



SILVER PREDATOR CORP.

(An Exploration Stage Enterprise)

Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)



Independent auditor's report

To the Shareholders of Silver Predator Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Silver Predator Corp. and its subsidiary (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of mineral properties <i>Refer to note 3 – Summary of significant accounting policies and note 6 – Mineral properties to the consolidated financial statements.</i> The carrying value of the Company's mineral properties amounted to \$1.4 million as at December 31, 2022. At each reporting period, management assesses whether there is an indication that mineral properties may be impaired. When impairment indicators exist, management estimates the recoverable amount of the mineral properties and compares it to their carrying amount. Management considers various factors to determine when a mineral property has impairment indicators and is required to be tested for impairment. That determination requires significant judgment. The factors considered by management include: (i) the period during which the Company has the right to explore in the area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned; (iii) a decision to discontinue exploration and evaluation in an area; and (iv) sufficient data exists to indicate that the carrying value of mineral properties will not be fully recovered from future development and production.	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of indicators of impairment related to mineral properties, which included the following: – Obtained for a sample of claims, by reference to government registries, evidence to support the right to explore the area. – Read the board of director minutes and obtained budget approvals to evidence continued and planned substantive exploration and evaluation expenditures in a specific area. – Assessed whether a decision to discontinue exploration and evaluation in an area was taken and whether sufficient data exists to indicate that the carrying value of mineral properties will not be fully recovered from future development and production based on evidence obtained in other areas of the audit.



Key audit matter	How our audit addressed the key audit matter
No impairment indicators were identified by management as at December 31, 2022. We considered this a key audit matter due to the significance of the mineral properties balance and the significant judgment made by management in its assessment of indicators of impairment related to the mineral properties, which resulted in a high degree of subjectivity in performing procedures.	
Other information	
Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	
Responsibilities of management and those charged with governance for the consolidated financial statements	
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.	



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Eric Talbot.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 29, 2023

Silver Predator Corp.
Consolidated Statements of Financial Position

	December 31, 2022	December 31, 2021
ASSETS		
Current		
Cash	\$ 152,901	\$ 151,750
Marketable securities (Note 4)	25,000	—
Receivables, prepaid expenses, and deposits	12,327	53,744
Asset held for sale (Note 5)	2,169,091	—
	<u>2,359,319</u>	<u>205,494</u>
Reclamation bonds	18,586	22,778
Mineral properties (Note 6)	1,402,899	1,380,203
	<u>\$ 3,780,804</u>	<u>\$ 1,608,475</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liability	17,360	37,479
Loan payable to related party (Note 7)	—	330,457
	<u>17,360</u>	<u>367,936</u>
Shareholders' equity (Note 8)		
Share capital	33,144,430	32,657,676
Reserves	2,988,701	2,807,426
Accumulated other comprehensive income	3,146,725	2,928,322
Deficit	(35,516,412)	(37,152,885)
	<u>3,763,444</u>	<u>1,240,539</u>
	<u>\$ 3,780,804</u>	<u>\$ 1,608,475</u>

Nature of operations (Note 1) and subsequent event (Note 14)

The consolidated financial statements were approved by the Board of Directors on March 29, 2023 and signed on their behalf by:

"Scott D. McLeod"

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

Silver Predator Corp.**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

	Years Ended	
	December 31, 2022	December 31, 2021
Expenses		
Professional and consulting fees	\$ 248,272	\$ 134,983
General and administrative	38,958	56,869
Stock-based compensation (Note 8)	26,631	31,525
Net loss from operating activities	(313,861)	(223,377)
Other income (expense)		
Reversal of mineral property impairment (Note 6)	1,980,607	—
Loss on sale of mineral property (Note 6)	—	(4,205)
Foreign exchange gain (loss)	(16,210)	2,243
Interest and other expense	(14,063)	(13,542)
Total other income (expense)	1,950,334	(15,504)
Net income (loss) before income tax	\$ 1,636,473	\$ (238,881)
Income tax	—	—
Net income (loss)	\$ 1,636,473	\$ (238,881)
Other comprehensive income (loss)		
Gain on investment at fair value through other comprehensive income ("FVOCI"), net of income tax	25,000	1,145
Item that may be reclassified subsequently to net income (loss):		
Change in cumulative translation adjustment	193,403	(2,113)
Other comprehensive income (loss)	\$ 218,403	\$ (968)
Total comprehensive income (loss)	\$ 1,854,876	\$ (239,849)
Basic and diluted income (loss) per common share	\$ 0.05	\$ (0.01)
Weighted average number of common shares outstanding (Note 8)	33,185,987	29,447,662

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

Silver Predator Corp.
Consolidated Statements of Cash Flows

	Years Ended	
	December 31, 2022	December 31, 2021
OPERATING ACTIVITIES		
Net income (loss)	\$ 1,636,473	\$ (238,881)
Items not affecting cash:		
Stock-based compensation (Note 8)	26,631	31,525
Interest expense (Note 7)	14,024	13,447
Reversal of impairment of mineral property (Note 6)	(1,980,607)	—
Loss on sale of mineral property (Note 6)	—	4,205
Foreign exchange loss	26,534	2,861
	(276,945)	(186,843)
Changes in non-cash working capital items:		
(Increase) decrease in receivables, prepaid expenses, and deposits	41,417	(7,107)
Increase (decrease) in amounts due to related parties	1,532	126,457
Decrease in accounts payable and accrued liability	(21,651)	(71,945)
	(255,647)	(139,438)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	—	1,145
Proceeds from sale of mineral property (Note 6)	32,533	187,659
Proceeds from release of reclamation bond	5,303	—
Exploration and evaluation costs capitalized (Note 6)	(67,201)	(58,827)
	(29,365)	129,977
FINANCING ACTIVITIES		
Option exercise	—	77,500
Proceeds from private placement (Note 8)	641,398	—
Private placement costs	—	(33,900)
Proceeds from (repayment of) loan payable to related party (Note 7)	(350,155)	57,514
	291,243	101,114
Effect of exchange rate change on cash and cash equivalents	(5,080)	(909)
Change in cash	1,151	90,744
Cash, beginning of year	151,750	61,006
Cash, end of year	\$ 152,901	\$ 151,750

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

Silver Predator Corp.
Consolidated Statements of Changes in Equity

	<u>Share capital</u>			Accumulated other comprehensive income	Deficit	Total
	Number	Amount	Reserves			
Balance, January 1, 2021	28,784,854	\$32,551,930	\$ 2,804,147	\$ 2,929,290	\$(36,914,004)	\$ 1,371,363
Option exercise	775,000	105,746	(28,246)	—	—	77,500
Stock-based compensation	—	—	31,525	—	—	31,525
Cumulative translation adjustment	—	—	—	(2,113)	—	(2,113)
Gain on investment at FVOCI, net of tax	—	—	—	1,145	—	1,145
Net loss for the year	—	—	—	—	(238,881)	(238,881)
Balance, December 31, 2021	29,559,854	\$32,657,676	\$ 2,807,426	\$ 2,928,322	\$(37,152,885)	\$ 1,240,539
Private placement	5,830,891	486,754	154,644	—	—	641,398
Stock-based compensation	—	—	26,631	—	—	26,631
Cumulative translation adjustment	—	—	—	193,403	—	193,403
Gain on investment at FVOCI, net of tax	—	—	—	25,000	—	25,000
Net income for the year	—	—	—	—	1,636,473	1,636,473
Balance, December 31, 2022	35,390,745	\$33,144,430	\$ 2,988,701	\$ 3,146,725	\$(35,516,412)	\$ 3,763,444

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

Silver Predator Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

1. NATURE OF OPERATIONS

Silver Predator Corp. ("SPD") was incorporated under the laws of the Province of British Columbia on May 16, 2006. SPD owns the Copper King copper-silver project ("Copper King") in the Coeur d'Alene Silver District of northern Idaho, U.S., the Taylor silver-gold project ("Taylor") in Nevada, U.S., and other early stage exploration properties in the U.S. As of December 31, 2022, SPD is 51.82% owned by Till Capital Corporation ("Till Capital"). SPD's head office is located at 666 Burrard St. Suite 1700, Vancouver, British Columbia V6C 2X8, Canada.

2. BASIS OF PRESENTATION AND MEASUREMENT

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, stock-based awards, and the asset held for sale which have been measured at fair value. SPD's presentation currency is Canadian dollars. Reference herein to \$ is to Canadian dollars. Reference herein to US\$ is to United States dollars.

These consolidated financial statements were approved by the Board of Directors for issuance on March 29, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

These consolidated financial statements include the accounts of SPD and its subsidiary.

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

Where necessary, adjustments are made to the results of the subsidiary to bring its accounting policies in line with those used by SPD.

SPD's significant subsidiary is as follows:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Silver Predator US Holding Corp. ("SPUS")	Nevada, USA	100%	U.S. Holding Company

Translation of foreign currencies

The functional currency of the parent company is the Canadian dollar. The functional currency of SPD's United States subsidiary is the United States dollar. SPD's presentation currency is the Canadian dollar.

Transactions denominated in currencies other than the functional currency are recorded using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit and loss in the period in which they arise.

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

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Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

Cash

Cash comprises cash on deposit with financial institutions.

Financial assets and investments

SPD classifies financial assets and investments in the following categories:

- at fair value through profit and loss ("FVPL"),
- at fair value through other comprehensive income ("FVOCI"), or
- at amortized cost.

SPD determines the classification of financial assets and investments at initial recognition. The classification of debt instruments is driven by SPD's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVPL, for other equity instruments, on the day of acquisition SPD can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI.

SPD's accounting policy for each of the categories is as follows:

Financial assets at FVPL

Financial assets carried at FVPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVPL are included in the consolidated statement of income (loss) in the period in which they arise.

Financial assets at FVOCI

Investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

SPD recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, SPD measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, SPD measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Reclamation bonds

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

Mineral properties

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

If it is determined that capitalized acquisition, exploration, and evaluation costs are not recoverable, or the related property is abandoned or management has determined that there is an impairment in value, the property is written down to its

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Notes to the Consolidated Financial Statements **For the years ended December 31, 2022 and 2021**

recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

From time to time, SPD acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. Proceeds received from the sale or option of an interest in a property will be credited against the carrying value of the property. Option payments received in excess of the carrying value of a property are recorded as an exploration expense recovery in the consolidated statement of income (loss) and comprehensive income (loss).

Provision for environmental reclamation

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

SPD's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of the future expenditures. Those changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense.

Impairment of mineral properties

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

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

Stock-based compensation

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

Income taxes

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

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

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Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

subsidiaries and investments, and interests in joint ventures, except where SPD is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

Income (loss) per share

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

Critical accounting judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to exercise judgment in applying SPD's accounting policies. Those judgments 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 consolidated financial statements.

Areas of judgments that have the most significant effect on the amounts recognized in the consolidated financial statements are:

Impairment indicator assessment 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 has impairment indicators and is required to test for impairment. That determination requires significant judgment. The impairment indicators considered by management include: (i) the period during which SPD or its subsidiary has the right to explore in the area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned; (iii) a decision to discontinue exploration and evaluation in an area; and (iv) sufficient data exists to indicate that the carrying value of mineral properties will not be fully recovered from future development and production. No impairment indicators existed at December 31, 2022 for any of SPD's properties.

Reversal of mineral property impairment

SPD recorded a reversal of mineral property impairment related to its Taylor property at December 31, 2022. The determination of the amount of the reversal of mineral property impairment requires judgements related to the determination of the recoverable amount based on the subsequent sale of the asset after December 31, 2022. The most significant assumption in the determination of the recoverable amount at December 31, 2022 was the discount rate used in the fair value of the note receivable included in the purchase consideration. The discount rate was determined based on market interest rates and the credit risk of the counterparty.

4. MARKETABLE SECURITIES

During the first quarter of 2022, SPD received 166,667 shares of Forte Minerals Corp. (formerly Plan B Minerals Corp.) common stock upon its initial public offering to replace SPD's previous holding of 200,000 shares of Plan B Minerals Corp.

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Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

SPD received 200,000 shares of Plan B Minerals Corp., a private company, in 2013 as part of an option assignment agreement and the shares were valued at \$0.10 per share. Due to the termination of the option assignment agreement on March 30, 2015, and no market for the 200,000 shares of Plan B Minerals Corp., the value of the 200,000 shares of Plan B Minerals Corp. was reduced to zero in the fourth quarter of 2016, the \$20,000 unrealized loss was recorded in other comprehensive income (loss) ("OCI").

Upon receipt of 166,667 shares of Forte Minerals Corp., SPD made an irrevocable election to designate them as equity instruments at FVOCI. Investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in OCI. As of December 31, 2022, the fair value of the 166,667 shares of Forte Minerals Corp. was \$25,000.

5. ASSET HELD FOR SALE

In November 2022, SPD's wholly-owned subsidiary SPUS and White Pine Precious Metals Inc. ("WPPM"), a privately held Ontario-based company, signed a Definitive Purchase Agreement (the "Purchase Agreement") for WPPM to acquire the Taylor property. The closing occurred on January 27, 2023 (See Note 14). Pursuant to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), Taylor's assets were classified as held for sale.

6. MINERAL PROPERTIES

The following table presents a list of SPD's mineral properties:

	Treasure Hill	Taylor	Cordero	Copper King	Cornucopia	Total
Balance, December 31, 2020	\$ 188,751	\$ 65,366	\$ 118,558	\$ 1,063,653	\$ 78,762	\$ 1,515,090
Dispositions	(191,864)	—	—	—	—	(191,864)
Additions / Exploration costs	—	30,674	11,554	10,371	6,228	58,827
Currency translation adjustment	3,113	68	(373)	(4,394)	(264)	(1,850)
Balance, December 31, 2021	\$ —	\$ 96,108	\$ 129,739	\$ 1,069,630	\$ 84,726	\$ 1,380,203
Dispositions	—	(32,533)	—	—	—	(32,533)
Reversal of impairment	—	1,980,607	—	—	—	1,980,607
Additions / Exploration costs	—	37,328	11,993	11,415	6,465	67,201
Reclassification to held for sale	—	(2,169,091)	—	—	—	(2,169,091)
Currency translation adjustment	—	87,581	9,351	73,530	6,050	176,512
Balance, December 31, 2022	\$ —	\$ —	\$ 151,083	\$ 1,154,575	\$ 97,241	\$ 1,402,899

Sale of Treasure Hill property

In December 2021, SPD sold its Treasure Hill property in White Pine County, NV to Treasure Hill Resources LLC for cash consideration of \$187,659 (US\$145,000) and recorded a loss on disposal of \$4,205.

Taylor

The Taylor property is located in White Pine County, Nevada, U.S. That property hosts a silver mineral resource reported in accordance with Canadian National Instrument 43-101.

In November 2022, SPD's wholly-owned subsidiary SPUS and WPPM, a privately held Ontario-based company, signed a Purchase Agreement for WPPM to acquire the Taylor property. The terms of the Purchase Agreement included an immediate payment of \$32,533 (US\$25,000) followed by a payment of US\$850,000 by the closing date, with an additional US\$875,000 payment 18 months following the closing date. Also at the closing date, SPUS will receive 5% of the issued and outstanding common shares of WPPM on a basic, non-diluted basis. SPUS received the \$32,533 (US\$25,000) on November 22, 2022. The closing occurred on January 27, 2023 (See Note 14). Pursuant to IFRS 5, Taylor's assets were reclassified to held for sale.

As a result of the Purchase Agreement, a reversal of previous impairment in the amount of \$1,980,607 was recorded at December 31, 2022 based on the value of the cash received, the cash to be received discounted to present value using a discount rate of 18%, and shares of WPPM to be received.

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Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

Cordero

Cordero gold property is located seven miles southwest of the town of McDermitt in Humboldt County, north-central Nevada. The project is situated within the Opalite mining district, on the southeast rim of the McDermitt Caldera Complex.

Copper King

Copper King is located in the Silver Valley of Northern Idaho, U.S. and consists of certain unpatented mining claims that are subject to an existing 1% NSR to Golden Predator US Holding Corp., a wholly-owned subsidiary of Till Capital.

Cornucopia

The Cornucopia property is located in the historic Cornucopia silver (gold) mining district located in Elko County, Nevada. The consolidated land position consists of patented and unpatented lode claims oriented north-northwest along the Leopard vein system. These claims cover the areas of previous mining activity and historic, non-NI 43-101 compliant silver resources, as well as the remainder of the Cornucopia mining district.

7. RELATED PARTY TRANSACTIONS

Key management compensation

During the year ended December 31, 2022, SPD incurred expenses of \$15,616 (year ended December 31, 2021 - \$15,044) to its Chief Executive Officer as compensation for services received. During the year ended December 31, 2022, SPD had stock-based compensation to directors as compensation for services received of \$26,631 (year ended December 31, 2021 - \$31,525).

Loan payable

During the year ended December 31, 2021, SPD received a loan from Till Capital of \$315,475 (US\$250,000), secured by SPD's interest in its wholly-owned subsidiary SPUS, which holds title to projects in Nevada and Idaho. The loan was payable on demand and had a maturity date of August 22, 2022, with an annual interest rate of 12%, and the principal and interest could be prepaid in whole or in part with no penalties. Part of the loan proceeds were used to pay outstanding related party payables to Till Capital and its subsidiaries. During the second quarter of 2022, SPD paid the loan balance including interest on the loan of \$350,155 (US\$271,717). Interest expense for the years ended December 31, 2022 and 2021 was \$14,024 and \$13,447, respectively.

Other

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, 2022, SPD was charged \$78,078 (year ended December 31, 2021 - \$75,222) for those services. At December 31, 2022, the amounts due to related parties included in trade payables totaled \$3,649 (December 31, 2021 - \$7,607).

8. SHARE CAPITAL AND RESERVES

Authorized and issued share capital

An unlimited number of common shares without par value are authorized. At December 31, 2022, SPD had 35,390,745 shares issued and outstanding (December 31, 2021 - 29,559,854).

Private placement

In March 2022, SPD completed the first tranche of the private placement with 1,165,255 units priced at \$0.11 per unit for \$128,178, each unit consisting of one common share plus one common share purchase warrant exercisable for two years to acquire an additional common share at a price of \$0.165 per share (a "Warrant Share"). In June 2022, SPD completed the second tranche of the private placement with 4,665,636 units priced at \$0.11 per unit for \$513,220, each unit consisting of one common share plus one Warrant Share.

Silver Predator Corp.Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021**Stock options**

SPD has a Stock Option Plan to provide performance incentive to directors, officers, employees, and consultants. The maximum number of shares issuable under the Stock Option Plan may not exceed 10% of the shares outstanding. The exercise period of the options may not exceed five years from the date of grant. The vesting period and the exercise price of options granted is determined by SPD's Board of Directors, and the exercise price cannot be less than the market price of SPD's shares on the date of grant.

During the year ended December 31, 2022, SPD recognized stock-based compensation expense of \$26,631 (year ended December 31, 2021 - \$31,525).

At December 31, 2022, SPD had 2,850,000 stock options outstanding with a weighted average exercise price of \$0.13.

	Stock Options	
	Number	Weighted average exercise price
Outstanding, December 31, 2021	1,400,000	\$ 0.13
Issued	2,450,000	0.12
Expired	(1,000,000)	0.10
Outstanding, December 31, 2022	2,850,000	\$ 0.13
Exercisable	2,850,000	\$ 0.13

At December 31, 2022, incentive stock options were outstanding as follows:

Number	Issue date	Exercise price	Expiry date	Fair value per option	Total fair value
2,450,000	December 9, 2022	\$ 0.12	December 9, 2025	\$ 0.011	\$ 26,631
400,000	March 29, 2021	\$ 0.20	March 29, 2024	\$ 0.079	\$ 31,525

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

	2022	2021
Stock price	\$0.06	\$0.18
Risk-free interest rate	4.27%	0.11%
Expected life	3 years	3 years
Volatility	51.87%	71.66%
Dividend rate	n/a	n/a

Warrant Shares

At December 31, 2022, 5,830,891 Warrant Shares were outstanding as follows:

Number	Issue date	Exercise price	Expiry date	Fair value per warrant	Total fair value
4,665,636	June 3, 2022	\$ 0.165	June 3, 2024	\$ 0.0284	\$ 132,504
1,165,255	March 15, 2022	\$ 0.165	March 15, 2024	\$ 0.0190	\$ 22,140

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The fair value of the Warrant Shares was estimated on issue date using the Black-Scholes-Merton pricing model. The assumptions used in calculating the fair values are as follows:

	June 2022	March 2022
Stock price	\$0.13	\$0.105
Risk-free interest rate	2.93%	1.74%
Expected life	2 years	2 years
Volatility	50.82%	56.62%
Dividend rate	n/a	n/a

9. INCOME TAXES

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

	December 31, 2022	December 31, 2021
Income (loss) for the year before income tax	\$ 1,636,473	\$ (238,881)
Expected income tax recovery	\$ 442,000	\$ (65,000)
Impact of different foreign statutory tax rates on earnings of subsidiaries	(106,000)	2,000
Permanent difference	7,000	9,000
Impact of dissolution	—	6,412,000
Impact of future tax rate changes	4,000	3,000
Change in unrecognized deductible temporary differences and other	(347,000)	(6,361,000)
Total income tax	\$ —	\$ —

The significant components of SPD's unrecorded deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Non-capital losses available for future period	\$ 3,731,000	\$ 3,621,000
Exploration and evaluation assets	3,305,000	3,651,000
Other	407,000	39,000
	\$ 7,443,000	\$ 7,311,000
Unrecognized deferred tax assets	(7,443,000)	(7,311,000)
Net deferred tax assets	\$ —	\$ —

The significant components of SPD's unrecognized temporary differences and tax losses are as follows:

	December 31, 2022	Expiry Date Range	December 31, 2021	Expiry Date Range
Temporary differences:				
Non-capital losses available for future period	\$ 14,305,000	2024 to 2042	\$ 13,853,000	2026 to 2040
Exploration and evaluation assets	13,135,000	No expiry date	14,730,000	No expiry date
Other	1,494,000	No expiry date	146,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

10. SEGMENT INFORMATION

SPD operates in a single segment, which is the exploration and development of resource properties.

11. FINANCIAL INSTRUMENTS

Financial instruments include any contract that gives rise to a financial asset to one party and a financial liability or equity instrument to another party. At December 31, 2022, SPD's carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values due to their short term to maturity.

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Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

The three levels of the fair value hierarchy are:

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

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

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

12. FINANCIAL RISKS MANAGEMENT

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, 2022, a 5% change in the value to the US dollar as compared to the Canadian dollar would result in about \$97,000 change in net income.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. SPD is exposed to credit risk from cash deposits and reclamation bonds with financial institutions. Cash and cash equivalents consist of cash held in bank or brokerage 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. SPD's maximum balance sheet exposure to credit risk at December 31, 2022 is the carrying value of its cash and cash equivalents 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, 2022, SPD has no material borrowings.

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, 2022, SPD had a net working capital (current assets less current liabilities) balance of \$2,341,959. Included in current assets is \$2,169,109 relating to Taylor, which is a held for sale asset.

In November 2022, SPD's wholly-owned subsidiary SPUS and WPPM signed a Purchase Agreement for WPPM to acquire the Taylor property. The terms of the Purchase Agreement included an immediate payment of \$32,533 (US\$25,000) followed by a payment of US\$850,000 by the closing date, with an additional US\$875,000 payment 18 months following the closing date. Also at the closing date, SPUS will receive 5% of the issued and outstanding common shares of WPPM on a basic, non-diluted basis. SPUS received the \$32,533 (US\$25,000) on November 22, 2022. The closing occurred on January 27, 2023. On January 27, 2023, SPUS received US\$850,000. (see Note 14).

13. MANAGEMENT OF CAPITAL RISK

SPD considers the items included in shareholders' equity to be capital. SPD manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, SPD may issue new shares through public and/or private placements, sell assets to reduce debt, or return capital to shareholders.

Silver Predator Corp.

Notes to the Consolidated Financial Statements

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14. SUBSEQUENT EVENT

In January 2023, SPD announced the closing of the sale of the Taylor property to WPPM. On January 27, 2023, SPD's wholly-owned subsidiary SPUS received US\$850,000, 631,034 common shares representing 5% of the issued and outstanding shares of WPPM, and a promissory note for US\$875,000 due July 27, 2024 with 2.88% interest per annum compounding quarterly.