SILVER PREDATOR CORP.

(An Exploration Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2014 AND MAY 31, 2013

Management's Responsibility for Financial Reporting

The accompanying financial statements of Silver Predator Corp. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

"Clifford Nelson" *"Anthony Jackson"*

Clifford Nelson
Chief Executive Officer

Anthony Jackson
Chief Financial Officer

Vancouver, BC

September 2, 2014

September 2, 2014

Independent Auditor's Report

To the Shareholders of Silver Predator Corp.

We have audited the accompanying consolidated financial statements of Silver Predator Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at May 31, 2014 and May 31, 2013 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended May 31, 2014 and May 31, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Silver Predator Corp. and its subsidiaries as at May 31, 2014 and May 31, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants
Vancouver, British Columbia

Silver Predator Corp.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at May 31, 2014	As at May 31, 2013
ASSETS		
Current		
Cash and cash equivalents (Note 5)	$ 371,733	$ 512,976
Prepaid expenses and deposits	40,041	27,164
Receivables (Note 6)	10,905	18,687
Investments (Note 7)	170,000	195,000
	592,679	753,827
Derivative asset (Note 8)	624,486	-
Reclamation bonds (Note 9)	173,913	22,206
Property, plant, equipment (Note 10)	4,397,667	-
Mineral properties (Note 11)	6,785,429	14,762,333
	$ 12,574,174	$ 15,538,366
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 12)	$ 273,122	$ 55,801
Due to related parties (Note 15)	29,533	5,128
	302,655	60,929
Promissory note (Note 8)	4,153,113	-
Shareholders' equity		
Share capital (Note 13)	29,618,564	28,254,839
Reserves	2,644,349	2,438,812
Accumulated other comprehensive income	687,846	290,296
Deficit	(24,832,353)	(15,506,510)
	8,118,406	15,477,437
	$ 12,574,174	$ 15,538,366

Approved on behalf of the Board of Directors:

"William B. Harris" *"Nathan A. Tewalt"*

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

Silver Predator Corp.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year ended May 31, 2014		Year ended May 31, 2013
EXPENSES				
Consulting and management fees	$	123,177	$	203,589
General and administrative		41,453		93,212
Filing		84,322		21,827
Insurance		30,732		22,925
Professional fees		104,205		192,904
Salaries and wages		9,927		91,884
Stock-based compensation (Note 13)		179,602		227,003
Travel and promotion		6,118		61,480
Write-off of resource properties (Note 11)		9,191,170		4,998,270
		(9,770,706)		(5,913,094)
OTHER ITEMS				
Revaluation of derivative asset (Note 8)		488,490		-
Write-off of investments		(25,000)		(509,988)
Foreign exchange gain (loss)		46,887		(6,025)
Interest income (expense)		(65,514)		5,479
		444,863		(510,534)
Loss before taxes		(9,325,843)		(6,423,628)
Deferred income tax recovery		-		622,996
Loss for the year		(9,325,843)		(5,800,632)
Loss for the year	$	(9,325,843)	$	(5,800,632)
Items that may be reclassified to profit and loss				
Change in cumulative translation adjustment		397,550		15,697
Unrealized losses on available-for-sale investments (Note 7)		(25,000)		575,000
Reclassification of write-off of investments to profit and loss (Note 7)		25,000		(509,988)
Total comprehensive loss for the year	$	(8,928,293)	$	(5,849,947)
Basic and diluted loss per common share	$	(0.15)	$	(0.12)
Weighted average number of common shares outstanding		62,226,612		47,252,147

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

Silver Predator Corp.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended May 31, 2014	Year ended May 31, 2013
OPERATING ACTIVITIES		
Loss for the year	$ (9,325,843)	$ (5,800,632)
Items not affecting cash:		
Unrealized foreign exchange gain	(64,470)	-
Deferred income tax (recovery) expense	-	(622,996)
Interest expense	65,514	-
Write-off of resource properties	9,191,170	4,998,270
Write-off of investments	25,000	509,988
Stock-based compensation	179,602	227,003
Revaluation of derivative asset	(488,490)	-
	(417,517)	(688,367)
Changes in non-cash working capital items:		
Decrease (increase) in receivables	7,782	533,623
Decrease (increase) in prepaid expenses and deposits	(12,877)	12,865
(Decrease) increase in due to related parties	24,405	(137,402)
(Decrease) increase in accounts payable and accrued liabilities	149,348	(151,519)
	(248,859)	(430,800)
INVESTING ACTIVITIES		
Property, plant, equipment	(68,635)	-
Collection of promissory note	-	100,000
Mineral properties	(482,036)	(991,560)
	(550,671)	(891,560)
FINANCING ACTIVITIES		
Private placements	660,801	1,054,600
Share issuance costs	(2,514)	(9,925)
	658,287	1,044,675
Change in cash and cash equivalents during the year	(141,243)	(277,685)
Cash and cash equivalents, beginning of year	512,976	790,661
Cash and cash equivalents, end of year	$ 371,733	$ 512,976

Supplemental disclosures with respect to cash flows (Note 16)

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

Silver Predator Corp.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital					
	Number	**Amount**	**Reserves**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance, May 31, 2012	41,791,468	26,518,193	1,954,638	339,611	(9,705,878)	19,106,564
Share issuance costs – cash	-	(9,925)	-	-	-	(9,925)
Issuance of shares – properties	6,265,000	867,390	-	-	-	867,390
Issuance of warrants – properties	-	-	43,925	-	-	43,925
Issuance of shares – cash	5,858,891	879,181	175,419	-	-	1,054,600
Stock-based compensation	-	-	264,830	-	-	264,830
Other comprehensive income	-	-	-	(49,315)	-	(49,315)
Net loss for the year	-	-	-	-	(5,800,632)	(5,800,632)
Balance, May 31, 2013	53,915,359	28,254,839	2,438,812	290,296	(15,506,510)	15,477,437
Share issuance costs – cash	-	(2,514)	-	-	-	(2,514)
Issuance of shares – properties	13,175,833	705,438	-	-	-	705,438
Issuance of shares – cash	12,300,000	660,801	-	-	-	660,801
Stock-based compensation	-	-	205,537	-	-	205,537
Other comprehensive income	-	-	-	397,550	-	397,550
Net loss for the year	-	-	-	-	(9,325,843)	(9,325,843)
Balance, May 31, 2014	79,391,192	29,618,564	2,644,349	687,846	(24,832,353)	8,118,406

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

1. NATURE OF OPERATIONS

Silver Predator Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on May 16, 2006. The Company is in the business of exploring for and developing economically viable mineral resource deposits in the United States. The Company's current focus is to advance the exploration of its silver and tungsten properties.

The Company's head office, principal address and registered and records office are located at Suite 800, 1199 West Hastings Street, Vancouver, British Columbia, Canada V6E 3T5.

The Company is 63% owned by Till Capital Ltd. ("Till Capital"). Till Capital was formed by a reverse takeover of Americas Bullion Royalty Corp ("AMB"), which occurred in April 2014. All references to AMB in these notes to the financial statements thus also refer to Till Capital Ltd.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, receipt of necessary permits and regulatory approvals, and the ability of the Company to obtain financing to complete project development and future profitable operations or sale of the properties.

2. BASIS OF PRESENTATION

Basis of presentation and measurement

The Company prepares its consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The 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 consolidated financial statements were approved by the board of directors for issue on September 2, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in these consolidated financial statements are as follows:

a. Basis of consolidation

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

All subsidiaries are entities that we control, 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 we have existing rights that give us 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 of our intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

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. Intragroup transactions, balances, income and expenses are eliminated on consolidation.

The Company's subsidiaries are as follows:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Silver Predator US Holding Corp.	Nevada, USA	100%	Holding Company
Silver Predator Alaska Corp.	Alaska, USA	100%	Mineral exploration
PWH Nevada Inc.	Nevada, USA	100%	Mineral exploration
Silver Predator Canada Corp.	Yukon, Canada	100%	Mineral exploration
Nevada Royalty Corp.	Nevada, USA	100%	Mineral exploration
Springer Mining Company	Nevada, USA	100%	Mineral exploration
Nevgold Resource Corp.	Canada	100%	Mineral exploration
Nevgold USA Inc.	Nevada, USA	100%	Mineral exploration
Anglo Nevada Metals Corp,	Nevada, USA	100%	Mineral exploration
Fury Exploration Ltd.	British Columbia, Canada	100%	Mineral exploration
Fury Explorations (Mexico) S. de R.L. de. C.V.	Mexico	100%	Mineral exploration

b. Translation of foreign currencies

The functional currency of the parent and its Canadian subsidiaries is the Canadian dollar. The functional currency of the Company's United States and Mexican subsidiaries is the United States dollar. The Company's presentation currency is Canadian dollars.

Transactions denominated in currencies other than the functional currency are recorded using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit and loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period where these approximate the rates on the dates of transactions, and where exchange differences arise, they are recognized as a separate component of equity.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks, and highly liquid short-term interest- bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

d. Reclamation bonds

Reclamation bonds include bonds that have been pledged for reclamation and closure activities that are not available for immediate disbursement.

e. Property, plant and equipment

Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment charges. Depreciation of assets not used for production is recorded on a straight-line basis over the estimated useful life of the asset. Depreciation of assets used for production is recorded on a units-of-production basis. Residual values and useful lives are reviewed annually. Impairment losses and gains and losses on disposals of property, plant and equipment are included in the statement of loss.

f. Mineral properties

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined that there is an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After all costs relating to a property have been recovered, further payments received are recorded as a gain on option or disposition of mineral property.

g. Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense. The Company has determined that it has no restoration provision obligations at May 31, 2014.

h. Impairment of tangible and intangible assets

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it to the asset's carrying amount. The recoverable amount is the higher of the fair value less cost to sell and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss during the period.

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. The carrying value of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the statement of loss in the period it is determined.

i. Financial Instruments

Recognition

Financial instruments are recognized on the consolidated balance sheet on the settlement date, the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

All financial instruments are required to be classified and measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

At initial recognition, the Company classifies its financial instruments in the following categories:

Loans and receivables

Loans and receivables include cash and cash equivalents, reclamation bonds, and other current receivables and loans that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include trade payables, and the promissory note payable. Trade payables are initially recognized at the amount required to be paid, subsequently are measured at amortized cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Available for sale investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from re-measurement are recognized in other comprehensive loss. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the statement of loss.

The Company assesses at the end of each reporting period whether there is objective evidence that an available-for-sale investment is impaired. If an impairment of an available-for-sale investment has been recorded in profit, it is not reversed in future periods.

Financial assets at fair value through profit or loss

Derivative instruments, including embedded derivatives, are recorded at fair value through profit or loss and, accordingly, are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives are recorded in profit in the period in which they arise. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the balance sheet date or settlement date of the derivative.

j. Flow-through shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares. These instruments permit the Company to renounce (i.e. transfer) the tax deductions associated with an equal value of qualifying resource expenditures to the investor. The proceeds from the issuance of flow-through shares are allocated between the offering of the flow-through shares and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company incurs the expenditures, at which point the liability is reversed and recorded as a tax recovery on the statement of loss. The Company records a deferred tax liability on the date that the expenditures are incurred. At the time of recognition of the deferred tax liability, an offsetting entry is made to deferred tax expense.

k. Share-based compensation

The Company grants share-based awards in the form of share options in exchange for the provision of services from certain employees, officers, and directors. The share options are equity-settled awards. The Company determines the fair value of the awards on the date of grant. This fair value is charged to loss using a graded vesting attribution method over the vesting period of the options, with a corresponding credit to contributed surplus. When the share options are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjust the total expense to be recognized over the vesting period.

The Company accounts for share purchase warrants using the fair value method. Under this method, the fair value of share purchase warrants is determined using the Black-Scholes valuation model. Upon exercise of a share purchase warrant, consideration paid together with the amount previously recognized in reserves is recorded as an increase to share capital.

l. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax payable, if any, is based on taxable earnings for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

m. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In periods of loss basic and diluted earnings per share are the same as the effect of issuance of additional shares is anti-dilutive.

Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the financial statements.

Areas of estimation and judgment that have the most significant effect on the amounts recognized in the financial statements are:

Valuation of mineral properties - The Company follows the guidance of IFRS 6 to determine when a mineral property asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the company's future plans to explore and evaluate a mineral property.

Valuation of promissory note - The fair value upon recognition of the Company's promissory note, which is not traded in an active market, was calculated using the effective interest rate method (note 8). Determination of the effective interest rate used at the date of recognition to discount the future cash flows of the promissory note requires significant judgment.

New and amended standards adopted by the Company

The following standards have been adopted by the group for the first time for the financial year beginning June 1, 2013:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). This requirement is reflected in the Company's statement of comprehensive loss.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of a parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Adoption of IFRS 10 did not result in any change to the Company's financial statements.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The Company is not a party to any joint arrangements and as such was not impacted by IFRS 11.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. Adoption of IFRS 12 did not result in any change to the Company's financial statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Fair value determinations made during the year were performed in accordance with IFRS 13.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

New standards not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after June 1, 2013, and have not been applied in preparing these consolidated financial statements. The Company is currently assessing the impact of these standards and amendments on its consolidated financial statements.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

In November 2013, the IASB issued the hedge accounting section of IFRS 9, as well as two amendments to the previously issued IFRS 9. The new hedge accounting model will align hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items will now be eligible for hedge accounting as long as the risk component can be identified and measured. The new hedge accounting model includes eligibility criteria that must be met but these criteria are based on an economic assessment of the strength of the hedging relationship, which can be determined using internal risk management data. New disclosure requirements relating to hedge accounting will be required and are meant to simplify existing disclosures. The IASB currently has a separate project on macro hedging activities and until that project is completed, entities are permitted to continue to apply IAS 39 for all of their hedge accounting.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the effect of IFRS 9 and related amendments on our financial statements.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. ACQUISITION OF SPRINGER MINING COMPANY AND OTHER ASSETS

On April 17, 2014 the Company completed the acquisition of Springer Mining Company ("SMC") and Nevada Royalty Corporation ("NRC") from AMB (the "Acquisition"). The assets of SMC and NRC include the Springer Mine and Springer Mill, the Taylor Mill, and other mineral properties. The Acquisition has been accounted for as an asset purchase.

In consideration for the acquired assets, the Company:

- issued AMB 6,892,500 common shares of the Company on closing (note 13);
- issued AMB a promissory note with a face value of US$ 4,500,000, stated interest of 4.00% per annum, payable over three years (note 8);
- granted AMB royalty interests in the mineral properties owned by the Company prior to the Acquisition; and
- granted AMB royalty interests in the mineral properties acquired by the Company in the Acquisition.

The fair value of the consideration paid was calculated as follows, expressed in Canadian dollars:

Common Shares issued on closing	$	516,938
Promissory Note		4,152,069
Derivative asset		(135,997)
	$	4,533,010

The following table sets forth the allocation of the fair value of the consideration to the assets acquired and liabilities assumed:

Purchase price allocation		
Property, plant and equipment		4,397,310
Reclamation bonds		56,830
Mineral interests		147,915
Accounts payable and accrued liabilities		(69,045)
	$	4,533,010

In addition to the consideration paid, the Company incurred $68,635 in acquisition-related costs which were capitalized to property, plant and equipment, resulting in total PP&E additions at April 17, 2014 of $4,465,945.

(Expressed in Canadian Dollars)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

		May 31, 2014		May 31, 2013
Cash	$	248,733	$	389,976
Short term investments		123,000		123,000
	$	371,733	$	512,976

6. RECEIVABLES

Receivables comprise the following:

		May 31, 2014		May 31, 2013
Goods and Service Tax recoverable	$	9,503	$	2,451
Other receivables		1,402		16,236
	$	10,905	$	18,687

7. INVESTMENTS

The Company holds securities in other companies as follows:

		May 31, 2014		May 31, 2013
Common shares in public companies – fair value	$	150,000	$	175,000
Common shares in private companies – fair value		20,000		20,000
	$	170,000	$	195,000

		May 31, 2014		May 31, 2013
Common shares in public companies – cost	$	684,988	$	684,988
Common shares in private companies – cost		20,000		20,000
	$	704,988	$	704,988

During the year ended May 31, 2014, the Company recorded an impairment charge of $25,000 (2013 - $509,988) due to significant declines in the value of the Company's public company investments below cost.

(Expressed in Canadian Dollars)

8. PROMISSORY NOTE AND EMBEDDED DERIVATIVE ASSET

In conjunction with the Acquisition of SMC and NRC (note 4) the Company issued a US$4,500,000 promissory note (the "Promissory Note"). The Promissory Note bears interest at 4.00% per annum payable in tranches of US$ 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. At the Company's option, the principal and interest payments may be made in cash or common shares, where the number of shares is 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 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, AMB would receive the SMC and NRC shares and retain any cash or common share payments to date.

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 is management's best estimate of the Company's cost of borrowing at the time of the Acquisition.

		Promissory Note
Face value US$	US$	4,500,000
Initial issue discount		(729,847)
Accreted interest in the period		60,425
Carrying value – May 31, 2014	US$	3,830,578
Carrying value – May 31, 2014	$	4,153,113

The option to settle payments in common shares at $0.05 when the prevailing share price of the Company is below $0.05, represents an embedded derivative in the form of a put option to the Company. This derivative asset is initially recognized at fair value on the date of the Acquisition and is subsequently re-measured at fair value at each reporting date, with changes in fair value recorded in profit or loss. The fair value of the derivative asset is estimated using the Black-Scholes model, with the following assumptions as at the date of the Acquisition and as at May 31, 2014:

	April 17, 2014	May 31, 2014
Share price at valuation date	$0.075	$0.050
Risk-free interest rate	1.06% to 1.21%	1.03% to 1.13%
Expected life	1.00 to 3.00 years	0.88 to 2.88 years
Volatility	25%	25%
Dividend rate	-	-

Volatility is estimated based on movements in the Company's historical share price, adjusted to reflect that the put option derives its value from the possibility of the share price being below $0.05 during the option's life.

9. RECLAMATION BONDS

The Company has posted non-interest bearing bonds totaling $173,913 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.

(Expressed in Canadian Dollars)

10. PROPERTY, PLANT AND EQUIPMENT

		Structures and Equipment
Cost:		
Balance May 31, 2012 and 2013	$	-
Additions		4,465,945
Foreign exchange		(68,278)
Impairment		-
Balance May 31, 2014	$	4,397,667
Accumulated depreciation:		
Balance May 31, 2012 and 2013	$	-
Depreciation		-
Dispositions		-
Balance, May 31, 2014	$	-
Net carrying amounts:		
As at May 31, 2012 and 2013	$	-
As at May 31, 2014	$	4,397,667

During the year-ended May 31, 2014, the Company acquired the Springer Mill assets (Note 4). The mill is currently not operational.

11. MINERAL PROPERTIES

2014	Balance May 31, 2013	Acquisition costs incurred in year	Exploration costs incurred in year	*Dispositions and other adjustments	Balance May 31, 2014
Canada					
Groundhog, Cyr, Grayling, Zap	$ 1,987,390	$ -	$ -	$ (1,987,390)	$ -
Touchdown, Pigskin, Shar	1,836,609	-	-	(1,836,609)	-
McBride	453,591	-	-	(453,591)	-
Total Canada Properties	4,277,590	-	-	(4,277,590)	-
USA					
Treasure Hill	$ 1,649,133	26,456	1,687	(1,521,562)	$ 155,714
Taylor	4,356,984	122,525	510,016	209,869	5,199,394
Illinois Creek	376,787	-	1,430	(63,878)	314,339
Pinchot	20,138	-	-	(20,138)	-
Cordero	2,252,994	28,417	5,721	(2,257,132)	30,000
Copper King	773,732	12,631	21,955	35,957	844,275
Cornucopia	202,014	22,237	5,906	(200,157)	30,000
Springer Tungsten	-	147,915	63,598	-	211,513
Lewiston	-	-	194	-	194
Total USA Properties	9,631,782	360,181	610,507	(3,817,041)	6,785,429
Mexico					
Magistral	852,961	-	-	(852,961)	-
Total Mexico Property	852,961	-	-	(852,961)	-
Total Property Costs	$ 14,762,333	$ 360,181	$ 610,507	$ (8,947,592)	$ 6,785,429

(Expressed in Canadian Dollars)

11. MINERAL PROPERTIES *(Cont'd…)*

2013	Balance May 31, 2012	Acquisition costs incurred in year	Exploration costs incurred in year	*Dispositions and other adjustments	Balance May 31, 2013
Canada					
Plata	$ 2,384,907	$ -	$ 45,629	$ (2,430,536)	$ -
Groundhog, Cyr, Grayling, Zap	1,954,121	-	33,269	-	1,987,390
Touchdown, Pigskin, Shar	1,834,355	-	2,254	-	1,836,609
Rusty, Hy, and Flip	1,876,515	250	114,853	(1,991,618)	-
McBride	453,591	-	-	-	453,591
Staking and other	759,013	-	3,417	(762,430)	-
Total Canada Properties	9,262,502	250	199,422	(5,184,584)	4,277,590
USA					
Treasure Hill, Silver Bow	$ 1,583,014	3,309	39,176	23,634	$ 1,649,133
Taylor	2,771,834	901,060	770,823	(86,733)	4,356,984
Illinois Creek	194,132	5,250	190,041	(12,636)	376,787
Pinchot	15,908	-	8,858	(4,628)	20,138
Cordero	2,224,161	9,002	10,326	9,505	2,252,994
Copper King	760,115	-	8,960	4,657	773,732
Cornucopia	159,577	22,398	13,436	6,603	202,014
Total USA Properties	7,708,741	941,019	1,041,620	(59,598)	9,631,782
Mexico					
Magistral	852,961	-	-	-	852,961
Total Mexico Property	852,961	-	-	-	852,961
Total Property Costs	17,824,204	$ 941,269	$ 1,241,042	$ (5,244,182)	14,762,333

**Includes the effect of foreign exchange differences*

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

Taylor Property

AMB granted the Company an option to acquire a 100% interest in the Taylor Property. The option was structured as a purchase of the shares of Fury Explorations Ltd. which in turn owns all of the shares of Anglo Nevada Metals Corporation ("Anglo Nevada"). Anglo Nevada owns the Taylor Property. To exercise this option, the Company issued 1,000,000 shares on closing of the agreement with a fair value of $900,000, 2,533,333 shares in February 2012 with a fair value of $988,000, 240,000 shares in March 2013 with a fair value of $862,140 and 6,283,333 shares on December 11, 2013 with a fair value of $188,501.

AMB retained a 2% NSR on all precious metals and 1% NSR on all other metals, except for metals extracted from claims subject to pre-existing royalties on which AMB will receive a 1% NSR on precious metals and 0.5% NSR on all other metals. The Company accounted for the fair value of the shares issued as acquisition costs of the Taylor Property.

During the year ended March 31, 2014, the Company acquired a 100% interest in the Taylor mill as part of the Acquisition (Note 4).

As part of the Acquisition (Note 4), the Company granted an additional 1% net profits royalty on the property to AMB.

Treasure Hill, Silver Bow, and Magistral Properties

The Company acquired, through its wholly-owned subsidiary Silver Predator US Holding Corp. ("SPUS"), the Treasure Hill and Silver Bow Properties located in White Pine & Nye Counties, Nevada from Americas Bullion US Mines Inc. (a wholly-owned subsidiary of AMB) ("GPUS") and, through the acquisition of Fury Exploration (Mexico) S. de R.L. de C.V. ("Fury Mexico"), the Magistral property located in Jalisco State, Mexico, for an aggregate of 4,000,000 Common Shares with a fair value of $3,600,000.

The Treasure Hill Property consists of certain patented and unpatented mining claims which are subject to existing NSR royalties of between 2% and 3%. GPUS retained a 1% net profits interest ("NPI") in the Treasure Hill Property. As part of the Acquisition (Note 4), the Company granted an additional 0.5% net profits royalty on the property to AMB.

11. MINERAL PROPERTIES *(Cont'd…)*

Due to poor exploration results on the Treasure Hill property during the year the Company recorded a write-down of $1,597,643.

The Company relinquished the Silver Bow property in 2012 due to poor exploration results.

During the year the Company relinquished the Magistral property due to poor exploration results and recorded a write-down of $852,961.

Plata Property

Rockhaven granted the Company's wholly-owned subsidiary Silver Predator Canada Corp. ("SPCC") an option to acquire a 100% interest in certain quartz mining claims located in the Mayo Mining District, Yukon and known as the Plata Property.

The Company relinquished the Plata property in the year ended May 31, 2013 due to poor exploration results and recorded a write-down of $2,430,536.

Groundhog, Cyr, Grayling, and Zap Properties

The Company acquired, through SPCC, a 100% interest in four separate prospective mineral properties represented by certain quartz mining claims located in the Watson Lake and Mayo Mining Districts, Yukon, including the Groundhog, Cyr and Grayling carbonate replacement deposit targets and the Zap Project. On March 31, 2014, the Company sold its 100% interest in the properties for $64,330. The difference of $1,923,060 between the consideration received for the interests and their carrying value of $1,987,390 has been recorded in write-off of mineral properties in profit and loss.

Touchdown, Pigskin, and Shar Properties

The Company acquired, through SPCC, a 100% interest in eight separate prospective mineral properties represented by certain quartz mining claims located in the Watson Lake and Mayo Mining Districts, Yukon and the Liard Mining Division, British Columbia, including the Touchdown, Pigskin, and Shar Properties. On March 31, 2014, the Company sold its 100% interest in the properties for $64,330. The difference of $1,772,279 between the consideration received for the interests and their carrying value of $1,836,609 has been recorded in write-off of mineral properties in profit and loss.

Hy, Flip, and Rusty Properties

The Company acquired, through SPCC, an option to acquire a 100% interest in the Hy, Flip and Rusty Silver Properties.

The Company terminated the option in 2013 due to poor exploration results and recorded a write down of $1,805,955.

Claim Staking

As a result of the termination of some of the Yukon properties during 2013, the Company recorded a write down of $762,430.

Illinois Creek Property

In June 2011, the Company entered into an option agreement to acquire a 100% interest in certain State of Alaska mining claims known as the Illinois Creek property. As consideration for the option, the Company paid US$25,000 and issued 25,000 common shares. To exercise the option, the Company is required to, in stages, pay an additional US$750,000 (paid $50,000) and issue 375,000 common shares (issued 25,000), and incur exploration expenditures of US$3,400,000 by December 13, 2015.

The property is subject to a 2% NSR on precious metals and a 1% NSR on base metals. 1% of the 2% NSR may be purchased by the Company for US$3,000,000.

In August 2012 the option agreement was amended by the Company issuing 25,000 shares on or before December 31, 2012 (issued), making the cash payment of $50,000 due December 31, 2012 a firm commitment, and extending the timelines for incurring the required exploration expenditures of US$3,400,000 by one year, to December 13, 2016.

On March 6, 2013 the Company entered into an option assignment agreement to Plan B Minerals Corp. whereby Plan B Minerals Corp. can earn a 100% interest in the option that the Company currently holds. This agreement was executed on May 5, 2013. During the year the Company received a cash payment of US$71,500 as part of the Option Agreement.

(Expressed in Canadian Dollars)

11. MINERAL PROPERTIES *(Cont'd…)*

Cordero Project, Nevada

The Company acquired the Cordero Project in January 2008. As part of the agreement, the Company assumed two leases. The first lease is on a single patented claim which may be maintained by payment of annual minimum advance royalty payments of US$5,000 on or before November 30 each year through 2026. In addition, a 1.5% NSR is payable on all minerals produced on these lands.

The second lease may be maintained by payment of an annual minimum advance royalty payment of US$4,000 through 2016, for which the Company is expected to contribute 50% or US$2,000. In addition, a 1% NSR is payable on all minerals produced on the leased lands. The Company has $22,206 (April 30, 2011 - $13,954) on deposit with the Nevada Division of Minerals Bond Pool as a reclamation bond for this property. As part of the Acquisition (Note 4), the Company granted an additional 1% net profits royalty on the property to AMB.

While the Company plans to retain its interest in the Cordero Project, no exploration work is planned in the foreseeable future. Accordingly, the Company recorded a write-down of $2,360,710 during the year.

Cornucopia Property, Nevada

In August 2007, the Company entered into a ten year lease to engage in pre-development exploration and drilling on seven lode mining claims, located in Elko County, Nevada. Production of minerals from this property is subject to a 4% NSR. The Company must complete 2,000 feet of exploration drilling prior to December 31, 2015. To extend the lease beyond 10 years, the Company must be mining, developing or processing materials from the property or must have completed 5,000 feet of exploration drilling or must have performed reclamation and closure activities on the property prior to the ten year anniversary of the signing date. In order to maintain the lease on Cornucopia, the Company must pay US$20,000 on or before August 3, each year from 2012 to 2017.

While the Company plans to retain its interest in the Cornucopia Property, no exploration work is planned in the foreseeable future. Accordingly, the Company recorded a write-down of $209,868 during the year.

Springer Project, Nevada

In April 2014, the Company acquired all of the outstanding shares of each of SMC and NRC (Note 4). The assets of SMC include the Springer underground mine and mill complex, including substantially all permits required for mining operations, and the Copper King Tungsten Property, all of which are located in Pershing County, Nevada.

McBride Property, Manitoba

The Company holds a 100% interest in the McBride Property, consisting of four mineral claims. In September 2011 the Company entered into an option agreement with Sypher Resources Limited ("Sypher"), whereby Sypher may earn a 100% interest in the project by issuing 500,000 common shares with a deemed value of at least $500,000 on or before May 30, 2014 and completing an aggregate $600,000 work commitment within a 4 year period. As Sypher did not plan further exploration of the property, the Company wrote off the carrying amount of $453,591. Subsequent to the year end, the option agreement with Syphers was terminated.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise the following:

	May 31, 2014	May 31, 2013
Trade payables	$ 238,122	$ 23,301
Accruals	35,000	32,500
	$ 273,122	$ 55,801

(Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

On December 11, 2013 the Company issued 6,283,333 common shares with a fair value of $188,500 pursuant to a property option agreement. Upon issuance of these shares, the Company acquired a 100% interest in the Taylor Project.

On December 12, 2013 the Company closed a non-brokered private placement of 12,300,000 common shares at a price of $0.05 per Share. On closing of the first tranche, 7,719,869 shares were issued for gross proceeds of $385,994. Till Capital, a company related by its shareholding in Silver Predator Corp., purchased 5,419,869 Shares.

On March 17, 2014, the Company amended the terms of the second tranche of the private placement. The second tranche of 4,580,131 shares were issued to AMB at $0.06 per share for gross proceeds of $274,807.

On April 17, 2014 the Company issued 6,892,500 in conjunction with the Acquisition (note 4). The shares were recorded at fair value of $516,938 based on the prevailing share price of the Company of $0.075.

b) Stock options and warrants

The Company has a Stock Option Plan to provide an incentive to its directors, officers, employees and consultants. The maximum number of shares issuable under the Stock Option Plan may not exceed 15% of the shares outstanding and the maximum number of options granted to insiders of the Company 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 is as 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.

Stock options and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, May 31, 2012	652,500	0.77	2,648,875	0.87
Issued / Granted	3,454,445	0.26	2,345,000	0.18
Expired	(652,500)	0.77	(365,625)	0.86
Outstanding, May 31, 2013	3,454,445	0.26	4,628,250	0.52
Issued / Granted	-	-	2,415,000	0.08
Expired	(2,954,445)	0.28	(1,162,500)	0.81
Outstanding, May 31, 2014	500,000	0.14	5,880,750	0.25
Exercisable	500,000	0.14	2,940,750	0.45

(Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES *(Cont'd…)*

As May 31, 2014, incentive stock options and share purchase warrants were outstanding as follows:

	Number of shares		Exercise price	Expiry Date
Options	120,000	$	0.50	September 14, 2015
	390,000		0.78	November 18, 2015
	598,250		1.05	April 4, 2016
	100,000		0.75	June 27, 2016
	2,257,500		0.18	December 12, 2017
	2,415,000		0.08	January 22, 2019
	5,880,750			
Warrants	200,000		0.14	January ,28, 2018
	50,000		0.14	December 31, 2014
	250,000		0.14	December 31, 2015
	500,000			

During the year ended May 31, 2014, the Company recognized stock-based compensation of $205,537 (2013 - $227,003). 179,602 was recorded in the statement of operations, and $25,935 was capitalized to mineral properties. The weighted average fair value of options granted in the period was $0.08 per share.

The fair value of all compensatory options granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	2014	2013
Risk-free interest rate	1.62%	1.25%
Expected life	5.00 years	5.00 years
Volatility	138,68%	110.75%
Dividend rate	-	-

14. DEFERRED INCOME TAXES

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

		May 31, 2014		May 31, 2013
Loss before income taxes	$	(9,325,843)	$	(6,423,628)
Expected income tax (recovery)		(2,425,000)		(1,630,317)
Non-deductible items		45,000		57,613
Impact of different tax rates in jurisdictions outside of British Columbia		(467,000)		(7,735)
Impact of future income tax rates applied versus current statutory rate		(107,000)		-
Adjustments based on to prior year's tax returns		427,000		-
Unrecognized deferred tax asset		2,527,000		957,443
Income tax expense (recovery)	$	-	$	(622,996)

(Expressed in Canadian Dollars)

14. DEFERRED INCOME TAXES *(Cont'd…)*

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

		May 31, 2014	May 31, 2013
Deferred income tax assets			
Losses available for future periods	$	3,647,000	1,614,446
Property and equity		1,423,000	-
Mineral properties		8,722,000	1,499,489
Share issuance costs		25,000	44,147
Canadian eligible capital (CEC)		29,000	-
Marketable securities		67,000	-
		13,913,000	3,158,074
Less: unrecognized deferred tax asset		(13,913,000)	(3,158,074)
Net deferred income tax liability	$	-	-

At May 31, 2014, the Company has tax loss carry forwards of approximately $4,172,000. The tax loss carry forwards expire at various dates from 2014 to 2033. The potential income tax benefits related to the tax loss carry forwards have not been reflected in the accounts.

15. RELATED PARTY TRANSACTIONS

Amounts paid to related parties were incurred in the normal course of business and measured at the estimated fair values.

The Company expensed management and consulting fees of $59,219 for the year ended May 31, 2014 (2013 - $132,990) due to directors of the Company.

The amounts due to related parties, totaled $29,533 (2013 - $5,128), are non-interest bearing, due on demand, and were paid subsequent to the period end.

The counterparty to the Acquisition (note 4) was AMB. Prior to the Acquisition, AMB held 46% of the outstanding commons shares of the Company. Subsequent to the Acquisition and reorganization, Till Capital owned a 55% shareholding in the Company. Till Capital is the counterparty to the Company's note payable (note 8) and derivative asset (note 8).

Subsequent to the closing of the July 31, 2014 private placement (Note 20), Till Capital owns 63% of the Company's issued and outstanding shares.

Key management personnel compensation

Key management personnel comprise the Chief Executive Officer, President, Chief Financial Officer, and Vice President, Exploration. Compensation of the Company's key management personnel is comprised of the following:

		May 31, 2014		May 31, 2013
Executive salaries and management fees	$	94,557	$	246,390
Share based payments		138,680		179,455
Total	$	233,237	$	425,845

(Expressed in Canadian Dollars)

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non cash transactions for the period ended May 31, 2014 include the following:

- The Company issued 13,175,833 common shares with a fair value of $705,438 for the acquisition of mineral properties.
- The Acquisition of SMC and NRC was completed in exchange for common shares of the Company and a promissory note. See Notes 4 and 8.

Significant non cash transactions for the period ended May 31, 2013 include the following:

- The Company issued 6,240,000 common shares with a fair value of $862,140 for the acquisition of mineral properties.
- The Company received 2,000,000 common shares with a fair value of $20,000 for an Option Agreement between Plan B Minerals Corp and the Company.

17. SEGMENTED INFORMATION

The Company operates in a single segment, exploration for and development of resource properties. The Company's mineral properties are located in Canada, Mexico, and the United States as shown below:

May 31, 2014	Canada	Mexico	United States	Total
Property, plant, equipment	-	-	4,397,667	4,397,667
Mineral properties	-	-	6,785,429	6,785,429
Loss for the year	4,203,845	852,961	4,269,037	9,325,843

May 31, 2013	Canada	Mexico	United States	Total
Mineral properties	4,277,590	852,961	9,631,782	14,762,333
Loss for the year	5,745,950	67	54,615	5,800,632

18. MANAGEMENT OF FINANCIAL RISK

Financial instruments include cash and any contract that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at May 31, 2014 the Company's carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values due to their short term to maturity.

The three levels of the fair value hierarchy are:

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

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

At May 31, 2014, the Company's financial instruments measured at fair value on a recurring basis were available for sale marketable securities (classified as "Level 1"), the private company investment (classified as "Level 2"), and the derivative asset (classified as "Level 3").

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, receivables and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash and guaranteed investment certificates (GICs), for which management believes the risk of loss to be minimal. Receivables mainly consist of interest receivable from goods and services tax refunds due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal. Reclamation bonds consist of term deposits and guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by management of its working capital to ensure its expenditures will not exceed share capital financings or proceeds from property sales or options. At May 31, 2014, the Company had a working capital balance of $290,024. Subsequent to the year-end the Company completed an additional financing (Note 20).

18. MANAGEMENT OF FINANCIAL RISK *(Cont'd…)*

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

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.

Our borrowings are at fixed rates. The fair value of fixed-rate debt fluctuates with changes in market interest rates, but the cash flows do not.

Foreign currency risk

The Company's raises funds in Canadian dollars and major purchases and expenditures are transacted in US dollars. The Company also funds certain operations and exploration and administrative expenses in US dollars.

Sensitivity analysis

As the Company's parent company functional currency is the Canadian dollar, a 100 basis point (one per cent) increase/ strengthening (decrease/ weakening) in the U.S. dollar at year end would have resulted in the net loss being $33,797 lower ($33,797 higher).

19. MANAGEMENT OF CAPITAL RISK

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity and the Promissory Note to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through public and/or private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

20. SUBSEQUENT EVENTS

Subsequent to the year-end the Company closed a non-brokered private placement with Till Capital of 19 million common shares at seven cents per share for gross proceeds of $1.33 million. Till Capital is an insider and control person of the Company as defined by the TSX Venture Exchange.