



SILVER PREDATOR CORP.

(An Exploration Stage Enterprise)

Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2016 and 2015

(Unaudited)

Notice of Non-review of Interim Condensed Consolidated Financial Statements

The attached interim condensed consolidated financial statements for the three and nine months ended September 30, 2016 and 2015 have been prepared by and are the responsibility of the Company's management and have been approved by the Audit Committee of the Company. The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements.

Silver Predator Corp.Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 557,463	\$ 27,401
Receivables, prepaid expenses, and deposits	37,762	54,729
Due from related parties	5,804	—
Investments (Note 4)	20,000	153,350
Assets Held for Sale (Note 5)	6,343,892	6,605,440
	<u>6,964,921</u>	<u>6,840,920</u>
Reclamation bonds (Note 7)	163,589	172,637
Mineral properties (Note 8)	2,093,926	2,136,800
	<u>\$ 9,222,436</u>	<u>\$ 9,150,357</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 495,168	\$ 173,068
Current portion of promissory notes (Note 6)	5,636,530	2,717,855
Due to related parties (Note 10)	1,830	94,053
	<u>6,133,528</u>	<u>2,984,976</u>
Promissory Note (Note 6)	—	2,191,888
	<u>6,133,528</u>	<u>5,176,864</u>
Shareholders' equity		
Share capital (Note 11)	32,547,380	31,797,380
Reserves	2,723,215	2,702,052
Accumulated other comprehensive income	3,067,887	3,490,013
Deficit	(35,249,574)	(34,015,952)
	<u>3,088,908</u>	<u>3,973,493</u>
	<u>\$ 9,222,436</u>	<u>\$ 9,150,357</u>
Nature of operations and going concern (Note 1)		

Approved on behalf of the Audit Committee:

"William B. Harris"

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

Silver Predator Corp.Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Expenses				
Professional and consulting fees	\$ 126,884	\$ 84,744	\$ 283,689	\$ 242,482
General and administrative	58,639	35,302	176,348	107,042
Stock-based compensation (Note 11)	805	—	21,163	4,741
Net loss on operating activities	(186,328)	(120,046)	(481,200)	(354,265)
Other income (expense)				
Gain (loss) on derivative asset (Note 6)	—	(178,042)	—	1,249,666
Write-off of fixed assets and exploration assets	—	(4,373,443)	—	(4,731,270)
Gain on sale of fixed assets and mineral properties	35,966	—	93,208	—
Gain (loss) on investments	—	(6,978)	787	(58,197)
Foreign exchange gain (loss)	(66,052)	(329,971)	217,006	(617,989)
Interest expense	(407,636)	(130,826)	(1,105,438)	(400,209)
Other income (loss)	(289)	—	42,015	—
Total other expense	(438,011)	(5,019,260)	(752,422)	(4,557,999)
Loss from continuing operations for the period	(624,339)	(5,139,306)	(1,233,622)	(4,912,264)
Loss from discontinued operations for the period	—	(89,685)	—	(275,778)
Loss for the period	\$ (624,339)	\$ (5,228,991)	\$ (1,233,622)	\$ (5,188,042)
Items that may be reclassified to profit and loss				
Unrealized gain on available-for-sale investments	—	6,848	—	34,384
Reclassification to profit and loss	—	—	22,225	—
Change in cumulative translation adjustment	113,308	853,315	(444,351)	1,631,262
Total comprehensive loss for the period	\$ (511,031)	\$ (4,368,828)	\$ (1,655,748)	\$ (3,522,396)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.04)	\$ (0.01)	\$ (0.04)
Weighted average number of common shares outstanding	136,364,409	128,049,192	130,841,163	116,661,588

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

Silver Predator Corp.Interim Condensed Consolidated Statement of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended	
	September 30, 2016	September 30, 2015
OPERATING ACTIVITIES		
Loss for the period	\$ (1,233,622)	\$ (5,188,042)
Items not affecting cash:		
Depreciation	—	1,605
Foreign exchange (gain) loss	(220,409)	718,517
Gain on derivative	—	(1,249,665)
Interest expense	1,105,438	400,209
Write-off of fixed assets	—	9,094
Write-off of mineral properties	—	4,722,176
(Gain) loss on investments	(787)	58,197
Stock-based compensation	21,163	4,741
Other non-cash items, net	—	3,342
	<u>(328,217)</u>	<u>(519,826)</u>
Changes in non-cash working capital items:		
Increase in receivables	(1,419)	(33,102)
Decrease in prepaid expenses and deposits	18,386	4,696
Decrease in amounts due to related parties	(98,028)	(5,025)
Increase (decrease) in accounts payable and accrued liabilities	<u>23,408</u>	<u>(10,310)</u>
	<u>(385,870)</u>	<u>(563,567)</u>
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	156,362	17,837
Exploration and evaluation costs capitalized	<u>(154,718)</u>	<u>(321,356)</u>
	<u>1,644</u>	<u>(303,519)</u>
FINANCING ACTIVITIES		
Proceeds received from loan	203,717	315,135
Repayment of loan	(39,429)	—
Private Placement	<u>750,000</u>	<u>—</u>
	<u>914,288</u>	<u>315,135</u>
Change in cash and cash equivalents during the period	530,062	(551,951)
Cash and cash equivalents, beginning of period	<u>27,401</u>	<u>552,675</u>
Cash and cash equivalents, end of period	\$ 557,463	\$ 724

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

Silver Predator Corp.Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves	Accumulated other comprehensive income	Deficit	Total
	Number	Amount				
Balance, December 31, 2014	98,961,192	\$ 30,924,140	\$ 2,697,311	\$ 1,578,494	\$ (23,752,410)	\$ 11,447,535
Private placement	60,000	2,400	—	—	—	2,400
Issuance of shares - payment on note payable to Till Capital Ltd.	29,028,000	870,840	—	—	—	870,840
Stock-based compensation	—	—	4,741	—	—	4,741
Cumulative translation adjustment	—	—	—	1,631,262	—	1,631,262
Change in value of investments	—	—	—	34,384	—	34,384
Net loss for the period	—	—	—	—	(5,188,042)	(5,188,042)
Balance, September 30, 2015	128,049,192	\$ 31,797,380	\$ 2,702,052	\$ 3,244,140	\$ (28,940,452)	\$ 8,803,120
Balance, December 31, 2015	128,049,192	\$ 31,797,380	\$ 2,702,052	\$ 3,490,013	\$ (34,015,952)	\$ 3,973,493
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 for the period	—	—	—	—	(1,233,622)	(1,233,622)
Balance, September 30, 2016	143,049,192	\$ 32,547,380	\$ 2,723,215	\$ 3,067,887	\$ (35,249,574)	\$ 3,088,908

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Predator Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on May 16, 2006. The Company, through its wholly owned subsidiary, Springer Mining Company ("SMC"), owns the Springer Tungsten Mine and Mill Complex in Nevada, USA. The Company also controls the Taylor silver-gold project ("Taylor") in Nevada and holds additional early stage exploration properties. As of September 30, 2016, the Company is 64.11% owned by Till Capital Ltd. ("Till Capital"). The Company's head office is located at 13403 N. Government Way, Suite 212, Hayden, ID 83835.

The Company has announced its intention to realize value from assets by initiating the process to sell all, or part, of the tangible and intangible assets at some of its properties in Nevada, USA. SMC, which owns a mill and a current tungsten resource, is being offered for sale to qualified buyers. The Company is also in the process of selling the Taylor mill including buildings, tanks, and ancillary equipment. Significant progress has been made on the sale of the Springer mining and mineral assets of SMC and the Taylor mill assets. Thus as of September 30, 2016, pursuant to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* ("IFRS 5"), those assets are classified as Assets Held for Sale. See Note 5 for more details. The Company will continue to search for partners or buyers for its earlier stage exploration properties.

The interim condensed consolidated statements of financial position have been prepared assuming the Company will continue on a going concern basis, which assumes that the Company 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 nine months ended September 30, 2016, the Company reported net loss of \$1,233,622 and, as at that date, had a net working capital balance of \$831,393 inclusive of Assets Held for Sale and an accumulated deficit of \$35,249,574. The Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing.

The Company's ability to continue as a going concern is dependent upon its ability to fund mineral properties exploration through asset sales and/or obtaining additional financing. The ability of the Company to monetize assets or obtain additional financing is uncertain, casting significant doubt upon the Company's ability to continue as a going concern. These interim 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 the Company 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

The 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*. The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

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

These interim condensed consolidated financial statements were approved by the Audit Committee for issue on October 31, 2016.

Basis of consolidation

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

Subsidiaries are entities that the Company 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 the Company has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This 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 in full.

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

The Company'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
Springer Mining Company ("SMC")	Nevada, USA	100%	Mineral exploration
Nevada Royalty Corp. ("NRC")	Nevada, USA	100%	Mineral exploration

These interim condensed consolidated financial statements follow the same significant accounting policies set out in Note 3 of the annual consolidated financial statements for the year ended December 31, 2015.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	September 30, 2016	December 31, 2015
Cash on deposit	\$ 557,463	\$ 27,401
	<u>\$ 557,463</u>	<u>\$ 27,401</u>

4. INVESTMENTS

The Company holds securities in other companies as follows:

	September 30, 2016	December 31, 2015
Common shares in public company – fair value	\$ —	\$ 133,350
Common shares in private company – fair value	20,000	20,000
	<u>\$ 20,000</u>	<u>\$ 153,350</u>

	September 30, 2016	December 31, 2015
Common shares in public company – cost	\$ —	\$ 608,954
Common shares in private company – cost	20,000	20,000
	<u>\$ 20,000</u>	<u>\$ 628,954</u>

In February 2016, the Company sold in the open market 4,445,000 shares of West Red Lake Gold (formerly Hy Lake Gold Inc.) for \$156,362.

5. ASSETS HELD FOR SALE

In the second quarter of 2015, the Company announced its intention to realize value from assets by initiating a process to sell all, or part, of the tangible and intangible assets at some of its properties in Nevada. The Company's Board and management committed to a plan to sell SMC and the Taylor mill. Since initiating the process, active negotiations have been held related to the sale of these assets. During the third quarter of 2015, significant progress was made on the sale of SMC and SMC was classified as discontinued operation, see details of the discontinued operation disclosure in Note 5 of the unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2015. Since the fourth quarter of 2015, the Company has been focusing on the sale of the Springer mining and mineral assets instead of SMC, thus SMC is no longer a discontinued operation. The Company currently considers it highly probable the sales of the Springer mining and mineral assets and the Taylor mill assets will be completed within one year. Thus, pursuant to IFRS 5, those assets are classified as Assets Held for Sale and are measured at the lower of carrying amount and fair value less cost to sell at September 30, 2016.

Assets Held For Sale

	September 30, 2016	December 31, 2015
Mineral properties - Springer	\$ 1,088,575	\$ 1,059,427
Property, plant, and equipment - Springer	5,255,317	5,546,013
	<u>\$ 6,343,892</u>	<u>\$ 6,605,440</u>

The Taylor mill assets have a carrying value of \$nil at September 30, 2016.

6. PROMISSORY NOTES AND EMBEDDED DERIVATIVE ASSET

Promissory notes

Acquisition promissory note

On April 17, 2014, in conjunction with the acquisition of SMC and NRC (the "Acquisition"), the Company issued a US\$4,500,000 promissory note (the "Promissory Note"). The Promissory Note bears interest at 4.00% per annum and is 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 the Company's option, the principal and interest payments may be made in cash or common shares, with the number of shares determined by reference to the Company's share price immediately prior to the respective payment date. If the prevailing share price of the Company is below \$0.05 at the time of a payment

which is to be settled in common shares of the Company, the Company will satisfy the payment based on a share price of \$0.05. The Company may prepay the Promissory Note at any time though payment of the then outstanding principal and accrued interest. The Promissory Note is secured by the shares of SMC and NRC. In the event of non-payment by the Company, Till Capital, as holder of the Promissory Note, would 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 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 increase the interest rate from 10% to 14% beginning July 18, 2016.

The Promissory Note was recognized initially at fair value, and is subsequently carried at amortized cost using the effective interest rate method. The fair value of the Promissory Note was estimated using a discounted cash flow calculation, at a discount rate of 13.00% which was management's best estimate of the Company's cost of borrowing at the time of the Acquisition.

	Promissory Note US\$	
	September 30, 2016	December 31, 2015
Beginning carrying value	\$ 3,262,577	\$ 3,989,361
Principal payment on Promissory Note	—	(1,000,000)
Accreted interest	576,501	273,216
Ending carrying value	\$ 3,839,078	\$ 3,262,577

	Promissory Note CDN\$	
	September 30, 2016	December 31, 2015
Ending carrying value	\$ 5,046,300	\$ 4,514,364

The Company made its first payment on the Promissory Note, including principal and accrued interest, on April 17, 2015 by issuing to Till Capital a total of 29,028,000 shares at \$0.05 per share as per the Promissory Note agreement for a total payment of \$1,451,400.

The Promissory Note is classified as a current liability at September 30, 2016.

Working capital promissory note

On August 31, 2015, the Company announced that it had arranged for a US\$275,000 loan from a subsidiary of Till Capital to fund its working capital requirements. The loan was secured by the assets of the Company, 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, increase the interest rate to 14% per annum, and 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 increase the interest rate from 14% to 15% beginning June 16, 2016. The loan is classified as a current liability. As of September 30, 2016, the outstanding principal balance of the loan is \$525,720 (US\$400,000).

Promissory notes summary

	September 30, 2016	December 31, 2015
Current portion of acquisition Promissory Note	\$ 5,046,300	\$ 2,322,476
Working capital promissory note	590,230	395,379
Total current portion of promissory notes	5,636,530	2,717,855
Non-current portion of acquisition Promissory Note	—	2,191,888
Total carrying value of promissory notes	\$ 5,636,530	\$ 4,909,743

Derivative asset

The option to settle payments on the acquisition Promissory Note in common shares at \$0.05 when the prevailing share price of the Company was below \$0.05 in the original terms of the Promissory Note represented an embedded derivative in the form of a put option to the Company. This derivative asset was initially recognized at fair value on the date of the Acquisition and was subsequently re-measured at fair value at each reporting date, with changes in fair value recorded in profit or loss. A gain on derivative asset of \$178,042 and a gain on derivative asset of \$1,249,666 were reported for the three months and nine months ended September 30, 2015 respectively. As a result of the amendment to the Promissory Note in the third quarter of 2015 to remove the share settlement option, there is no derivative asset related to the Promissory Note as of December 31, 2015 and September 30, 2016.

7. RECLAMATION BONDS

The Company has posted non-interest bearing bonds totaling \$163,589 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.

8. MINERAL PROPERTIES

The following table is a list of mineral properties as of September 30, 2016 and December 31, 2015:

	December 31, 2014	Additions/ Exploration Costs	Write-downs	Reclassification	Dispositions / Other Adjustments*	December 31, 2015
Treasure Hill	\$ 183,723	\$ 797	\$ —	\$ —	\$ 35,510	\$ 220,030
Taylor	5,662,103	27,437	(5,614,211)	—	618,171	693,500
Illinois Creek	337,097	—	(370,670)	—	33,573	—
Cordero	44,250	13,501	—	—	9,683	67,434
Copper King, Idaho	915,865	9,908	—	—	177,522	1,103,295
Cornucopia	38,998	5,549	—	—	7,994	52,541
Springer	632,592	280,956	—	(1,059,427)	145,879	—
Modoc	12,347	—	(13,577)	—	1,230	—
Tempo	32,390	—	(35,616)	—	3,226	—
Other	3,967	38,157	(42,520)	—	396	—
	\$ 7,863,332	\$ 376,305	\$ (6,076,594)	\$ (1,059,427)	\$ 1,033,184	\$ 2,136,800

*Includes the effect of foreign exchange differences

	December 31, 2015	Additions/ Exploration Costs	Write-downs	Reclassification	Currency Translation Adjustment	September 30, 2016
Treasure Hill	\$ 220,030	\$ 12,915	\$ —	\$ —	\$ (11,609)	\$ 221,336
Taylor	693,500	28,669	—	—	(36,519)	685,650
Cordero	67,434	11,486	—	—	(3,602)	75,318
Copper King, Idaho	1,103,295	10,279	—	—	(57,890)	1,055,684
Cornucopia	52,541	6,187	—	—	(2,790)	55,938
	\$ 2,136,800	\$ 69,536	\$ —	\$ —	\$ (112,410)	\$ 2,093,926

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise the following:

	September 30, 2016	December 31, 2015
Trade payables	\$ 66,399	\$ 42,991
Interest payable	428,769	130,077
	\$ 495,168	\$ 173,068

10. RELATED PARTY TRANSACTIONS

The amount paid to related parties was incurred in the normal course of business. In April 2014, the Company entered into service agreements with Golden Predator U.S. Holding Corp. (GPUS), a subsidiary of Till Capital whereby the Company received accounting, corporate communications, and technical services from GPUS on a cost-plus recovery basis. On January 1, 2016, one of the services agreements was terminated. During the nine month period ended September 30, 2016, the Company was charged \$35,816 (nine month period ended September 30, 2015 - \$250,219) for these services. As of September 30, 2016, the amount due to related parties totaled \$1,830 (September 30, 2015 - \$82,978). As of September 30, 2016, the amount due from related parties totaled \$5,804 (September 30, 2015 - \$nil).

Key management compensation

During the nine month period ended September 30, 2016, the Company incurred expenses of \$118,680 (nine month period ended September 30, 2015 - \$10,193) to officers and directors of the Company as compensation for services received.

11. SHARE CAPITAL AND RESERVES

Authorized and issued share capital

Unlimited number of common shares without par value.

On August 10, 2016, the Company completed a private placement whereby the Company sold 15,000,000 shares of its common shares at \$0.05 per share for total proceeds of \$750,000.

As at September 30, 2016, the Company had 143,049,192 shares issued and outstanding.

Stock options and warrants

The Company 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. Vesting and the exercise price of options granted is determined by the Company's Board of Directors, and the exercise price cannot be less than the market price of the Company's shares on the date of grant.

During the nine months ended September 30, 2016, the Company recognized stock-based compensation expense of \$21,163 (September 30, 2015 - \$4,741). In April 2016, the Company granted an aggregate of 2,000,000 incentive stock options to the directors and officers of the Company to purchase up to 2,000,000 common shares in the capital of SPD. The incentive stock options have an exercise price of \$0.05 per share, expire two years from the date of grant, with fifty percent of the options vesting immediately and the remaining fifty percent vesting in six months.

At September 30, 2016, the Company has 200,000 warrants outstanding at a weighted average exercise price of \$0.14 and 3,950,000 stock options outstanding with a weighted average exercise price of \$0.11.

12. SEGMENT INFORMATION

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

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

There has been no changes to the financial and capital risk management since December 31, 2015. Details of financial and capital risk management can be found in Note 18 and Note 19 of the audited consolidated financial statements for the year ended December 31, 2015.