



SILVER PREDATOR CORP.

(An Exploration Stage Enterprise)

Management's Discussion & Analysis

For the Year Ended December 31, 2017 and 2016

Silver Predator Corp.

Management's Discussion and Analysis

For the year ended December 31, 2017 and 2016

Set out below is a review of the activities, results of operations and financial condition of Silver Predator Corp. ("SPD") and its subsidiaries for the year ended December 31, 2017. The discussion below should be read in conjunction with SPD's December 31, 2017 audited 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 March 12, 2018.

SPD 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 SPD, including its Annual Information Form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. SPD's website is www.silverpredator.com.

BACKGROUND AND CORE BUSINESS

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

SPD owns and 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 as well as additional early stage exploration properties. The Copper King project is targeting strata-bound and/or vein style copper-silver deposits similar to those found in the area, while the Taylor project, which has an identified current silver resource deposit estimate, is open to expansion, and is located in a district that has also identified the potential for discovery of additional silver and gold deposits.

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

Share consolidation

On November 20, 2017, SPD executed a 5 for 1 reverse stock split, that effectively consolidated its common shares on the basis of five (5) pre-consolidation common shares for one (1) post-consolidation common share. All common share, option, and warrant numbers in this discussion and analysis and in the accompanying consolidated financial statements and notes are post-consolidation common share, option, and warrant numbers.

Loan from Resource Re Ltd.

On August 31, 2015, SPD 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 SPD's outstanding common shares. That 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). SPD 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 SPD's market capitalization). That loan was secured by the assets of SPD, 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. SPD may prepay the principal, in whole or in part, at any time, without penalty prior to maturity. On April 21, 2017, SPD 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, SPD issued a US\$4,500,000 Promissory Note ("Promissory Note") to Resource Re 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, SPD made its first payment on the Promissory Note payable to Resource Re. That payment was made by the issuance of Company shares. A total of 5,805,600 shares were issued at \$0.25 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 SPD signed an agreement with Till Capital and its wholly owned subsidiary Resource Re to exchange the remaining balance of US\$3.97 million (\$5.2 million) in principal and interest due to Resource Re for 100% of the shares of SMC. That exchange occurred on January 17, 2017.

Changes to Company's Management and Board of Directors

On February 23, 2017, SPD announced that Dr. John T. ("Terry") Rickard had been appointed to SPD'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. Till Capital's subsidiary Resource Re owns approximately 64% of SPD's outstanding shares. Dr. Rickard was appointed as CEO of SPD, replacing Michael G. Maslowski, who tendered his resignation as a Director and CEO of SPD 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 also 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 that 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 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, SPD announced that Mr. Scott McLeod had joined the Board of Directors of SPD as an independent director and member of the Audit Committee. Concurrently, Mr. Tom Chadwick resigned from SPD's Board but remains with SPD 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 CICG 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.

On September 25, 2017, SPD announced that Ms. Patricia M. Tilton had joined the Board of Directors of SPD as an independent director and member of the Audit Committee. Concurrently, Mr. William B. Harris resigned from the Board of Directors.

Ms. Tilton is a Certified Public Accountant with strong professional experience in the financial industry, particularly in the insurance, mutual fund, and asset management industries. In addition to her financial expertise, she also has a strong background in operational, risk, regulatory and governance matters. Ms. Tilton is a retired KPMG LLP Partner with over 30 years of experience in public accounting, including auditing, consulting, and forensics. She retired in 2009 as a Forensics Partner and served as a Retired Partner Consultant from 2009 until 2011. Ms. Tilton currently works as an independent consultant, including as an Accreditation Team Member of the National Association of Insurance Commissioners (NAIC). Ms. Tilton is a director of Till Capital, whose subsidiary Resource Re owns approximately 64% of SPD's outstanding shares, and she also serves on the Board of Directors of Thrivent Federal Credit Union, and previously was a director of Coffee House Press, Inc. Ms. Tilton holds a B.S. in Accounting from Siena College.

Option Agreement with Montego Resources, Inc.

On April 3, 2017, SPD entered into an option agreement (the "Agreement") with Montego Resources, Inc. ("Montego") pursuant to which Montego has the right to acquire from SPD 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 upon the completion of a series of cash payments totaling US\$1,200,000, issuance of 2,500,000 common shares to SPD, and 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 that will be retained by SPD.

The payments, share issuances, and expenditures must be completed in accordance with the following schedule based on the closing date set forth in the Agreement (the "Closing"):

- At Closing: US\$200,000 cash and 500,000 common shares

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- 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 SPD received \$265,770 (US\$200,000) cash and 500,000 common shares of Montego initially valued at \$207,500. On October 19, 2017 SPD received \$124,850 (US\$100,000) cash and 300,000 common shares of Montego, initially valued at \$57,000, the second installment from Montego, in accordance with the Agreement related to the Property.

OUTLOOK

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

In addition to the Agreement with Montego, management intends to initiate a drilling program on SPD's Copper King property in Northern Idaho. Management also intends to pursue the sale of a portion of SPD's remaining assets in order to provide capital that will enable SPD to seek new exploration project acquisitions. Those acquisitions may involve cash or share-based purchases, or some combination thereof, and may also result in SPD raising additional capital from the public market via the issuance of new shares.

FINANCIAL HIGHLIGHTS

	2017	2016	2015
Total revenue	\$ —	\$ —	\$ —
Net loss	\$ (249,646)	\$ (2,176,904)	\$ (10,263,542)
Basic and diluted net loss per share	\$ (0.01)	\$ (0.08)	\$ (0.09)
Total assets	\$ 2,220,920	\$ 7,939,006	\$ 9,150,357
Total non-current liabilities	\$ —	\$ —	\$ 2,191,888
Distributions or cash dividends declared per share	\$ —	\$ —	\$ —

The net loss in 2017 was lower than the net loss in 2016 and 2015 due to no asset write-down or loss on derivative assets in 2017 and lower interest expense and foreign exchange loss in 2017. In 2016, SPD recorded a write-down of the assets of SMC in the amount of \$1,315,087 as a result of the settlement of the Promissory Note with Resource Re for 100% of the shares of SMC on January 17, 2017. In 2015, SPD recorded a write-down of \$5,614,211 related to the Taylor mineral property and a write-off in the amount of \$462,383 related to Illinois Creek, Lewiston, Modoc, and Tempo properties. Also in 2015, SPD recorded a loss on derivative assets in the amount of \$2,187,444 related to the Promissory Note that was settled on January 17, 2017. The lower foreign exchange loss in 2017 compared to 2016 and 2015 was due to no material US\$ denominated assets or liabilities as a result of the settlement of the US\$ denominated Promissory Note in January 2017 and the repayment of the US\$ denominated working capital promissory note in April 2017, the 2016 and 2015 foreign exchange loss was mainly attributed to the US\$ denominated Promissory Note and the US\$ denominated working capital promissory note.

Total assets at December 31, 2017 were lower than the total assets at December 31, 2016 and 2015 due to the settlement of the Promissory Note for 100% of the shares of SMC on January 17, 2017. The assets of SMC were included in SPD's Assets Held for Sale in 2016 and 2015.

There were no non-current liabilities at December 31, 2017 as a result of the settlement of the Promissory Note in January 2017. There were no non-current liabilities at December 31, 2016 as the Promissory Note was due in January 2017 and, as such, was classified as a current liability as of December 31, 2016.

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	2017				2016			
	Oct - Dec 2017	Jul - Sept 2017	Apr - Jun 2017	Jan - Mar 2017	Oct - Dec 2016	Jul - Sept 2016	Apr - Jun 2016	Jan - Mar 2016
Operating expenses	\$ (104,174)	\$ (103,936)	\$ (69,470)	\$ (117,739)	\$ (109,504)	\$ (186,328)	\$ (162,916)	\$ (131,956)
Interest income (expense), net	16,778	196	(2,189)	(100,247)	320,210	(407,636)	(544,110)	(153,692)
Gain (loss) on sale of fixed assets and investments	12,173	(525)	20,062	99,162	266,525	35,966	(1,810)	59,839
Write-off of assets	—	—	—	—	(1,315,087)	—	—	—
Foreign exchange gain (loss)	3,355	433	(8)	145,369	(105,496)	(66,052)	3,277	279,781
Other income (expenses)	(57,887)	—	1	—	70	(289)	42,304	—
Net income (loss) before income tax	\$ (129,755)	\$ (103,832)	\$ (51,604)	\$ 26,545	\$ (943,282)	\$ (624,339)	\$ (663,255)	\$ 53,972
Income tax recovery	9,000	—	—	—	—	—	—	—
Net income (loss) after income tax	\$ (120,755)	\$ (103,832)	\$ (51,604)	\$ 26,545	\$ (943,282)	\$ (624,339)	\$ (663,255)	\$ 53,972
Cumulative translation adjustment	5,608	(70,993)	(44,625)	(161,141)	177,007	113,308	(6,737)	(550,922)
Unrealized gain (loss) on investments	166,617	11,128	(123,745)	—	(20,000)	—	—	22,225
Comprehensive income (loss)	\$ 51,470	\$ (163,697)	\$ (219,974)	\$ (134,596)	\$ (786,275)	\$ (511,031)	\$ (669,992)	\$ (474,725)
Basic and diluted net income (loss) per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.03)	\$ (0.02)	\$ (0.03)	\$ 0.00
Total assets	\$ 2,220,920	\$ 1,843,629	\$ 1,961,930	\$ 2,564,872	\$ 7,939,006	\$ 9,222,436	\$ 8,426,506	\$ 8,522,479
Total non-current financial liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,049,347

Operating expenses in 2017 were lower compared to 2016 due to the resignation of a former officer in February 2017, partly offset by reclamation expense in the third and fourth quarter of 2017.

Interest expense in 2017 were lower compared to 2016 as a result of the settlement of the Promissory Note in January 2017 and the repayment of the balance of the working capital promissory note in April 2017.

Gain (loss) on sale of fixed assets and investments in the fourth quarter of 2016 was higher than other quarters due to the sale of equipment at the Taylor mill.

As a result of the settlement of the Promissory Note for 100% of the shares of SMC on January 17, 2017, a write-down of the assets of SMC in the amount of \$1,315,087 was recorded in the fourth quarter of 2016.

Foreign exchange gain (loss) decreased substantially since the second quarter of 2017 due to no material US\$ denominated assets or liabilities as a result of the settlement of the US\$ denominated Promissory Note in January 2017 and the repayment of the US\$ denominated working capital promissory note in April 2017.

Other expenses were higher in the fourth quarter of 2017 due to the write-off of two reclamation bonds and accrued penalties on late payments of withholding taxes on the interest paid on the promissory notes.

Results of operations for the three months ended December 31, 2017

The net loss for the three months ended December 31, 2017 is \$120,755 (three months ended December 31, 2016 - \$943,282). Significant individual items contributing to the change of \$813,527 are as follows:

- Operating expenses decreased in the three months ended December 31, 2017 by \$5,330 to \$104,174 (three months ended December 31, 2016 - \$109,504) due to less professional and consulting fees and general and administrative expenses.
- Interest income decreased by \$261,417 to \$16,778 in the three months ended December 31, 2017 (three months ended December 31, 2016 - \$320,210). Interest income of \$320,210 in the three months ended December 31, 2016 is due to adjustments to the Promissory Note carrying value. The Promissory Note was settled on January 17, 2017.
- Gain on sale of fixed assets and investments decreased in the three months ended December 31, 2017 by \$254,352 to \$12,173 (three months ended December 31, 2016 - \$266,525) due primarily to the sale of equipment at the Taylor mill in the three months ended December 31, 2016.

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- Write-down of assets held for sale decreased in the three months ended December 31, 2017 by \$1,315,087 to \$nil (three months ended December 31, 2016 - \$1,315,087). The write-down of assets held for sale in the three months ended December 31, 2016 was 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 on January 17, 2017.
- Foreign exchange loss decreased in the three months ended December 31, 2017 by \$108,851 to a gain of \$3,355 (three months ended December 31, 2016 - \$105,496). The foreign exchange loss of \$105,496 in the three months ended December 31, 2016 was primarily related to the US\$ denominated Promissory Note. The Promissory Note was settled in exchange for 100% of the shares of SMC on January 17, 2017.

Results of operations for the twelve months ended December 31, 2017

The net loss for the twelve months ended December 31, 2017 is \$249,646 (twelve months ended December 31, 2016 - \$2,176,904). Significant individual items contributing to the change of \$1,918,258 are as follows:

- Operating expenses decreased in the twelve months ended December 31, 2017 by \$195,385 to \$395,319 (twelve months ended December 31, 2016 - \$590,704) due to less professional and consulting fees and general and administrative expenses, partially offset by increased stock-based compensation and reclamation expense during the twelve months ended December 31, 2017 compared to the twelve months ended December 31, 2016.
- Interest expense decreased by \$699,766 to \$85,462 in the twelve months ended December 31, 2017 (twelve months ended December 31, 2016 - \$785,228) due to only 17 days of interest expense on the Promissory Note as a result of the exchange/settlement between SPD and Resource Re on January 17, 2017 of the remaining balance of US\$3.97 million in principal plus interest due on the Promissory Note for 100% of the shares of SMC, compared to twelve months of interest expense during the twelve months ended December 31, 2016.
- Gain on sale of fixed assets and investments decreased in the twelve months ended December 31, 2017 by \$229,648 to \$130,872 (twelve months ended December 31, 2016 - \$360,520) due primarily to the sale of equipment at the Taylor mill in the twelve months ended December 31, 2016.
- Write-down of assets held for sale decreased in the twelve months ended December 31, 2017 by \$1,315,087 to \$nil (twelve months ended December 31, 2016 - \$1,315,087). The write-down of assets held for sale in the twelve months ended December 31, 2016 was 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 on January 17, 2017.

Cash flows for the year ended December 31, 2017

The cash balance at December 31, 2017 was \$363,929 (December 31, 2016 - \$364,139).

Cash outflows from operating activities decreased by \$378,428 to \$250,543 (twelve months ended December 31, 2016 - \$628,971) due to lower net loss adjusted for non-cash items of \$132,258 as a result of lower interest expense, no asset write-down, lower professional and consulting fees and lower general and administrative expenses, and other working capital changes of \$246,170 primarily accounts payable.

Cash inflows from investing activities increased by \$268,738 to inflows of \$602,593 (twelve months ended December 31, 2016 - inflows of \$333,855) due primarily to proceeds on property related option payments of \$390,620, and lower capitalized exploration costs of \$139,820, partly offset by lower proceeds from sale of equipment and mineral property of \$244,807.

Cash flows from financing activities decreased by \$984,114 to outflows of \$352,260 (twelve months ended December 31, 2016 - inflows of \$631,854) due to the repayment of the working capital promissory note and interest that totaled \$352,260 during the twelve months ended December 31, 2017 compared to proceeds from a private placement of \$732,556 and net repayment from the working capital promissory note of \$100,702 in the twelve months ended December 31, 2016.

Financial position

Receivable, prepaid expenses, and deposits increased to \$245,774 as of December 31, 2017 (December 31, 2016 - \$43,623) due primarily to the \$233,421 due from Resource Re for the withholding tax on the interest payments on the Promissory Note (December 31, 2016 - \$nil).

Investments increased to \$120,000 as of December 31, 2017 (December 31, 2016 - \$nil) due to the receipt of shares in Montego as part of the Taylor option Agreement.

Assets held for sale decreased \$5,264,957 to \$nil as of December 31, 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 \$44,375 to \$79,242 as of December 31, 2017 (December 31, 2016 - \$123,617) due primarily to the write-off of two reclamation bonds.

Mineral properties decreased \$730,695 to \$1,411,975 as of December 31, 2017 (December 31, 2016 - \$2,142,670) primarily due to option payments received in the amount of \$655,120 that reduced the carrying value of the Taylor property and the effect of changes in the foreign exchange rate.

Accounts payable decreased \$226,814 to \$375,520 as of December 31, 2017 (December 31, 2016 - \$602,334) due primarily to the decrease in interest payable of \$568,054 as a result of the exchange/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, partially offset by the increased withholding tax payable of \$233,421 related to the interest payment on the Promissory Note (December 31, 2016 - \$nil).

The promissory notes balance decreased \$5,025,884 to \$nil as of December 31, 2017 (December 31, 2016 - \$5,025,884) due to the exchange/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 consolidated statements of financial position have been prepared assuming SPD will continue on a going concern basis, which assumes that SPD 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 year ended December 31, 2017, SPD reported net cash outflow from operating activities of \$250,543 and, as of that date, had a net working capital balance of \$354,183 and an accumulated deficit of \$36,442,502. SPD has no source of operating cash flows and, as such, SPD's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing.

On April 3, 2017, SPD entered into an option agreement with Montego pursuant to which Montego has the right to acquire from SPD certain mining claims located in White Pine County in the state of Nevada. On April 20, 2017, SPD received \$265,770 (US \$200,000) cash and 500,000 common shares of Montego. On October 19, 2017, SPD received \$124,850 (US\$100,000) cash and 300,000 common shares of Montego (Refer to Note 8 of the accompanying consolidated financial statements for the year ended December 31, 2017).

As described on page 3, SPD'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. Those conditions give rise to a material uncertainty, which casts significant doubt, on SPD'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 accompanying consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if SPD was to be unable to continue as a going concern. Such adjustments could be material.

OUTSTANDING SHARE DATA

At the date of this report, SPD has 28,609,838 issued and outstanding common shares, 40,000 outstanding warrants at a weighted average exercise price of \$0.70, and 590,000 stock options outstanding at a weighted average exercise price of \$0.29. (The 26,781,970 issued and outstanding common shares at 2016 presented on the accompanying comparative consolidated balance sheet have been restated for the 5:1 reverse split that occurred in 2017.)

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, SPD incurred expenses of \$65,747 (December 31, 2016 - \$174,967) to directors and officers as compensation for services received.

Included in receivables is \$233,421 due from Resource Re for withholding taxes due on interest payments made to a non-Canadian related party. That amount is from the interest payments SPD made to Resource Re on the Promissory Notes (see Note 6 of the accompanying consolidated financial statements for the year ended December 31, 2017) and is included in trade payables.

Amounts paid to related parties were incurred in the normal course of business. SPD is party to service agreements with a subsidiary of Till Capital whereby SPD receives accounting and corporate communications services on a cost-plus recovery basis. During the year ended December 31, 2017, SPD was charged \$46,595 (December 31, 2016 - \$47,803) for those services. At

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December 31, 2017, amounts due from related parties totaled \$233,986 (December 31, 2016 - \$5,817) and are included in receivables. At December 31, 2017, the amounts due to related parties totaled \$8,639 (December 31, 2016 - \$nil) and are included in trade payables.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2017, SPD had no material off-balance sheet arrangements or any obligations that trigger material financing, liquidity, market, or credit risk to SPD.

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 SPD'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; however, actual results may differ from the amounts included in the accompanying consolidated financial statements.

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

Valuation of mineral properties

SPD 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, SPD evaluates, among other factors, the results of exploration and evaluation activities to date and SPD's future plans to explore and evaluate a mineral property.

Classification and valuation of assets held for sale

SPD 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 the classification of assets held for sale, SPD 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 related thereto, are not yet effective and have not been applied in preparing the accompanying consolidated financial statements. SPD has assessed, or 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 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, 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 approach 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.

The final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. SPD has assessed the impact of IFRS 9 on its consolidated financial statements. SPD will adopt IFRS 9 effective January 1, 2018, no material impact is expected from that adoption.

Leases

On January 13, 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16") according to which, requires all leases to be recorded on the balance sheet of lessees, except for those leases that meet the limited exception criteria. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. SPD is assessing the impact of IFRS 16 on its consolidated financial statements, as SPD currently does not have operating lease, SPD does not expect there to be a material impact at adoption.

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 SPD consider the risks set out below to be the most significant to potential investors in SPD, but are not all of the risks associated with an investment in securities of SPD. If any of those 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 SPD's business, actually occur, SPD'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 SPD'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 SPD 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 SPD 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 SPD has performed due diligence with respect to the title of its properties, that should not be construed as a guarantee of title. SPD properties may be subject to prior unregistered agreements of transfer or other adverse land claims, and title may be affected by undetected defects.

Management

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

Economics of developing mineral properties

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. With respect to SPD's properties, should any mineral resource exist, substantial expenditures will be required to confirm that mineral reserves that 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 confirmed 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. Any such 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, including availability of permits, waivers, etc.

The ability of SPD to sell and profit from the sale of any eventual mineral production from any of its properties is 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 those factors are beyond the control of SPD and therefore represent a market risk that could impact the long term viability of SPD and its operations.

Foreign exchange risk

A portion of SPD's financial assets and liabilities are denominated in US dollars. SPD may raise funds in either US or Canadian dollars while major purchases and expenditures are usually transacted in US dollars. SPD also funds certain operations and exploration and administrative expenses in US dollars. SPD monitors this exposure to foreign exchange risk, but has no foreign currency hedge positions. At December 31, 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 loss and shareholders' equity.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. SPD's is exposed to credit risk from cash deposits and reclamation bonds with financial institutions and receivables, primarily from Resource Re. Cash and cash equivalents consist of cash held in bank accounts, for which management believes the risk of loss to be 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. The Company's maximum balance sheet exposure to credit risk at December 31, 2017 is the carrying value of its cash and cash equivalents, receivables, and reclamation bonds.

Interest rate risk

Interest rate risk mainly arises from SPD'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.

At December 31, 2017, SPD has no borrowings.

Market Risk

SPD is exposed to market risk because of the fluctuating value of its publicly traded marketable security. SPD has no control over that fluctuation and does not hedge its investments. Based on the December 31, 2017 value, a 10% increase or decrease in effective market value would increase or decrease net shareholders' equity by approximately \$12,000.

Liquidity risk

Liquidity risk is the risk that SPD will not be able to meet its current obligations as they become due. SPD prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of SPD's activities, funding for long-term liquidity needs is dependent on SPD's ability to obtain additional financing through various means, including equity financing. There can be no assurance that SPD will be able to obtain adequate financing or that the terms of such financing will be favourable. At December 31, 2017, SPD had a working capital balance of \$354,183. For additional information on liquidity, refer to Note 1 of SPD's accompanying consolidated financial statements for the year ended December 31, 2017.

Stage of development

SPD's properties are in the development and exploration stage and SPD does not have an operating history. Exploration and development of mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing properties. The amounts attributed to SPD's interest in its properties, as reflected in its accompanying consolidated financial statements, represent acquisition and exploration expenses and should not be taken to represent realizable value. There is no assurance that SPD's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of SPD's operations will, in part, be 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

SPD 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 SPD's properties, if production is, in fact, ever achieved. SPD 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. SPD 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 SPD will be able to compete successfully with its industry competitors.

Fluctuations in metal prices

SPD'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 those commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond SPD'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 SPD's operations, cannot be accurately predicted. Depending on the price obtained for any minerals produced, SPD may determine that it is impractical to commence or continue commercial production.

SPD's operations are subject to operational risks and hazards inherent in the mining industry

SPD's business is subject to a number of inherent risks and hazards, including environmental pollution, accidents, industrial and transportation accidents that 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.

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

Government regulation

SPD'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 SPD 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 that could limit or curtail production or development.

Many of the mineral rights and interests of SPD 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 SPD will be successful in obtaining, or 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, SPD 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 thereunder, 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 other 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 SPD 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 SPD'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.

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

Depending upon the composition of SPD's gross income or its assets, SPD could be classified as a Passive Foreign Investment Company ("PFIC") under the United States tax code. If SPD 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 SPD's net capital gain and ordinary earnings for any year in which SPD is classified as a PFIC, whether or not SPD 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" that includes, but is not limited to, information about the transactions, statements with respect to the future financial or operating performances of SPD, 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 that may cause the actual results, performance, or achievements of SPD 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 SPD 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 SPD disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates, or opinions, future events or results, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.