



**SILVER PREDATOR CORP.**

**(An Exploration Stage Enterprise)**

**Interim Condensed Consolidated Financial Statements**

**For the Nine Months Ended September 30, 2015 and Ten Months Ended September 30, 2014**

**(Unaudited)**

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

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The attached interim condensed consolidated financial statements for nine months ended September 30, 2015 and ten months ended September 30, 2014 have been prepared by and are the responsibility of the Company's management and have been approved by the Audit Committee of the Company. The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements.

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**Silver Predator Corp.**

## Interim Condensed Consolidated Statements of Financial Position

As at September 30, 2015 and December 31, 2014

(Expressed in Canadian Dollars)

	September 30, 2015	December 31, 2014
	(Unaudited)	
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 724	\$ 552,675
Receivables, prepaid expenses, and deposits	112,841	98,074
Investments (Note 4)	153,350	195,000
Short-term derivative asset (Note 6)	1,527,450	680,452
Assets held for sale (Note 5)	8,390,726	—
	<u>10,185,091</u>	<u>1,526,201</u>
<b>Derivative asset</b> (Note 6)	1,909,659	2,087,552
<b>Reclamation bonds</b> (Note 7)	121,899	194,778
<b>Property, plant and equipment</b>	—	4,730,378
<b>Mineral properties</b> (Note 8)	1,395,434	7,863,332
	<u>\$ 13,612,083</u>	<u>\$ 16,402,241</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 263,784	\$ 228,108
Current portion of promissory note (Note 6)	2,326,635	1,162,700
Due to related parties (Note 10)	82,978	88,003
Liabilities held for sale (Note 5)	16,371	—
	<u>2,689,768</u>	<u>1,478,811</u>
<b>Promissory note</b> (Note 6)	2,119,195	3,475,895
	<u>4,808,963</u>	<u>4,954,706</u>
<b>Shareholders' equity</b>		
Share capital (Note 11)	31,797,380	30,924,140
Reserves	2,702,052	2,697,311
Accumulated other comprehensive income	3,244,140	1,578,494
Deficit	(28,940,452)	(23,752,410)
	<u>8,803,120</u>	<u>11,447,535</u>
	<u>\$ 13,612,083</u>	<u>\$ 16,402,241</u>

Nature of operations and going concern (Note 1)

Approved on behalf of the Audit Committee:

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*"William B. Harris"*

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

**Silver Predator Corp.**

## Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2015 and the four and ten months ended September 30, 2014

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended	Four Months Ended	Nine Months Ended	Ten Months Ended
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
<b>Expenses</b>				
Professional and consulting fees	\$ 84,744	\$ 125,469	\$ 242,482	\$ 271,899
General and administrative	35,302	108,658	107,042	227,384
Stock-based compensation (Note 11)	—	28,728	4,741	134,149
Net loss on operating activities	(120,046)	(262,855)	(354,265)	(633,432)
<b>Other income (expense)</b>				
Gain (loss) on derivative asset	(178,042)	—	1,249,666	488,490
Write-off of fixed assets and exploration assets (Note 8)	(4,373,443)	—	(4,731,270)	(9,191,170)
Loss on investments	(6,978)	—	(58,197)	(25,000)
Foreign exchange gain (loss)	(329,971)	47,668	(617,989)	93,935
Interest expense	(130,826)	(71,004)	(400,209)	(136,518)
Total other expense	(5,019,260)	(23,336)	(4,557,999)	(8,770,263)
Loss from continuing operations for the period	(5,139,306)	(286,191)	(4,912,264)	(9,403,695)
Loss from discontinued operation for the period (Note 5)	(89,685)	(104,689)	(275,778)	(138,478)
<b>Loss for the period</b>	<b>\$ (5,228,991)</b>	<b>\$ (390,880)</b>	<b>\$ (5,188,042)</b>	<b>\$ (9,542,173)</b>
<b>Items that may be reclassified to profit and loss</b>				
Unrealized gain on available-for-sale investments	6,848	—	34,384	—
Reclassification of write-off of investments to profit and loss	—	—	—	25,000
Change in cumulative translation adjustment	853,315	312,009	1,631,262	532,783
<b>Total comprehensive loss for the period</b>	<b>\$ (4,368,828)</b>	<b>\$ (78,871)</b>	<b>\$ (3,522,396)</b>	<b>\$ (8,984,390)</b>
Basic and diluted loss from continuing operations per common share	\$ (0.04)	\$ (0.00)	\$ (0.04)	\$ (0.12)
Basic and diluted loss from discontinued operation per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Basic and diluted loss per common share</b>	<b>\$ (0.04)</b>	<b>\$ (0.00)</b>	<b>\$ (0.04)</b>	<b>\$ (0.12)</b>
<b>Weighted average number of common shares outstanding</b>	<b>128,049,192</b>	<b>92,544,799</b>	<b>116,661,588</b>	<b>77,416,179</b>

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

**Silver Predator Corp.**

## Interim Condensed Consolidated Statement of Cash Flows

For the nine months ended September 30, 2015 and the ten months ended September 30, 2014

(Unaudited - Expressed in Canadian Dollars)

	September 30, 2015	September 30, 2014
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (5,188,042)	\$ (9,542,173)
Items not affecting cash:		
Depreciation	1,605	—
Foreign exchange (gain) loss	718,517	(162,241)
Gain on derivative	(1,249,665)	(488,490)
Interest expense	400,209	203,902
Write-off of fixed assets	9,094	—
Write-off of resource properties	4,722,176	9,191,170
Loss on investments	58,197	25,000
Stock-based compensation	4,741	134,149
Other non-cash items, net	3,342	—
	<u>(519,826)</u>	<u>(638,683)</u>
Changes in non-cash working capital items:		
Increase in receivables	(33,102)	(634)
Decrease in prepaid expenses and deposits	4,696	31,423
(Decrease) increase in amounts due to related parties	(5,025)	88,144
(Decrease) increase in accounts payable and accrued liabilities	(10,310)	20,307
	<u>(563,567)</u>	<u>(499,443)</u>
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment	—	(220,624)
Promissory note payment	—	(641)
Proceeds from sale of marketable securities	17,837	—
Exploration and evaluation costs capitalized	(321,356)	(391,293)
	<u>(303,519)</u>	<u>(612,558)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds received from loan	315,135	—
Proceeds received from private placements	—	1,995,701
Equity issuance costs	—	(2,514)
	<u>315,135</u>	<u>1,993,187</u>
<b>Change in cash and cash equivalents during the period</b>	<b>(551,951)</b>	<b>881,186</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>552,675</b>	<b>179,382</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 724</b>	<b>\$ 1,060,568</b>

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

**Silver Predator Corp.**

## Interim Condensed Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2015 and ten months ended September 30, 2014

(Unaudited - Expressed in Canadian Dollars)

	Share capital		Shares to be issued	Reserves	Accumulated other comprehensive income	Deficit	Total
	Number	Amount					
<b>Balance, November 30, 2013</b>	<b>53,915,359</b>	<b>\$28,254,839</b>	<b>\$ 35,000</b>	<b>\$2,512,993</b>	<b>\$ 442,072</b>	<b>\$ (15,681,060)</b>	<b>\$15,563,844</b>
Private placement	31,870,000	2,030,701	(35,000)	—	—	—	1,995,701
Issuance of shares – properties	13,175,833	705,438	—	—	—	—	705,438
Share issuance costs	—	(2,514)	—	—	—	—	(2,514)
Stock-based compensation	—	—	—	160,084	—	—	160,084
Cumulative translation adjustment	—	—	—	—	557,783	—	557,783
Net loss for the period	—	—	—	—	—	(9,542,173)	(9,542,173)
<b>Balance, September 30, 2014</b>	<b>98,961,192</b>	<b>\$30,988,464</b>	<b>\$ —</b>	<b>\$2,673,077</b>	<b>\$ 999,855</b>	<b>\$ (25,223,233)</b>	<b>\$ 9,438,163</b>
<b>Balance, December 31, 2014</b>	<b>98,961,192</b>	<b>\$30,924,140</b>	<b>\$ —</b>	<b>\$2,697,311</b>	<b>\$ 1,578,494</b>	<b>\$ (23,752,410)</b>	<b>\$11,447,535</b>
Issuance of shares – properties	60,000	2,400	—	—	—	—	2,400
Issuance of shares – payment on note payable to TIII Capital	29,028,000	870,840	—	—	—	—	870,840
Stock-based compensation	—	—	—	4,741	—	—	4,741
Change in value of investments	—	—	—	—	34,384	—	34,384
Cumulative translation adjustment	—	—	—	—	1,631,262	—	1,631,262
Net Income for the period	—	—	—	—	—	(5,188,042)	(5,188,042)
<b>Balance, September 30, 2015</b>	<b>128,049,192</b>	<b>\$31,797,380</b>	<b>\$ —</b>	<b>\$2,702,052</b>	<b>\$ 3,244,140</b>	<b>\$ (28,940,452)</b>	<b>\$ 8,803,120</b>

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Predator Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on May 16, 2006. On September 9, 2014, the Company changed its fiscal year end from May 31 to December 31. These financial statements present the results for the nine months ended September 30, 2015 and the ten months ended September 30, 2014.

Silver Predator Corp., through its wholly owned subsidiary, Springer Mining Company ("SMC"), owns the Springer Tungsten Mine and Mill Complex 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.

As of September 30, 2015, the Company is 71.65% owned by Till Capital Ltd. ("Till Capital"). The Company's head office is located at 13403 N. Government Way, Suite 212, Hayden, ID 83835.

The interim condensed consolidated statements of financial position have been prepared assuming the Company will continue on a going-concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. For the nine months ended September 30, 2015, the Company reported net loss of \$5,188,042 and as at that date had a net working capital balance of \$7,495,323 and an accumulated deficit of \$28,940,452. 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.

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. SMC, 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.

## 2. BASIS OF PRESENTATION

### Basis of presentation and measurement

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34, "*Interim Financial Reporting*". The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

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

These interim condensed consolidated financial statements were approved by the Audit Committee for issue on November 12, 2015.

### Basis of consolidation

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

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

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

The Company's significant subsidiaries are as follows:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Silver Predator US Holding Corp.	Nevada, USA	100%	U.S. Holding Company
Springer Mining Company	Nevada, USA	100%	Mineral exploration
Nevada Royalty Corp.	Nevada, USA	100%	Mineral exploration

**Change in accounting period**

On September 9, 2014, the Company changed its year-end from May 31 to December 31 to synchronize its financial reporting with its parent company. Therefore, the interim condensed consolidated financial statements presented here are for the nine months ended September 30, 2015 compared to the ten months ended September 30, 2014.

**Critical accounting estimates and judgments**

Areas of critical accounting estimates and judgments that have a significant effect on the amounts recognized in these financial statements are disclosed in Note 3 of the Company's audited consolidated financial statements as at and for the seven months ended December 31, 2014.

**3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	September 30, 2015	December 31, 2014
Cash	\$ 724	\$ 429,675
Cash on deposit	—	123,000
	<u>\$ 724</u>	<u>\$ 552,675</u>

**4. INVESTMENTS**

The Company holds securities in other companies as follows:

	September 30, 2015	December 31, 2014
Common shares in public companies – fair value	\$ 133,350	\$ 175,000
Common shares in private companies – fair value	20,000	20,000
	<u>\$ 153,350</u>	<u>\$ 195,000</u>

	September 30, 2015	December 31, 2014
Common shares in public companies – cost	\$ 608,954	\$ 684,988
Common shares in private companies – cost	20,000	20,000
	<u>\$ 628,954</u>	<u>\$ 704,988</u>

**5. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE**

In the second quarter of 2015, the Company 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. During the third quarter of 2015, significant progress has been made in selling SMC and the assets of its Taylor project ("Taylor"). The Company's Board and management are committed to a plan to sell SMC and Taylor, there is an active program in place to sell these assets, and active negotiations are being held with potential buyers. It is expected the sales will be completed within one year. Pursuant to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* ("IFRS 5"), SMC is classified as discontinued operation and assets at Taylor are classified as assets held for sale.

**Discontinued Operation**

The following table details selected financial information included in the loss from discontinued operation in the interim consolidated statement of comprehensive loss for the three months and nine months ended September 30, 2015 and four months and ten months ended September 30, 2014:



	Three Months Ended	Four Months Ended	Nine Months Ended	Ten Months Ended
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Expenses				
Professional and consulting fees	\$ 22,610	\$ 14,233	\$ 41,992	\$ 38,210
General and administrative	65,067	90,456	130,610	100,268
Write-off of fixed assets and exploration assets	2,008	—	103,176	—
Loss for the period	\$ 89,685	\$ 104,689	\$ 275,778	\$ 138,478

The following is the detail of assets and liabilities of SMC as of September 30, 2015:

	September 30, 2015
Assets:	
Cash and cash equivalents	\$ 57
Receivables, prepaid expenses, and deposits	32,490
Reclamation bonds	43,451
Property, plant and equipment	5,323,631
Mineral properties	979,600
	\$ 6,379,229
Liabilities:	
Accounts payable and accrued liabilities	\$ 16,371

Pursuant to IFRS 5, the assets and liabilities of SMC were classified as assets and liabilities held for sale as at September 30, 2015.

During the nine months ended September 30, 2015, the net cash flows attributable to the operating activities of SMC were \$296,442, the net cash flows attributable to the investing activities were \$201,149, and the net cash flows from the financing activities, mainly attributable to intercompany activities, were \$488,676. During the ten months ended September 30, 2014, the net cash flows attributable to the operating activities of SMC were \$120,965, the net cash flows attributable to the investing activities were \$233,380, and the net cash flows from the financing activities, mainly attributable to intercompany activities, were \$435,655.

#### **Assets Held For Sale**

	September 30, 2015
Mineral properties - Taylor	\$ 2,011,497

## **6. PROMISSORY NOTE AND EMBEDDED DERIVATIVE ASSET**

### **Promissory Note**

On April 17, 2014, the Company completed an acquisition (the "Acquisition") of SMC and Nevada Royalty Corporation ("NRC") from America's Bullion Royalty Corp. ("AMB") which subsequently became Till Capital as a result of a reorganization. In conjunction with the Acquisition of SMC and NRC, the Company issued a US\$4,500,000 promissory note (the "Promissory Note"). The Promissory Note bears interest at 4.00% per annum and is payable in tranches of US\$1,000,000, US\$1,500,000, and US\$2,000,000, plus accrued interest, on the first, second, and third anniversaries of the Acquisition respectively. At the Company's option, the principal and interest payments may be made in cash or common shares, with the number of shares determined by reference to the Company's share price immediately prior to the respective payment date. If the prevailing share price of the Company is below \$0.05 at the time of a payment which is to be settled in common shares of the Company, the Company will satisfy the payment based on a share price of \$0.05. The Company may prepay the note at any time though payment of the then outstanding principal and accrued interest. The Promissory Note is secured by the shares of SMC and NRC. In the event of non-payment by the Company, Till Capital, as holder of the note, 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 US\$
Face value	\$ 4,500,000
Initial issue discount	(729,847)
Accreted interest	219,208
Carrying value – December 31, 2014	3,989,361
Principal payment on note - April 17, 2015	(1,000,000)
Accreted interest in the period	271,107
Carrying value - September 30, 2015	\$ 3,260,468
	CDN\$
Carrying value – September 30, 2015	\$ 4,130,695
Carrying value – December 31, 2014	\$ 4,638,595

\$2,011,500 of the principal amount of the promissory note due is classified as a current liability.

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 at November 12, 2015, Till Capital owns 71.65% of the Company.

In August 2015, the Company's Board of Directors approved making a full cash payment of the remaining balance of the Promissory Note to Till Capital, including accrued interest, upon receipt of the proceeds from the sale of SMC. 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 SMC property. The agreed upon dollar amount would be paid in cash by the Company in exchange for Till Capital extinguishing the royalty on the property.

On August 31, 2015, the Company announced that it has arranged for a US\$275,000 loan from a subsidiary of Till Capital to fund its working capital requirements. The loan is secured by the assets of the Company and bears interest at 12% per annum. The loan is due December 31, 2015 and is classified as a current liability. As of September 30, 2015, the outstanding balance of the loan is \$315,135 (US\$235,000).

#### **Derivative Asset**

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 was 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.

Below is a table showing the fair market value of the derivative asset for the periods ended December 31, 2014, and September 30, 2015:

	Beginning Balance	Fair Value adjustment	Ending Balance
December 31, 2014	\$ 624,486	2,143,518	\$ 2,768,004
September 30, 2015	\$ 2,768,004	669,105	\$ 3,437,109

\$1,527,450 of the derivative asset is classified as current at September 30, 2015.

The following is a table showing the inputs used in the calculation of the derivative asset using the Black-Scholes method:

	April 17, 2014	December 31, 2014	September 30, 2015
Share price at valuation date	\$0.075	\$0.03	\$0.01
Risk-free interest rate	1.06%	1.03%	1.0 %
Expected life	1.00 to 3.00 years	.29 to 2.30 years	.55 to 1.55 years
Volatility	25%	25%	25%

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.

**7. RECLAMATION BONDS**

The Company has posted non-interest bearing bonds totaling \$121,899 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. Reclamation liabilities as at September 30, 2015 are not material.

**8. MINERAL PROPERTIES**

The following table is a list of mineral properties as of September 30, 2015 and December 31, 2014:

	12/31/2014 Balance	Additions / Exploration Costs	Dispositions/ other adjustments *	09/30/15 Balance
Treasure Hill	\$ 183,723	\$ 775	\$ 28,235	\$ 212,733
Taylor	5,662,103	27,012	(5,689,115)	—
Illinois Creek	337,097	—	(337,097)	—
Cordero	44,250	13,231	7,717	65,198
Copper King	915,865	9,755	141,085	1,066,705
Cornucopia	38,998	5,463	6,337	50,798
Springer	632,592	231,916	(864,508)	—
Modoc	12,347	—	(12,347)	—
Tempo	32,390	—	(32,390)	—
Other	3,967	35,605	(39,572)	—
	<b>\$ 7,863,332</b>	<b>\$ 323,757</b>	<b>\$ (6,791,655)</b>	<b>\$ 1,395,434</b>

\*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, the titles to all of its properties are in good standing.

On January 17, 2015, Silver Predator Corp. executed a renegotiated Mining Lease and Option to Purchase Agreement (the "Agreement") with Geological Services Inc. and Robert W. Schafer (the "Vendors") on nine unpatented lode claims at SMC. This renegotiated agreement provides for a reduced royalty rate.

During the nine months ended September 30, 2015, Taylor recorded a writedown of \$4,268,565 due to the re-measurement as a result of being classified as Assets Held for Sale, Illinois Creek, Lewiston, Modoc, and Tempo properties recorded writedowns of \$453,611 due to poor exploration results and managements decision to cease exploration in these areas. For the ten-month period ended September 30, 2014, Treasure Hill, Cordero, McBride, and Magistral properties recorded writedowns totaling \$5,474,773 due to poor exploration results and management's decision to cease exploration in these areas. Also during the ten-month period ended September 30, 2014, the Company sold its interests in the Groundhog, Cyr, Grayling, Zap, and Touchdown, Pigskin, and Shar properties, recording writedowns totaling \$3,823,999.

As described in Note 5, the mineral property of SMC and Taylor were reclassified as assets held for sale as at September 30, 2015.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities comprise the following:

	September 30, 2015	December 31, 2014
Trade payables	\$ 30,582	\$ 80,174
Interest payable	233,202	147,934
	<b>\$ 263,784</b>	<b>\$ 228,108</b>

**10. RELATED PARTY TRANSACTIONS**

**Key Management Compensation**

During the nine months ended September 30, 2015, the Company incurred expenses of \$10,193 (ten months ended September 30, 2014 - \$263,803) to directors and officers as compensation for services received.

**Other**

Amounts paid to related parties were incurred in the normal course of business and measured at the estimated fair values. The Company is party to service agreements with a subsidiary of Till Capital whereby the Company receives accounting, corporate communications, and technical services on a cost-plus recovery basis. In the ten months ended September 30, 2015, the Company was charged \$250,219 for these services. As at September 30, 2015, the amounts due to related parties totaled \$82,978 (December 31, 2014 - \$88,003).

**11. SHARE CAPITAL AND RESERVES**

a. Authorized and issued share capital

Authorized

Unlimited number of common shares without par value.

Issued

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 at September 30, 2015, the Company had 128,049,192 shares issued and outstanding.

b. Stock options and warrants

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

During the nine months ended September 30, 2015, the Company recognized stock-based compensation expense of \$4,741 (ten months ended September 30, 2014 - \$134,149). There were no options granted during the nine months ended September 30, 2015.

At September 30, 2015, the Company has 450,000 warrants outstanding at a weighted average exercise price of \$0.14 and 4,456,000 stock options outstanding with a weighted average exercise price of \$0.30.

**12. SEGMENT INFORMATION**

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