 and 2016 have been prepared by and are the responsibility of Silver Predator Corp.'s ("SPD") management and have been approved by the Audit Committee of SPD. SPD's independent auditor has not performed a review of these interim condensed consolidated financial statements.

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**Silver Predator Corp.**  
Interim Condensed Consolidated Statements of Financial Position

	September 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 40,997	\$ 364,139
Receivables, prepaid expenses, and deposits	17,503	43,623
Investments	87,573	—
Assets held for sale (Note 3)	—	5,264,957
	<u>146,073</u>	<u>5,672,719</u>
Reclamation bonds (Note 5)	111,993	123,617
Mineral properties (Note 6)	1,585,563	2,142,670
	<u>\$ 1,843,629</u>	<u>\$ 7,939,006</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 49,702	\$ 602,334
Liabilities held for sale (Note 3)	—	24,982
Current portion of promissory notes (Note 4)	—	5,025,884
	<u>49,702</u>	<u>5,653,200</u>
<b>Shareholders' equity</b>		
Share capital (Note 9)	32,529,936	32,529,936
Reserves	2,750,223	2,723,832
Accumulated other comprehensive income	2,835,518	3,224,894
Deficit	(36,321,750)	(36,192,856)
	<u>1,793,927</u>	<u>2,285,806</u>
	<u>\$ 1,843,629</u>	<u>\$ 7,939,006</u>

Nature of operations and going concern (Note 1)

Approved on behalf of the Audit Committee:

"Patricia M. Tilton"

The accompanying notes are an integral part of these consolidated financial statements.

**Silver Predator Corp.**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss  
(Unaudited)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
<b>Expenses</b>				
Professional and consulting fees	\$ 28,737	\$ 126,884	\$ 140,875	\$ 283,689
General and administrative	16,235	58,639	66,680	176,348
Reclamation expense (Note 5)	57,199	—	57,199	—
Stock-based compensation (Note 9)	1,765	805	26,391	21,163
Total expenses	(103,936)	(186,328)	(291,145)	(481,200)
<b>Other income (expense)</b>				
Gain (loss) on sale of assets and investments (Note 10)	(525)	35,966	118,699	93,995
Foreign exchange gain (loss)	433	(66,052)	145,794	217,006
Interest and other income (expenses)	196	(407,925)	(102,242)	(1,063,423)
Total other income (expense)	104	(438,011)	162,251	(752,422)
<b>Net loss</b>	\$ (103,832)	\$ (624,339)	\$ (128,894)	\$ (1,233,622)
<b>Items that may be reclassified to profit and loss</b>				
Unrealized gain (loss) on available-for-sale investments	11,128	—	(112,617)	—
Reclassification to profit and loss	—	—	—	22,225
Change in cumulative translation adjustment	(70,993)	113,308	(276,759)	(444,351)
<b>Total comprehensive loss</b>	\$ (163,697)	\$ (511,031)	\$ (518,270)	\$ (1,655,748)
<b>Basic and diluted loss per common share</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	143,049,192	136,364,409	143,049,192	130,841,163

The accompanying notes are an integral part of these consolidated financial statements.

**Silver Predator Corp.**Interim Condensed Consolidated Statement of Cash Flows  
(Unaudited)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (128,894)	\$ (1,233,622)
Items not affecting cash:		
Foreign exchange gain	(102,668)	(220,409)
Interest expense	102,242	1,105,438
Gain on sale of assets and investments	(118,699)	(787)
Stock-based compensation	26,391	21,163
	<u>(221,628)</u>	<u>(328,217)</u>
Changes in non-cash working capital items:		
(Increase) decrease in receivables	1,958	(1,419)
Decrease in prepaid expenses and deposits	21,951	18,386
(Increase) decrease in amounts due from related parties	5,392	(98,028)
Increase (decrease) in accounts payable and accrued liabilities	(28,042)	23,408
	<u>(220,369)</u>	<u>(385,870)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of equipment and mineral property	25,494	—
Proceeds from sale of marketable securities	—	156,362
Proceeds from property option payments	265,770	—
Increase in mineral properties	(41,777)	(154,718)
	<u>249,487</u>	<u>1,644</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds received from loan	—	203,717
Repayment of loan	(352,260)	(39,429)
Private placement	—	750,000
	<u>(352,260)</u>	<u>914,288</u>
<b>Change in cash</b>	(323,142)	530,062
<b>Cash, beginning of year</b>	364,139	27,401
<b>Cash, end of period</b>	<u>\$ 40,997</u>	<u>\$ 557,463</u>

**Non-cash transaction:**

On April 20, 2017, SPD received 500,000 common shares of Montego Resources, Inc. (Note 6)

The accompanying notes are an integral part of these consolidated financial statements.

**Silver Predator Corp.**Interim Condensed Consolidated Statements of Changes in Equity  
(Unaudited)

	<u>Share capital</u>		Reserves	Accumulated other comprehensive income	Deficit	Total
	Number	Amount				
<b>Balance, January 1, 2016</b>	<b>128,049,192</b>	<b>\$ 31,797,380</b>	<b>\$ 2,702,052</b>	<b>\$ 3,490,013</b>	<b>\$ (34,015,952)</b>	<b>\$ 3,973,493</b>
Private placement	15,000,000	750,000	—	—	—	750,000
Stock-based compensation	—	—	21,163	—	—	21,163
Change in value of investments	—	—	—	22,225	—	22,225
Cumulative translation adjustment	—	—	—	(444,351)	—	(444,351)
Net loss	—	—	—	—	(1,233,622)	(1,233,622)
<b>Balance, September 30, 2016</b>	<b>143,049,192</b>	<b>\$ 32,547,380</b>	<b>\$ 2,723,215</b>	<b>\$ 3,067,887</b>	<b>\$ (35,249,574)</b>	<b>\$ 3,088,908</b>
<b>Balance, January 1, 2017</b>	<b>143,049,192</b>	<b>\$ 32,529,936</b>	<b>\$ 2,723,832</b>	<b>\$ 3,224,894</b>	<b>\$ (36,192,856)</b>	<b>\$ 2,285,806</b>
Stock-based compensation	—	—	26,391	—	—	26,391
Change in value of investments	—	—	—	(112,617)	—	(112,617)
Cumulative translation adjustment	—	—	—	(276,759)	—	(276,759)
Net loss	—	—	—	—	(128,894)	(128,894)
<b>Balance, September 30, 2017</b>	<b>143,049,192</b>	<b>\$ 32,529,936</b>	<b>\$ 2,750,223</b>	<b>\$ 2,835,518</b>	<b>\$ (36,321,750)</b>	<b>\$ 1,793,927</b>

The accompanying notes are an integral part of these consolidated financial statements.

**1. NATURE OF OPERATIONS AND GOING CONCERN**

SPD was incorporated under the laws of the Province of British Columbia on May 16, 2006. SPD controls the Copper King copper-silver project in the Coeur d'Alene Silver District of northern Idaho and the Taylor silver-gold project ("Taylor") in Nevada as well as additional early stage exploration properties. As of September 30, 2017, SPD is 64.11% owned by Till Capital Ltd.'s ("Till Capital") wholly owned subsidiary Resource Re Ltd. ("Resource Re"). SPD's head office is located at 13403 N. Government Way, Suite 212, Hayden, ID 83835.

These unaudited interim condensed consolidated financial statements have been prepared assuming SPD will continue on a going-concern basis, which assumes that SPD will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. For the three and nine months ended September 30, 2017, SPD reported a net loss of \$103,832 and \$128,894, respectively, and as of that date had a net working capital balance of \$96,371 and an accumulated deficit of \$36,321,750. SPD has no source of operating cash flows and as such SPD's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing.

The ability of SPD to monetize assets or obtain additional financing is uncertain, casting significant doubt upon SPD's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if SPD were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

**2. BASIS OF PRESENTATION AND MEASUREMENT**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting." These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS.

The unaudited condensed consolidated financial statements have been prepared on an historical cost basis except for certain financial instruments and stock based awards, which have been measured at fair value. SPD's presentation currency is Canadian dollars. Reference herein to \$ is to Canadian dollars. Reference herein to US\$ is to United States dollars.

These unaudited interim condensed consolidated financial statements follow the same significant accounting policies set forth in Note 3 of the annual audited consolidated financial statements for the year ended December 31, 2016.

These unaudited condensed consolidated financial statements were approved for issuance, by the Audit Committee, on October 31, 2017.

**Basis of consolidation**

These unaudited interim condensed consolidated financial statements include the accounts of SPD and its subsidiaries.

Subsidiaries are entities that SPD controls, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when SPD has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. That control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated.

Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by SPD.

SPD's significant subsidiaries are as follows:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Silver Predator US Holding Corp. ("SPUS")	Nevada, USA	100%	U.S. Holding Company
Nevada Royalty Corp. ("NRC")	Nevada, USA	100%	Mineral exploration

**Sale or option of a property interest**

Proceeds received from the sale or option of an interest in a property will be credited against the carrying value of the property, with any difference recorded as a gain or loss on sale. Option payments received in excess of the carrying value of a property are recorded as an exploration recovery in the statement of loss and comprehensive loss.

**3. ASSETS AND LIABILITIES HELD FOR SALE**

In the second quarter of 2015, SPD announced its intention to realize value from assets by initiating a process to sell all, or part, of the tangible and mineral property assets at some of its properties in Nevada. SPD's Board and management committed to a plan to sell Springer Mining Company ("SMC") and the Taylor mill. Since initiating the process, active negotiations have been held related to the sale of those assets.

During the fourth quarter of 2016, SPD received \$297,954 from the sale of multiple pieces of equipment at the Taylor mill. The Taylor Mill assets have a carrying value of \$nil at September 30, 2017.

On January 17, 2017 SPD signed an agreement with Till Capital and its wholly owned subsidiary Resource Re to exchange the remaining balance of US\$3.97 million in principal and interest due to Resource Re on an original promissory note of US\$4.5 million for 100% of the shares of SMC. As a result, the assets and liabilities held for sale on September 30, 2017 were \$nil.

**Assets and Liabilities Held For Sale**

	September 30, 2017	December 31, 2016
Cash, accounts receivable, and prepaid expenses - Springer	\$ —	\$ 31,419
Mineral properties - Springer	—	906,538
Property, plant, and equipment - Springer	—	4,283,494
Reclamation bonds - Springer	—	43,506
<b>Total assets held for sale</b>	<b>\$ —</b>	<b>\$ 5,264,957</b>
Accounts payable - Springer	\$ —	\$ 24,982
<b>Total liabilities held for sale</b>	<b>\$ —</b>	<b>\$ 24,982</b>

**4. PROMISSORY NOTES**

**Acquisition promissory note**

On April 17, 2014, in conjunction with the acquisition of SMC and NRC (the "Acquisition"), SPD issued a US\$4,500,000 promissory note (the "Promissory Note"). The Promissory Note bore interest at 4.00% per annum and was payable in tranches of US\$1,000,000, US\$1,500,000, and US\$2,000,000, plus accrued interest, on the first, second, and third anniversaries of the Acquisition respectively. At SPD's option, the principal and interest payments could be made in cash or common shares, with the number of shares determined by reference to SPD's share price immediately prior to the respective payment date. If the prevailing share price of SPD were below \$0.05 at the time of a payment that was to be settled in common shares of SPD, SPD could satisfy the payment based on a share price of \$0.05. SPD could prepay the Promissory Note at any time through payment of the then outstanding principal and accrued interest. The Promissory Note was secured by the shares of SMC and NRC. In the event of non-payment by SPD, Resource Re, as holder of the Promissory Note, could receive the SMC and NRC shares and retain any cash or common share payments to date.

In the third quarter of 2015, the Promissory Note was amended and the share settlement option was removed. On April 27, 2016, the Promissory Note was amended to extend the due date of the second principal payment plus accrued interest to July 18, 2016 and to increase the interest rate from 4% to 10% beginning April 16, 2016. On June 15, 2016, the Promissory Note was further amended to extend the due date of the second principal payment plus accrued interest to January 17, 2017 and to increase the interest rate from 10% to 14% beginning July 18, 2016. On January 17, 2017, SPD announced that it reached an agreement with Till Capital and its wholly owned subsidiary Resource Re to exchange the remaining balance of US\$3.97 million in principal and interest due to Resource Re for 100% of the shares of SMC.

The Promissory Note was recognized initially at fair value, and was subsequently carried at amortized cost using the effective interest rate method.

	Promissory Note US\$	
	September 30, 2017	December 31, 2016
Beginning carrying value	\$ 3,480,648	\$ 3,262,577
Principal payment on Promissory Note	(3,500,000)	—
Accreted interest	19,352	218,071
Ending carrying value	\$ —	\$ 3,480,648

  

	Promissory Note CDN\$	
	September 30, 2017	December 31, 2016
Ending carrying value	\$ —	\$ 4,673,465



**Working capital promissory note**

On August 31, 2015, SPD announced that it had arranged for a US\$275,000 loan from Resource Re to fund its working capital requirements. The loan was secured by the assets of SPD, bore interest at 12% per annum, and was due December 31, 2015. On December 31, 2015, the loan agreement was amended to increase the maximum loan amount to US\$400,000, to increase the interest rate to 14% per annum, and to extend the due date to April 30, 2016. On April 27, 2016, the loan agreement was amended to extend the due date to June 15, 2016. On June 15, 2016, the loan agreement was further amended to extend the due date to January 17, 2017 and to increase the interest rate from 14% to 15% beginning June 16, 2016. On April 21, 2017, SPD repaid the balance of the working capital promissory note and accrued interest.

**Promissory notes summary**

	September 30, 2017	December 31, 2016
Current portion of acquisition Promissory Note	\$ —	\$ 4,673,465
Working capital promissory note	—	352,419
Total current portion of promissory notes	—	5,025,884
Non-current portion of acquisition Promissory Note	—	—
Total carrying value of promissory notes	\$ —	\$ 5,025,884

**5. RECLAMATION BONDS**

SPD has posted non-interest bearing bonds totaling \$111,993 with the Bureau of Land Management (“BLM”) in the State of Nevada and with the United States Forest Service (Nevada) as security for reclamation requirements. \$57,199 in reclamation expense was incurred in the three and nine months ended September 30, 2017 (three and nine months ended September 30, 2016 - \$nil). The reclamation work associated with that expense will help secure the return of a portion of the reclamation bonds.

**6. MINERAL PROPERTIES**

The following table is a list of mineral properties held as of September 30, 2017:

	Treasure Hill	Taylor	Cordero	Copper King	Cornucopia	Total
<b>Balance, January 1, 2016</b>	\$ 220,030	\$ 693,500	\$ 67,434	\$ 1,103,295	\$ 52,541	\$ 2,136,800
Additions / Exploration Costs	13,054	32,053	11,506	10,292	6,198	73,103
Dispositions / Other Adjustments*	(6,846)	(21,705)	(1,994)	(35,096)	(1,592)	(67,233)
<b>Balance, December 31, 2016</b>	\$ 226,238	\$ 703,848	\$ 76,946	\$ 1,078,491	\$ 57,147	\$ 2,142,670
Option payment	—	(473,270)	—	—	—	(473,270)
Additions / Exploration Costs	12,887	—	11,359	10,165	6,119	40,530
Currency translation adjustment	(16,542)	(21,046)	(5,943)	(76,527)	(4,309)	(124,367)
<b>Balance, September 30, 2017</b>	\$ 222,583	\$ 209,532	\$ 82,362	\$ 1,012,129	\$ 58,957	\$ 1,585,563

\*Includes the effect of foreign exchange differences

Treasure Hill

The Treasure Hill property is located west of Ely in White Pine County, Nevada and consists of unpatented and a large number of patented claims. The Treasure Hill property is subject to existing net smelter royalties (“NSR”) of between 2% and 3%. That property is also subject to a 1.5% net profits interest.

Taylor

The Taylor property is located in White Pine County, Nevada, south of Ely. That property hosts a silver mineral resource reported in accordance with Canadian National Instrument 43-101.

On April 3, 2017, SPD entered into an option agreement (the “Agreement”) with Montego Resources, Inc. (“Montego”), pursuant to which Montego has the right to acquire from SPD certain mining claims located in White Pine County in the State of Nevada commonly referred to as the Taylor Silver Property (the “Property”).

Under the terms of the Agreement, Montego can acquire the Property in consideration for the completion of a series of cash payments totaling US\$1,200,000, issuing 2,500,000 common shares of Montego to SPD, and incurring expenditures of at least US\$700,000 on the Property. Upon completion of the payments, share issuances, and expenditures, Montego will hold a one-hundred percent interest in the Property, subject to a two-percent net smelter returns royalty and a one-percent net profit royalty which will be retained by SPD.

The payments, share issuances, and expenditures must be completed in accordance with the following schedule:

- At Closing: US\$200,000 cash and 500,000 common shares
- 6 months from Closing: US\$100,000 cash and 300,000 common shares
- 12 months from Closing: US\$200,000 cash, 400,000 common shares and expenditures of US\$100,000
- 24 months from Closing: US\$300,000 cash, 500,000 common shares and expenditures of US\$250,000
- 36 months from Closing: US\$400,000 cash, 800,000 common shares and expenditures of US\$350,000

The closing occurred on April 20, 2017 on which date SPD had received \$265,770 (US\$200,000) cash and 500,000 common shares of Montego initially valued at \$207,500.

Copper King, Idaho

The Copper King property is located in the Silver Valley of Northern Idaho immediately north of Hecla Mining Company's Lucky Friday Mine. The Copper King property consists of certain unpatented mining claims that are subject to an existing 1% NSR to Golden Predator US Holding Corp., a wholly-owned subsidiary of Till Capital.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities comprise the following:

	September 30, 2017	December 31, 2016
Trade payables	\$ 49,702	\$ 34,280
Interest payable	—	568,054
	\$ 49,702	\$ 602,334

**8. RELATED PARTY TRANSACTIONS**

**Key management compensation**

During the three and nine months ended September 30, 2017, SPD incurred expenses of \$5,580 and \$61,914, respectively, (three and nine months ended September 30, 2016 - \$18,558, and \$118,680, respectively) to directors and officers as compensation for services received.

**Other**

Amounts paid to related parties were incurred in the normal course of business. SPD is party to service agreement with a subsidiary of Till Capital whereby SPD receives accounting and corporate communications services on a cost-plus recovery basis. During the three and nine months ended September 30, 2017, SPD was charged \$11,529 and \$35,197, respectively, (three and nine months ended September 30, 2016 - \$11,829 and \$35,816, respectively) for those services. As at September 30, 2017, the amounts due to related parties totaled \$562 (December 31, 2016 - \$5,817).

**9. SHARE CAPITAL AND RESERVES**

**Authorized and issued share capital**

Unlimited number of common shares without par value.

On August 10, 2016, SPD completed a private placement whereby SPD sold 15,000,000 shares of its common shares at \$0.05 per share for total net proceeds of \$732,556, excluding the \$17,444 in share issuance costs.

At September 30, 2017, SPD had 143,049,192 shares issued and outstanding.

**Stock options and warrants**

SPD has a Stock Option Plan to provide a performance incentive to directors, officers, employees, and consultants. The maximum number of shares issuable under the Stock Option Plan may not exceed 10% of the shares outstanding. The exercise period of the options may not exceed five years from the date of grant. The vesting period and the exercise price of options granted is determined by SPD's Board of Directors, and the exercise price cannot be less than the market price of SPD's shares on the date of grant.

During the three and nine months ended September 30, 2017, SPD recognized stock-based compensation expense of \$1,765 and \$26,391, respectively, (three and nine months ended September 30, 2016 - \$805 and \$21,163, respectively).

In March 2017, SPD granted 500,000 incentive stock options to an officer of SPD to purchase up to 500,000 common shares of SPD. Those incentive stock options, which vested immediately on the grant date, have an exercise price of \$0.06 per share and expire two years from the date of grant.

In June 2017, SPD granted 100,000 incentive stock options to a director of SPD to purchase up to 100,000 common shares of SPD. Those incentive stock options, which vested on the grant date, have an exercise price of \$0.05 per share and expire two years from the date of grant.

In September 2017, SPD granted 100,000 incentive stock options to a director of SPD to purchase up to 100,000 common shares of SPD. Those incentive stock options, which vested on the grant date, have an exercise price of \$0.05 per share and expire two years from the date of grant.

At September 30, 2017, SPD had 200,000 warrants outstanding at a weighted average exercise price of \$0.14 and 4,300,000 stock options outstanding with a weighted average exercise price of \$0.09.

**10. GAIN (LOSS) ON SALE OF ASSETS AND INVESTMENTS**

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Gain (loss) from sale of equipment and mineral properties	\$ (525)	\$ 35,966	\$ 25,494	\$ 93,208
Gain from sale of assets held for sale	—	—	93,205	—
Realized gain on available-for-sale investments	—	—	—	787
	<u>\$ (525)</u>	<u>\$ 35,966</u>	<u>\$ 118,699</u>	<u>\$ 93,995</u>

**11. SEGMENT INFORMATION**

SPD operates in a single segment, which is the exploration and development of resource properties in Idaho and Nevada, USA.

**12. FINANCIAL AND CAPITAL RISK MANAGEMENT**

There have been no changes to the financial and capital risk management since December 31, 2016. Details of financial and capital risk management can be found in Note 15 and Note 16 of the audited consolidated financial statements for the year ended December 31, 2016.

**13. SUBSEQUENT EVENT**

On October 19, 2017 SPD received \$124,850 (US\$100,000) cash and 300,000 common shares of Montego initially valued at \$57,000 for the second installment from Montego on the Agreement related to the Property (Note 6).