



**SILVER PREDATOR CORP.**

**(An Exploration Stage Enterprise)**

**Management's Discussion & Analysis**

**For the Three and Six Months Ended June 30, 2017 and 2016**

## Silver Predator Corp.

Management's Discussion and Analysis

For the three and six months ended June 30, 2017 and 2016

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*Set out below is a review of the activities, results of operations and financial condition of Silver Predator Corp. ("SPD", "Silver Predator", or "the Company") and its subsidiaries for the three and six months ended June 30, 2017. The discussion below should be read in conjunction with the Company's June 30, 2017 unaudited interim condensed consolidated financial statements and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); and with the December 31, 2016 audited consolidated financial statements and related notes which were prepared in accordance with IFRS. All dollar figures included in the following Management's Discussion and Analysis are quoted in Canadian dollars unless otherwise indicated. This Management's Discussion and Analysis is prepared as of July 27, 2017.*

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

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

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## BACKGROUND AND CORE BUSINESS

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

Silver Predator controls the Copper King copper-silver project in the world class Coeur d'Alene Silver District of northern Idaho and the Taylor silver-gold project ("Taylor") in Nevada. The Copper King project is targeting world class strata-bound copper-silver deposits found within this trend and the Taylor project, which 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.

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

### *Loan from Resource Re Ltd.*

On August 31, 2015, the Company announced it had arranged for a US\$275,000 loan from Resource Re Ltd. ("Resource Re") to fund its working capital requirements. Resource Re is a wholly owned subsidiary of Till Capital Ltd. (TSXV:TIL) ("Till Capital") and owns 64.11% of the Company's outstanding common shares. The loan is a related party transaction within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (MI 61-101). The Company is relying on the exemption from the formal valuation requirement in section 5.5(b) of MI 61-101 (as a result of its shares being listed on the TSX Venture Exchange) and the exemption from the minority approval requirement in section 5.7(a) (as a result of the transaction value being less than 25% of the Company's market capitalization). The loan was secured by the assets of the Company, bore interest at 12% per annum, and was due on December 31, 2015. On December 31, 2015, the loan agreement was amended to increase the maximum loan amount to US\$400,000, to increase the interest rate to 14% per annum, and to extend the due date to April 30, 2016. On April 27, 2016, the loan agreement was amended to extend the due date to June 15, 2016. On June 15, 2016, the loan agreement was amended to extend the due date to January 17, 2017 and to increase the interest rate from 14% to 15% effective June 16, 2016. The Company may prepay the principal, in whole or in part, at any time without penalty prior to maturity. On April 21, 2017, the Company repaid the entire balance of the loan and accrued interest.

### *Note payable*

In conjunction with the acquisition of Springer Mining Company ("SMC") and Nevada Royalty Corp. from Till Capital (the "Acquisition") in April 2014, the Company issued a US\$4,500,000 Promissory Note ("Promissory Note") that bore interest at 4.00% per annum payable in tranches of US\$1,000,000, US\$1,500,000, and US\$2,000,000, plus accrued interest, on the first, second, and third anniversaries of the Acquisition, respectively. On April 17, 2015, the Company made its first payment on the Promissory Note payable to Resource Re. The payment was made by the issuance of Company shares. A total of 29,028,000 shares were issued at \$0.05 per share as per the Promissory Note agreement for a total payment of \$1,451,400. In the third quarter of 2015, the Promissory Note was amended and the share settlement option was removed. On April 27, 2016, the Promissory Note was amended to extend the due date of the second principal payment plus accrued interest to July 18, 2016 and to increase the interest rate from 4% to 10% beginning April 16, 2016. On June 15, 2016, the Promissory Note was further amended to extend the due date of the second principal payment plus accrued interest to January 17, 2017 and to increase the interest rate from 10% to 14% beginning July 18, 2016. On January 17, 2017 the Company signed an agreement with Till Capital and its wholly owned subsidiary Resource Re to exchange the remaining balance of US\$3.97 million in principal and interest due to Resource Re for 100% of the shares of SMC.

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

On February 23, 2017, the Company announced that Dr. John T. ("Terry") Rickard had been appointed to the Company's Board of Directors. Dr. Rickard has been a Director of Till Capital since July 2015, and has served as Chief Executive Officer (CEO) of Till Capital since January 2016. Dr. Rickard has been appointed as CEO of the Company, replacing Michael G. Maslowski, who tendered his resignation as Director and CEO of the Company effective February 28, 2017.

Dr. Rickard has 44 years of experience in financial and advanced technology organizations, all of it in management, oversight, and technology development positions. Dr. Rickard is a director and CEO of Till Capital whose subsidiary Resource Re owns approximately 64% of the Company's outstanding shares, and an executive and director of several private companies. Dr. Rickard was President and later Chief Scientific Officer of OptiMark Technologies, Inc. and served on its board. Dr. Rickard was a co-inventor of the OptiMark transaction matching system and was instrumental in the development of this company from a start-up enterprise to an operating entity on the Pacific Stock Exchange, the NASDAQ market and the Osaka Securities Exchange, including the securing of over \$350 million in investment capital from major investors in the U.S. and internationally. Prior to that, Dr. Rickard was President of the brokerage firm Mitchum, Jones & Templeton. Dr. Rickard has authored/co-authored over 70 refereed technical publications in engineering, electronic market structure, matching algorithms and trading strategies, and has coauthored

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11 issued patents. Dr. Rickard has also served as an expert witness in multiple intellectual property litigations involving financial markets. Dr. Rickard received a Ph.D. degree in Engineering Physics from the University of California, San Diego, in 1975.

On June 7, 2017, the Company announced that Mr. Scott McLeod had joined the Board of Directors of the Company as an independent director and member of the Audit Committee. Concurrently, Mr. Tom Chadwick resigned from the board and will remain with the Company as Vice President of Exploration.

Mr. McLeod has over 20 years of experience in finance and business management. He has held executive positions at Merrill Lynch in the CIG Technology finance department and worked on decimalization of the stock market prices, creation of the Euro, and the Y2K technology financial issues. In 2005, Mr. McLeod cofounded Nevada McLeod Group (NMG) a privately held investment firm in Reno, Nevada. As president of NMG he oversees trading, accounting, research and client retention. For the past 10 years Mr. McLeod has been a guest lecturer to the Finance 430 investment class at the University of Nevada-Reno. Mr. McLeod holds a BS in Business with an emphasis in Finance from the Marshall School of Business at the University of Southern California.

*Option Agreement with Montego Resources, Inc.*

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

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

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

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

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

**OUTLOOK**

The Company's continued operations are dependent on its ability to monetize assets or raise additional funding from loans or equity financings or through other arrangements. There is no assurance that the sale of assets or future financing initiatives will be successful. These conditions give rise to a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the Company unable to continue as a going concern. Such adjustments could be material.

Management intends to pursue the sale of a portion of the Company's remaining assets in order to provide capital that will enable the Company to seek new exploration project acquisitions. Those acquisitions may involve cash or share-based purchases, or some combination thereof, and may also result in the Company raising additional capital from the public market via the issuance of new shares.

**FINANCIAL HIGHLIGHTS**

	2017		2016				2015	
	Apr - Jun 2017	Jan - Mar 2017	Oct - Dec 2016	Jul - Sept 2016	Apr - Jun 2016	Jan - Mar 2016	Oct - Dec 2015	Jul - Sept 2015
Operating expenses	\$ (69,470)	(117,739)	(109,504)	(186,328)	(162,916)	(131,956)	(94,287)	(120,046)
Interest expense, net	(2,189)	(100,247)	320,210	(407,636)	(544,110)	(153,692)	(133,675)	(130,826)
Loss on derivative asset	—	—	—	—	—	—	(3,437,110)	(178,042)
Gain (loss) on sale of fixed assets and investments	20,062	99,162	266,525	35,966	(1,810)	59,839	56,609	(6,978)
Write-off of assets	—	—	(1,315,087)	—	—	—	(1,319,528)	(4,373,443)
Foreign exchange gain (loss)	(8)	145,369	(105,496)	(66,052)	3,277	279,781	(147,509)	(329,971)
Other income (expenses)	1	—	70	(289)	42,304	—	—	—
Loss from Discontinued Operation	—	—	—	—	—	—	—	(89,685)
Net income (loss)	\$ (51,604)	\$ 26,545	\$ (943,282)	\$ (624,339)	\$ (663,255)	\$ 53,972	\$ (5,075,500)	\$ (5,228,991)
Cumulative translation adjustment	(44,625)	(161,141)	177,007	113,308	(6,737)	(550,922)	302,482	853,315
Unrealized gain (loss) on investments	(123,745)	—	(20,000)	—	—	22,225	(56,609)	6,848
Comprehensive loss	\$ (219,974)	\$ (134,596)	\$ (786,275)	\$ (511,031)	\$ (669,992)	\$ (474,725)	\$ (4,829,627)	\$ (4,368,828)
Basic and diluted net income (loss) per share	\$ (0.00)	\$ 0.00	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ 0.00	\$ (0.04)	\$ (0.04)
Total assets	\$ 1,961,930	\$ 2,564,872	\$ 7,939,006	\$ 9,222,436	\$ 8,426,506	\$ 8,522,479	\$ 9,150,357	\$ 13,612,083
Total non-current financial liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,049,347	\$ 2,191,888	\$ 2,119,195

In the third quarter of the fiscal year ended December 31, 2015, the Company incurred operating expenses of approximately \$0.4 million, asset write-offs mostly related to the Taylor property of approximately \$4.4 million, foreign exchange loss of approximately \$0.3 million, and a loss on the derivative asset of approximately \$0.2 million due to the increase in the price of the Company's shares, resulting in net loss of approximately \$5.2 million for the quarter.

In the fourth quarter of the fiscal year ended December 31, 2015, the Company incurred operating expenses of approximately \$0.3 million, asset write-offs mostly related to the Taylor property of approximately \$1.3 million, foreign exchange loss of approximately \$0.1 million, and a loss on the derivative asset of approximately \$3.4 million, resulting in net loss of approximately \$5.1 million for the quarter.

In the first quarter of the fiscal year ended December 31, 2016, the Company incurred operating expenses of approximately \$0.2 million and foreign exchange gain of approximately \$0.3 million, resulting in net income of approximately \$0.1 million for the quarter.

In the second quarter of the fiscal year ended December 31, 2016, the Company incurred operating expenses of approximately \$0.7 million resulting in net loss of approximately \$0.7 million for the quarter.

In the third quarter of the fiscal year ended December 31, 2016, the Company incurred operating expenses of approximately \$0.6 million resulting in net loss of approximately \$0.6 million for the quarter.

In the fourth quarter of the fiscal year ended December 31, 2016, the Company had operating income of approximately \$0.4 million due to the gain on the sale of fixed assets and negative interest expense due to adjustments to the Promissory Note carrying value, partially offset by operating expenses. The Company also had asset write-offs of \$1.3 million due to the write-down of assets held for sale and foreign exchange loss of approximately \$0.1 million, resulting in net loss of approximately \$0.9 million for the quarter.

In the first quarter of the fiscal year ended December 31, 2017, the Company incurred operating expenses of approximately \$0.1 million, interest expense of approximately \$0.1 million, gain on sale of fixed assets and investments of approximately \$0.1 million, and foreign exchange gain of approximately \$0.1 million, resulting in net income of approximately \$nil for the quarter.

In the second quarter of the fiscal year ended December 31, 2017, the Company incurred operating expenses of approximately \$0.1 million, resulting in net loss of approximately \$0.1 million for the quarter.

**Results of operations for the three months ended June 30, 2017**

The net loss for the three months ended June 30, 2017 is \$51,604 (three months ended June 30, 2016 - \$663,255). Individual items contributing to the change of \$611,651 are as follows:

- Operating expenses decreased in the three months ended June 30, 2017 by \$93,446 to \$69,470 (three months ended June 30, 2016 - \$162,916) due to less professional and consulting fees, general and administrative expenses, and stock-based compensation during the three months ended June 30, 2017 compared to the three months ended June 30, 2016.
- Interest expense decreased by \$541,921 to \$2,189 in the three months ended June 30, 2017 (three months ended June 30, 2016 - \$544,110) due primarily to no interest expense on the Promissory Note as a result of the exchange on January 17, 2017 of the remaining

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balance of US\$3.97 million in principal and interest due on the Promissory Note for 100% of the shares of SMC, compared to three months of interest expense during the three months ended June 30, 2016.

#### Results of operations for the six months ended June 30, 2017

The net loss for the six months ended June 30, 2017 is \$25,060 (six months ended June 30, 2016 - \$609,283). Individual items contributing to the change of \$584,223 are as follows:

- Operating expenses decreased in the six months ended June 30, 2017 by \$107,663 to \$187,209 (six months ended June 30, 2016 - \$294,872) due to less professional and consulting fees and general and administrative expenses, partially offset by increased stock-based compensation during the six months ended June 30, 2017 compared to the six months ended June 30, 2016.
- Foreign exchange gain in the six months ended June 30, 2017 decreased by \$137,697 to \$145,361 (six months ended June 30, 2016 - \$283,058) due to less weakening of the US dollar compared to the Canadian dollar during the six months ended June 30, 2017 compared to the six months ended June 30, 2016. The Promissory Note and the short term note were both denominated in US dollars.
- Interest expense decreased by \$595,365 to \$102,437 in the six months ended June 30, 2017 (six months ended June 30, 2016 - \$697,802) due to only 17 days of interest expense on the Promissory Note as a result of the exchange on January 17, 2017 of the remaining balance of US\$3.97 million in principal and interest due on the Promissory Note for 100% of the shares of SMC, compared to six months of interest expense during the six months ended June 30, 2016, partly offset by higher interest rate in the first quarter of 2017 compared to the first and second quarters of 2016.

#### Cash flows for the six months ended June 30, 2017

Cash outflows from operating activities decreased by \$65,471 to \$158,709 (six months ended June 30, 2016 – \$224,180) due primarily to lower net loss adjusted for non-cash items of \$87,560 as a result of lower professional and consulting fees and lower general and administrative expenses.

Cash inflows from investing activities increased by \$164,526 to \$290,491 (six months ended June 30, 2016 – \$125,965) due primarily to proceeds on property option payments of \$265,770, partly offset by decreased proceeds from the sale of equipment and mineral property of \$130,343.

Cash flows from financing activities decreased by \$449,520 to \$352,260 (six months ended June 30, 2016 – inflows of \$97,260) due to the repayment of the working capital promissory note of \$352,260 during the six months ended June 30, 2017 compared to net proceeds from the working capital promissory note of \$97,260 in the six months ended June 30, 2016.

#### Financial position

The decrease in cash and equivalents of \$220,478 to \$143,661 (December 31, 2016 - \$364,139) was due primarily to operating expenditures of \$158,709, repayment of the working capital promissory note of \$352,260, partly offset by proceeds on property option payments of \$265,770.

Assets held for sale decreased \$5,264,957 to nil as of June 30, 2017 (December 31, 2016 - \$5,264,957) due to the exchange of the remaining balance in principal and interest due to Resource Re on the Promissory Note for 100% of the shares of SMC.

Reclamation bonds decreased \$4,143 to \$119,474 as of June 30, 2017 (December 31, 2016 - \$123,617) due to the effect of changes in the foreign exchange rate.

Mineral properties decreased \$534,193 to \$1,608,477 as of June 30, 2017 (December 31, 2016 - \$2,142,670) primarily due to an option payment received in the amount of \$473,270 that reduced the carrying value of the Taylor property and partly due to the effect of changes in the foreign exchange rate.

Accounts payable decreased \$596,265 to \$6,069 as of June 30, 2017 (December 31, 2016 - \$602,334) due primarily to the decrease in interest payable of \$568,054 as a result of the settlement of the remaining balance in principal and interest due to Resource Re on the Promissory Note in exchange for 100% of the shares of SMC.

The promissory notes balance decreased \$5,025,884 to nil as of June 30, 2017 (December 31, 2016 - \$5,025,884) due to the settlement of the remaining balance in principal and interest due to Resource Re on the Promissory Note for 100% of the shares of SMC and the repayment of the working capital promissory note due to Resource Re.

#### LIQUIDITY AND CAPITAL RESOURCES

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 six months ended June 30, 2017, the Company reported net cash outflow from operating activities of \$158,709 and, as at that date, had a net working capital balance of \$227,910 and an accumulated deficit of \$36,217,916. 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.

On April 3, 2017, the Company entered into an option agreement with Montego pursuant to which Montego has the right to acquire from the Company certain mining claims located in White Pine County in the state of Nevada. On April 20, 2017, the Company received \$265,770 (US \$200,000) cash and 500,000 common shares of Montego. (Refer to Note 6 of the interim condensed consolidated financial statements for the three and six months ended June 30, 2017)

The Company's continued operations are dependent on its ability to monetize assets or raise additional funding from loans or equity financings or through other arrangements. There is no assurance that the sale of assets or future financing initiatives will be successful. These conditions give rise to a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the Company unable to continue as a going concern. Such adjustments could be material.

#### **OUTSTANDING SHARE DATA**

At the date of this report, the Company has 143,049,192 issued and outstanding common shares, 200,000 outstanding warrants at a weighted average exercise price of \$0.14, and 4,200,000 stock options outstanding at a weighted average exercise price of \$0.09.

#### **RELATED PARTY TRANSACTIONS**

During the three and six months ended June 30, 2017, the Company incurred expenses of \$6,310 and \$56,334, respectively, (three and six months ended June 30, 2016 - \$58,760 and \$100,122, respectively) to directors and officers as compensation for services received.

Amounts paid to related parties were incurred in the normal course of business. The Company is party to service agreements with a subsidiary of Till Capital whereby the Company receives accounting and corporate communications services on a cost-plus recovery basis. During the three and six months ended June 30, 2017, the Company was charged \$11,781 and \$23,668, respectively, (three and months ended June 30, 2016 - \$11,957 and \$23,987, respectively) for these services. As at June 30, 2017, the amounts due to related parties totaled \$nil (December 31, 2016 - \$5,170).

#### **OFF BALANCE SHEET ARRANGEMENTS**

At June 30, 2017, the Company had no material off-balance sheet arrangements, such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments, or any obligations that trigger financing, liquidity, market or credit risk to the Company.

#### **CRITICAL ACCOUNTING ESTIMATES**

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. Those 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, *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"), to determine when a mineral property asset is impaired. That determination requires significant judgment. In making that judgment, 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.

##### *Classification and valuation of assets held for sale*

The Company follows the guidance of IFRS 5 for the classification of assets held for sale. Non-current assets classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. In assessing classification, the Company considers all currently available information including results of ongoing sales processes.

#### **New standards not yet adopted**

A number of new standards and amendments to standards and interpretations are not yet effective and have not been applied in preparing the consolidated financial statements. The Company is currently assessing the impact of those standards and amendments on its consolidated financial statements.

##### *Financial Instruments*

IFRS 9, *Financial Instruments* ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. The IASB has previously issued versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication of IFRS 9 is the complete version of the Standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39").

IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. The determination is made at initial recognition. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in other comprehensive income. Measurement and classification of financial assets are dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. 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,

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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.

Additionally, IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets, and some modifications related to hedge accounting.

This final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of IFRS 9. No material impact expected.

#### *Leases*

On January 13, 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"), according to which, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of IFRS 16 on its financial statements. No material impact expected.

## **RISKS AND UNCERTAINTIES**

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

#### *Sale of assets and availability of financing*

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

#### *Title matters*

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

#### *Management*

The Company is dependent on a relatively small number of key personnel and management services provided by Till Capital pursuant to the intercompany service agreement. The loss of any key personnel or management services could have an adverse effect on the Company.

#### *Economics of developing mineral properties*

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

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

#### *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.

#### *Foreign exchange risk*

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A portion of the Company's financial assets and liabilities are denominated in US dollars. The Company may raise funds in either US or Canadian dollars while major purchases and expenditures are usually transacted in US dollars. The Company also funds certain operations and exploration and administrative expenses in US dollars. The Company monitors this exposure to foreign exchange risk, but has no hedge positions. At June 30, 2017, a 5% change in the value to the US dollar as compared to the Canadian dollar would result in an immaterial change in net income and shareholders' equity.

#### *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, receivables and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash and receivables is minimal. Reclamation bonds consist of term deposits which have been invested with reputable financial institutions from which management believes the risk of loss to be minimal.

#### *Interest rate risk*

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

The Company's borrowings are at fixed rates. The fair value of the fixed-rate Promissory Note fluctuates with changes in market interest rates, but the cash flows do not.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. At June 30, 2017, the Company had a working capital balance of \$227,910.

#### *Stage of development*

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

#### *Profitability of operations*

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

#### *Mineral Industries competition is significant*

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

#### *Fluctuations in metal prices*

The Company's future revenues, if any, are expected to be in large part derived from the future mining and sale of metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control, including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others, and inventory carrying costs. The effect of those factors on the prices of metals, and therefore the economic viability of the Company's operations, cannot be accurately predicted. Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

#### *The Company's operations are subject to operational risks and hazards inherent in the mining industry*

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

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

#### *Government regulation*

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

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

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

#### *Future sales of common shares by existing shareholders*

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

#### *The Company could be deemed a Passive Foreign Investment Company which could have negative consequences for U.S. investors*

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

## **INFORMATION REGARDING FORWARD LOOKING STATEMENTS**

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

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

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Management's Discussion and Analysis of Financial Condition and Results of Operations based on the opinions and estimates of management, and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can

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be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.