



**SILVER PREDATOR CORP.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND MAY 31, 2014**

## **Silver Predator Corp.**

Management's Discussion and Analysis

For the six months ended June 30, 2015 and May 31, 2014

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*Set out below is a review of the activities, results of operations and financial condition of Silver Predator Corp. ("SPD", "Silver Predator", or "the Company") and its subsidiaries for the six months ended June 30, 2015. The discussion below should be read in conjunction with the Company's June 30, 2015 unaudited interim condensed consolidated financial statements and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); and with the December 31, 2014 audited financial statements and related notes which were prepared in accordance with IFRS. All dollar figures included in the following Management's Discussion and Analysis are quoted in Canadian dollars unless otherwise indicated. This Management's Discussion and Analysis is prepared as of August xx, 2015.*

*The Company is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario in Canada and is listed on the TSX Venture Exchange under the trading symbol SPD.*

*Additional information related to the Company, including its Annual Information Form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com). The Company's website is [www.silverpredator.com](http://www.silverpredator.com).*

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## **BACKGROUND AND CORE BUSINESS**

Silver Predator was incorporated under the laws of the Province of British Columbia on May 16, 2006.

Silver Predator owns the Springer Tungsten Mine and Mill Complex ("Springer") in Nevada. The Company also controls the Taylor silver-gold project in Nevada. The Taylor project hosts a current resource estimate, is open to expansion, and is located in a district that has identified the potential for discovery of additional silver and gold deposits.

In 2014, the Company changed its fiscal year end date from May 31 to December 31. Therefore, the financial statement information contained in these disclosures is for the six months ended June 30, 2015 compared to the six months ended May 31, 2014.

## **CORPORATE DEVELOPMENTS, SIGNIFICANT TRANSACTIONS AND FACTORS AFFECTING RESULTS OF OPERATIONS**

### *Mining lease agreement*

On January 17, 2015, the Company executed a renegotiated Mining Lease and Option to Purchase Agreement ("Agreement") with Geological Services Inc. and Robert W. Schafer (the Vendors) on nine unpatented lode claims at Springer.

The Agreement provides for a reduced royalty rate which will help the economics of the project. Advance royalty payments to the Vendors are required totaling US\$500,000 over seven years, with annual payments of US\$100,000 commencing on the eighth anniversary, as well as share payments totaling 300,000 shares over the first four years. All payments are to be credited against future royalty obligations. Springer may purchase the leased property for US\$2,750,000, subject to a 1.5% NSR payable on all minerals, if paid prior to the 3rd anniversary. If paid after the 3rd anniversary but on or before the 5th anniversary, the payment will escalate to US\$4,000,000. If the purchase option is not exercised, the Vendors will retain a sliding-scale net smelter royalty (NSR) of 2.0% to 4.0% on Tungsten and a 2% NSR on all other minerals. The previous agreement provided for a retained NSR sliding scale of 3.0% - 5.0%.

### *First payment made on note payable*

In conjunction with the acquisition of Springer and Nevada Royalty Corp from Till Capital (the "Acquisition"), the Company issued a US\$4,500,000 Promissory Note ("Promissory Note") that bears interest at 4.00% per annum 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.

On April 17th, 2015, the Company issued its first payment on the Promissory Note payable to Till Capital, Ltd. ("Till Capital"). The payment was made by the issuance of Company shares. A total of 29,028,000 shares were issued at a value of \$0.05 per share for a total payment of \$1,451,400 as per the Agreement announced on December 17, 2013. As of June 30, 2015, Till Capital owns 71.65% of the Company.

### *Michael Maslowski appointed Interim Chief Executive Officer*

On June 25, 2015, the Company appointed Michael Maslowski as Interim Chief Executive Officer. Mr. Maslowski is a Geological Engineer with a career spanning more than 35 years of varied experience in resource exploration and mining operations in diverse parts of the world. He has directed grassroots exploration programs, developed properties from exploration to production and managed mining operations. He was the team leader for the discovery of the Diamond Hill Mine for Pegasus Gold in the 1990s and advanced the mine into production. He worked for Coeur d'Alene Mines for 10 years in positions that included Director of Exploration and Assistant General Manager for the Palmarejo Mine in Chihuahua, Mexico. More recently he was VP Exploration and Chief Operating Officer for Golden Predator Canada. Mr. Maslowski holds a B.Sc. in Geological Engineering from Colorado School of Mines, is a Certified Professional Geologist (CPG) with the American Institute of Professional Geologists (AIPG), a Qualified Person (QP) as defined by National Instrument 43-101, and a member of the Society for Mining, Metallurgy, and Exploration (SME).

### *Other Changes to the Company's Management and Board of Directors*

The Company has announced that Clifford D. Nelson Jr. resigned his position as Chief Executive Officer and Director. Mr. Dean Schiller has resigned as a Director and, effective August 3, 2015, Mr. Blair Shiletto has resigned as a Director.

*Asset realization plan*

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. Springer, which boasts a nearly operationally ready mill, a current tungsten resource and a positive Preliminary Economic Assessment (PEA) published in 2013, is being offered for sale to qualified buyers. The Company is also in the process of selling all of the Taylor project's on-site equipment including the buildings, tanks and ancillary equipment. The Company will continue to search for partners or buyers for its earlier stage exploration properties.

*Revision of Promissory Note*

In August 2015, the Company's Board of Directors approved making a full cash payment of the remaining balance of the US\$4.5 million Promissory Note to Till Capital plus accrued interest upon receipt of the proceeds from the sale of Springer Mining Company, a subsidiary of the Company. The Company's Board of Directors also agreed to negotiate in good faith with Till Capital to settle upon a cash price for the existing 2.0% Net Smelter Royalty on the Springer property to Till Capital. The agreed upon dollar amount would be paid in cash by the Company in exchange for Till Capital extinguishing the royalty on the property.

**OUTLOOK**

Management estimates that it currently does not have adequate working capital to fund all of its expenses and planned activities for the next fiscal year. The Company's continued operations are dependent on its ability to monetize assets or raise additional funding from loans or equity financings or through other arrangements. There is no assurance that sale of assets or future financing initiatives will be successful. These conditions give rise to a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business. The 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 were the going concern adjustment inappropriate. Such adjustments could be material.

**FINANCIAL HIGHLIGHTS**

The following summary of quarterly results is derived from the Company's unaudited interim condensed consolidated financial statements prepared by management:

	2015		2014				2013	
	April - June 2015	Jan - March 2015	Oct - Dec 2014	June - Sept 2014	March - May 2014	Dec 2013 - Feb 2014	Sept - Nov 2013	June - Aug 2013
Operating expenses	\$ (114,638)	\$ (204,506)	\$ (117,973)	\$ (367,544)	\$ (184,926)	\$ (219,440)	\$ (91,503)	\$ (83,667)
Interest expense, net	(120,746)	(148,637)	(250,860)	—	(65,514)	—	—	—
Gain on derivative asset	1,173,661	254,047	2,143,518	—	488,490	—	—	—
Loss on investments	(51,219)	—	—	—	(25,000)	—	—	—
Write off of assets	(357,491)	(101,504)	—	—	(8,338,209)	(852,961)	—	—
Foreign exchange gain (loss)	125,307	(413,325)	(303,861)	47,668	52,413	(6,146)	490	130
Other expense	—	—	—	(71,004)	—	—	—	—
Net income (loss)	\$ 654,874	\$ (613,925)	\$ 1,470,824	\$ (390,880)	\$ (8,072,746)	\$ (1,078,547)	\$ (91,013)	\$ (83,537)
Cumulative translation adjustment	(1,050,162)	1,828,109	553,649	312,009	495,019	(274,245)	51,595	125,181
Unrealized gain (loss) on investments	(47,464)	75,000	25,000	—	—	25,000	100,000	(125,000)
Comprehensive income (loss)	\$ (442,752)	\$ 1,289,184	\$ 2,049,473	\$ (78,871)	\$ (7,577,727)	\$ (1,327,792)	\$ 60,582	\$ (83,356)
Basic and diluted net income (loss) per share	\$0.01	\$(0.01)	\$0.01	\$(0.00)	\$(0.15)	\$(0.01)	\$(0.00)	\$(0.00)

**Results of operations for the three months ended June 30, 2015**

The net income for the three months ended June 30, 2015 is \$654,874 (three months ended May 31, 2014 - loss of \$8,072,746). Individual items contributing to the change of \$8,727,620 are as follows:

- Lower exploration asset writeoffs of \$7,980,718 during the three months ended June 30, 2015 compared to the three months ended May 31, 2014. During the three months ended May 31, 2014, the Company recorded writedowns and sold its interests in several properties due to poor exploration results and managements decision to cease exploration on those properties.
- Higher gain on derivative asset of \$685,171 as a result of the decline in the price of the Company's shares to \$0.01 per share at June 30, 2015. The derivative asset is valued using the Black-Scholes model.

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- Higher foreign exchange gain of \$72,894 due to greater strengthening of the Canadian dollar compared to the US dollar for the three months ended June 30, 2015 compared to the three months ended May 31, 2014.
- Lower operating expenses of \$50,626 primarily due to decreased administrative activity at Springer during the three months ended June 30, 2015 compared to the three months ended May 31, 2014.
- Higher interest expense of \$55,232 due to three months of interest in the three months ended June 30, 2015 on the Promissory Note issued to Till Capital compared to only one and a half months of interest in the three months ended May 31, 2014.

#### Results of operations for the six months ended June 30, 2015

The net income for the six months ended June 30, 2015 is \$40,949 (six months ended May 31, 2014 - loss of \$9,151,293). Individual items contributing to the change of \$9,192,242 are as follows:

- Lower exploration asset writeoffs of \$8,732,175 in the six months ended June 30, 2015 compared to the six months ended May 31, 2014. During the six months ended May 31, 2014, the Company recorded writedowns and sold its interests in several properties due to poor exploration results and managements decision to cease exploration on those properties.
- Higher gain on derivative asset of \$939,218 as a result of the decline in the price of the Company's shares to \$0.01 per share at June 30, 2015. The derivative asset is valued using the Black-Scholes model.
- Lower operating expenses of \$85,222 due primarily to decreased administration activity at Springer and lower stock-based compensation expense in the six months ended June 30, 2015 compared to the six months ended May 31, 2014.
- Foreign exchange loss increased by \$334,285 due to the weakening of the Canadian dollar compared to the US dollar during the six months ended June 30, 2015 compared to the strengthening of the Canadian dollar during the six months ended May 31, 2014.
- Interest expense increased by \$203,869 due to six months of interest in the six months ended June 30, 2015 on the Promissory Note issued to Till Capital compared to only one and a half months of interest in the six months ended May 31, 2014.

#### Cash flows for the six months ended June 30, 2015

Cash outflows from operating activities increased by \$102,839 to \$360,489 (six months ended May 31, 2014 - \$257,650) due primarily to a smaller decrease change in prepaids and timing of payables to related parties.

Cash outflows from investing activities increased by \$10,770 to \$162,516 (six months ended May 31, 2014 - \$173,286) due to higher exploration costs capitalized, offset by proceeds from the sale of Hylake Gold shares of \$16,047.

There were no cash flows from financing activities in the current period, compared to the cash inflows from financing activities of \$623,287 during the six months ended May 31, 2014 due to proceeds received from a private placement.

#### Financial position

The decrease in cash and equivalents of \$523,005 to \$29,670 (December 31, 2014 - \$552,675) results primarily from paying operating expenditures during the period with no offsetting cash inflows.

The fair value of the derivative asset increased by \$847,148 to \$3,615,152 at June 30, 2015 (December 31, 2014 - \$2,768,004 ) as a result of the decline in the Company's share price from \$0.03 to \$0.01 from December 31, 2014 to June 30, 2015.

Reclamation bonds totaling \$235,815 (December 31, 2014 - \$194,778) are posted 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 on the Company's mineral properties. Reclamation liabilities as at June 30, 2015 are not material.

Property, plant and equipment increased by \$186,049 to \$4,916,427 (December 31, 2014 - \$4,730,378) due to the effect of changes in the foreign exchange rate on the valuation of Springer fixed assets, partially offset by an annual physical equipment inventory adjustment of \$101,504.

Mineral properties increased by \$313,179 to \$8,176,511 (December 31, 2014 - \$7,863,332) due to the effect of changes in the foreign exchange rate and additional amounts capitalized for expenditures on mineral properties, partially offset by a write-off of \$357,827 of the Illinois Creek property in the current period.

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 a value of \$0.05 per share for a total payment of \$1,451,400 as per the Agreement announced on December 17, 2013. As a result, the Promissory Note balance decreased to \$3,806,034 (December 31, 2014 - \$4,638,595), the interest payable decreased by \$48,978 to \$98,956 (December 31, 2014 - \$147,934), and the share capital increased by \$873,240 to \$31,797,380 (December 31, 2014 - \$30,924,140).

#### LIQUIDITY AND CAPITAL RESOURCES

The 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 six months ended June 30, 2015, the Company reported net cash outflow

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from operating activities of \$360,489 and as at that date had a negative net working capital balance of \$214,363 and an accumulated deficit of \$23,711,461. 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 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.

**OUTSTANDING SHARE DATA**

At the date of this report the Company has 128,049,192 issued and outstanding common shares, 450,000 outstanding warrants at a weighted average exercise price of \$0.14, and 4,806,000 stock options outstanding at a weighted average exercise price of \$0.29.

**RELATED PARTY TRANSACTIONS**

Compensation paid or payable to key management for management services provided for the six months ended June 30, 2015 was \$10,262 (May 31, 2014 - \$247,036). The Company is also party to service agreements with Till Capital whereby the Company receives accounting, corporate communications, and technical services on a cost plus recovery basis. In the six months ended June 30, 2015, the Company was charged \$171,813 for these services. These services were incurred in the normal course of operations for general corporate matters, attendance at committee and board meetings, as well as evaluating business opportunities. All services were made on terms substantially equivalent to those that prevail with arm's length transactions.

The amounts due to related parties totaled \$85,326 as at June 30, 2015 (May 31, 2014 - \$29,533).

**OFF BALANCE SHEET ARRANGEMENTS**

At June 30, 2015, the Company had no material off-balance sheet arrangements, such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments (other than the derivative instrument related to the Promissory Note which is disclosed in note 5 of the interim condensed consolidated financial statements), or any obligations that trigger financing, liquidity, market or credit risk to the Company.

**CRITICAL ACCOUNTING ESTIMATES**

The Company has prepared its unaudited interim condensed consolidated financial statements in accordance with IFRS as issued by the IASB. note 3 to the audited consolidated financial statements for the year ended December 31, 2014 provides details of significant accounting policies and accounting policy decisions for significant or potentially significant areas that have had an impact on the Company's financial statements or may have an impact in future periods. There were no changes to the accounting policies applied by the Company to the unaudited interim condensed consolidated financial statements for the six months ended June 30, 2015, from those applied to the audited consolidated financial statements for the year ended December 31, 2014.

The preparation of financial statements in conformity with IFRS requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, as well as revenues and expenses. Other than the estimates used in the derivative asset valuation disclosed in note 5 of the interim condensed consolidated financial statements, there have been no changes to the Company's critical accounting estimates since December 31, 2014. Readers are encouraged to refer to the critical accounting policies and estimates as described in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2014.

**RISKS AND UNCERTAINTIES**

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

*Availability of financing*

There is no assurance that additional funding will be available to the Company for additional exploration or for the substantial capital that is typically required in order to bring a mineral project to the production decision or to place a property into commercial production. There can be no assurance that Silver Predator will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

*Title matters*

While Silver Predator has performed due diligence with respect to title of its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements of transfer or other adverse land claims, and title may be affected by undetected defects.

*Management*

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company.

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### *Economics of developing mineral properties*

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. With respect to Silver Predator's properties, should any mineral resource exist, substantial expenditures will be required to confirm that mineral reserves which are sufficient to commercially mine exist on its current properties, and to obtain the required environmental approvals and permits required to commence commercial operations. Should any resource be defined on such properties, there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable, merchantable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (i) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (ii) availability and costs of financing; (iii) ongoing costs of production; (iv) market prices for the minerals to be produced; (v) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (vi) political climate and/or governmental regulation and control.

The ability of Silver Predator to sell and profit from the sale of any eventual mineral production from any of its properties will be subject to the prevailing conditions in the global minerals marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end-users' demand for mineral products. Many of these factors are beyond the control of the Company and therefore represent a market risk which could impact the long term viability of the Company and its operations.

### *Foreign Exchange Risk*

A portion of the Company's financial assets and liabilities are denominated in US dollars. The Company monitors this exposure, but has no hedge positions. At June 30, 2015, a 5% change in the value to the US dollar as compared to the Canadian dollar would result in an immaterial change in net loss and shareholders' equity.

### *Credit Risk*

Credit risk arises from cash held with banks and financial institutions and receivables. The maximum exposure to credit risk is equal to the carrying value of these financial assets. The Company's cash is primarily held with a major Canadian bank and a major US bank.

### *Interest Rate Risk*

Interest rate risk mainly arises from the Company's cash and cash equivalents, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are negligible.

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The majority of the Company's accounts payable and accrued liabilities are payable in less than 90 days. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable.

### *Stage of Development*

The Company's properties are in the development and exploration stage and the Company does not have an operating history. Exploration and development of mineral resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. The amounts attributed to the Company's interest in its properties as reflected in its financial statements represent acquisition and exploration expenses and should not be taken to represent realizable value. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors such as unusual or unexpected geological formations, and other conditions.

### *Profitability of Operations*

The Company is not currently operating profitably and it should be anticipated that it will operate at a loss at least until such time as production is achieved from one of the Company's properties, if production is, in fact, ever achieved. The Company has never realized an operating profit. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

### *Mineral Industries Competition is Significant*

The international mineral industries are highly competitive. The Company will be competing against competitors that may be larger and better capitalized, have state support, have access to more efficient technology, and have access to reserves minerals that are cheaper to extract and process. As such, no assurance can be given that the Company will be able to compete successfully with its industry competitors.

### *Fluctuations in Metal Prices*

The Company's future revenues, if any, are expected to be in large part derived from the future mining and sale of metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control, including international economic and political conditions, expectations of inflation, international currency exchange rates,

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interest rates, global or regional consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the prices of metals, and therefore the economic viability of the Company's operations, cannot be accurately predicted. Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

#### *The Company's Operations are Subject to Operational Risks and Hazards Inherent in the Mining Industry*

The Company's business is subject to a number of inherent risks and hazards, including environmental pollution; accidents; industrial and transportation accidents, which may involve hazardous materials; labour disputes; power disruptions; catastrophic accidents; failure of plant and equipment to function correctly; the inability to obtain suitable or adequate equipment; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures, ground movements, tailings, pipeline and dam failures and cave-ins; and encountering unusual or unexpected geological conditions and technical failure of mining methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's mineral properties, personal injury or death, environmental damage, delays in the Company's exploration or development activities, costs, monetary losses and potential legal liability and adverse governmental action, all of which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

#### *Environmental Risks and Hazards*

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures estimated by management may differ from the actual expenditures required.

#### *Government Regulation*

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company believes its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations or applicable laws or regulations.

Amendments to current laws and regulation governing operations or more stringent implementation thereof could have a substantial impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

#### *Future Sales of Common Shares by Existing Shareholders*

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. Substantially all of the Common Shares can be resold without material restriction in Canada.

#### *The Company could be deemed a passive foreign investment company which could have negative consequences for U.S. investors*

Depending upon the composition of the Company's gross income or its assets, the Company could be classified as a passive foreign investment company ("PFIC") under the United States tax code. If the Company is declared a PFIC, then owners of the common shares who are U.S. taxpayers generally will be required to treat any "excess distribution" received on their common shares, or any gain realized upon a disposition of common shares, as ordinary income and to pay an interest charge on a portion of such distribution or gain, unless the taxpayer makes a qualified electing fund ("QEF") election or a mark-to-market election with respect to the common shares. A U.S. taxpayer who makes a QEF election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any year in which the Company is classified as a PFIC, whether or not the Company distributes any amounts to its shareholders. U.S. investors should consult with their tax advisor for advice as to the U.S. tax consequences of an investment in the common shares.

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**INFORMATION REGARDING FORWARD LOOKING STATEMENTS**

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward-looking information" which include, but is not limited to, information about the transactions, statements with respect to the future financial or operating performances of the Company and its projects, the future price of silver, the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production revenues, margins, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, cost and timing of plant and equipment, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking information statements can be identified by the use of words such as "proposes", "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities and feasibility studies; assumptions in economic evaluations that may prove inaccurate; fluctuations in the value of the Canadian or US dollar; future prices of silver; future prices of gold; possible variations of ore grade or recovery rates; failure of plant or equipment or failure to operate as anticipated; accidents; labour disputes or slowdowns or other risks of the mining industry; climatic conditions; political instability; or arbitrary decisions by government authorities.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Management's Discussion and Analysis of Financial Condition and Results of Operations based on the opinions and estimates of management, and Silver Predator disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

**SUBSEQUENT EVENTS**

In August 2015, the Company's Board of Directors approved making a full cash payment of the remaining balance of the US\$4.5 million Promissory Note to Till Capital plus accrued interest upon receipt of the proceeds from the sale of Springer Mining Company, a subsidiary of the Company. The Company's Board of Directors also agreed to negotiate in good faith with Till Capital to settle upon a cash price for the existing 2.0% Net Smelter Royalty on the Springer property to Till Capital. The agreed upon dollar amount would be paid in cash by the Company in exchange for Till Capital extinguishing the royalty on the property.