

Silver Range Resources Ltd.
Financial Statements
December 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Silver Range Resources Ltd.

We have audited the accompanying financial statements of Silver Range Resources Ltd., which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Silver Range Resources Ltd. as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 11, 2016



Silver Range Resources Ltd.**Statements of Financial Position**

	Note	December 31, 2015 \$	December 31, 2014 \$
Assets			
Current assets			
Cash and cash equivalents	3	1,777,141	2,528,459
Accounts receivable - related party		-	13,285
Sales tax receivable		2,415	18,569
Yukon mineral exploration grant receivable		-	36,645
Prepaid expenses		12,451	18,091
		1,792,007	2,615,049
Non-current assets			
Prepaid exploration expenditures		61,667	98,667
Mineral property interests	4	1,074,890	29,223,047
		1,136,557	29,321,714
Total assets		2,928,564	31,936,763
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		26,000	65,538
Accounts payable - related parties	7	16,920	104,256
		42,920	169,794
Non-current liabilities			
Deferred income tax liability	8	-	1,766,372
Total liabilities		42,920	1,936,166
Shareholders' equity			
Share capital	5	32,058,519	32,058,519
Contributed surplus	5	1,319,271	1,296,210
Deficit		(30,492,146)	(3,354,132)
Total shareholders' equity		2,885,644	30,000,597
Total liabilities and shareholders' equity		2,928,564	31,936,763

Nature of Operations and Going Concern 1

Approved on behalf of the Board of Directors on March 11, 2016:

"Bruce J. Kenway"

Director

"Glenn R. Yeadon"

Director

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

Silver Range Resources Ltd.**Statements of Changes in Shareholders' Equity**

For the years ended December 31, 2015 and 2014

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
January 1, 2014	47,401,707	32,058,519	1,381,447	(3,225,864)	30,214,102
Share-based payments	-	-	30,235	-	30,235
Re-allocated on cancellation of options	-	-	(115,472)	115,472	-
Comprehensive loss for the year	-	-	-	(243,740)	(243,740)
December 31, 2014	47,401,707	32,058,519	1,296,210	(3,354,132)	30,000,597
January 1, 2015	47,401,707	32,058,519	1,296,210	(3,354,132)	30,000,597
Share-based payments	-	-	24,376	-	24,376
Re-allocated on cancellation of options	-	-	(1,315)	1,315	-
Comprehensive loss for the year	-	-	-	(27,139,329)	(27,139,329)
December 31, 2015	47,401,707	32,058,519	1,319,271	(30,492,146)	2,885,644

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

Silver Range Resources Ltd.**Statements of Comprehensive Loss**

For the years ended December 31,	Note	2015 \$	2014 \$
Expenses			
Accounting, audit and legal	7	69,402	76,086
Consulting fees	7	-	45,500
Investor relations	7	13,079	27,869
Office and administration	7	129,485	156,378
Property examination	7	19,145	33,286
Property impairments	4c	28,675,798	-
Share-based payments	5	24,376	30,235
Net loss from operating expenses		(28,931,285)	(369,354)
Interest income		25,584	50,598
Loss for the year before income taxes		(28,905,701)	(318,756)
Deferred income tax recovery	8	1,766,372	75,016
Comprehensive loss for the year		(27,139,329)	(243,740)
Loss per share			
Weighted average number of common shares outstanding			
- basic #	6	47,401,707	47,401,707
- diluted #	6	47,401,707	47,401,707
Basic loss per share \$	6	(0.57)	(0.01)
Diluted loss per share \$	6	(0.57)	(0.01)

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

Silver Range Resources Ltd.**Statement of Cash Flows**

For the years ended December 31,	Note	2015 \$	2014 \$
Operating activities			
Comprehensive loss for the year		(27,139,329)	(243,740)
Adjustments for:			
Share-based payments		24,376	30,235
Property impairments		28,675,798	-
Interest income		(25,584)	(50,598)
Deferred income tax recovery		(1,766,372)	(75,016)
Net change in non-cash working capital items	9	17,544	(34,414)
		(213,567)	(373,533)
Investing activities			
Interest received		25,584	50,598
Mineral property acquisition costs		(199,349)	(382,579)
Yukon exploration grant received		32,539	-
Deferred exploration and evaluation expenditures		(396,525)	(724,372)
		(537,751)	(1,056,353)
Decrease in cash and cash equivalents		(751,318)	(1,429,886)
Cash and cash equivalents, beginning of year		2,528,459	3,958,345
Cash and cash equivalents, end of year		1,777,141	2,528,459

Supplemental cash flow information

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

Silver Range Resources Ltd.

Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

1. Nature of operations and going concern

Silver Range Resources Ltd. (the "Company" or "Silver Range") was incorporated on May 18, 2010 under the laws of the Province of British Columbia, Canada as a wholly owned subsidiary of Strategic Metals Ltd. ("Strategic"). Head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. The Company remained inactive until January 1, 2011, at which date it acquired certain mineral property interests from Strategic (see note 4(a)). As of December 31, 2015 various share transactions concluded by the Company and Strategic have reduced Strategic's ownership position to approximately 20%. The Company's common shares trade on the TSX Venture Exchange ("TSX-V").

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests.

The financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at December 31, 2015, the Company had working capital of \$1,749,087 (December 31, 2014 - \$2,445,255), and shareholders' equity of \$2,885,644 (December 31, 2014 - \$30,000,597). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

(b) Financial instruments

The Company classifies its financial instruments in the following categories: at FVTPL, loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

2. Significant accounting policies (continued)**(b) Financial instruments (continued)****(i) Non-derivative financial assets**

The Company has the following non-derivative financial assets: financial assets at FVTPL and loans and receivables.

A financial asset is classified as FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, material transaction costs are recognized in profit or loss as incurred. Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Cash and cash equivalents are classified as FVTPL and are accounted for at fair value. Cash equivalents include highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables include other receivables.

(ii) Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and accounts payable to related parties at FVTPL.

Other liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(c) Mineral property interests

The acquisition costs of mineral property interests and any subsequent exploration and evaluation costs are capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Mineral property interests that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

The acquisition costs include the cash consideration paid and the fair market value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value taking into consideration current year exploration results and management's assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned or inactive for a prolonged period, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

2. Significant accounting policies (continued)**(c) Mineral property interests** (continued)

Should a project be put into production, the costs of acquisition, exploration and evaluation will be amortized over the life of the project based on estimated economic reserves. If the carrying value of a project exceeds estimated reserves, an impairment provision is recorded.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

(d) Impairment**(i) Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset could be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(ii) Non-financial assets

Non-financial assets are reviewed at each reporting date for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's mineral property interest impairment policy is more specifically discussed in note 2(c) above.

(e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from contributed surplus.

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

2. Significant accounting policies (continued)**(e) Share capital (continued)**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(f) Flow-through share private placements

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares at the date the private placement is announced. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The loss of the tax benefit is recorded as a deferred income tax liability and eliminates the original flow-through share premium liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has unused temporary income tax benefits, or unused non-capital losses or tax credits available to offset the deferred income tax liability, the realization of these income tax benefits is shown as a recovery in profit or loss in the period the deferred income tax liability is recorded.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditures are completed and renounced to the flow-through shareholders.

(g) Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to Officers, Directors, related company employees and consultants to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest.

Options granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

On vesting, share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as contributed surplus are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed and credited to deficit.

2. Significant accounting policies (continued)**(h) Environmental rehabilitation**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted at each reporting date for the unwinding of the discount rate, for changes to the current market-based discount rate, and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no known restoration, rehabilitation or environmental costs related to its mineral property interests.

(i) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(j) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company.

2. Significant accounting policies (continued)**(k) Use of estimates and critical judgments**

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

- (i) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainty and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.
- (ii) The determination of the fair value of stock options or warrants using stock option pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

Judgments

- (i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- (ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(l) Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2016. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Tentatively effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 9 *Financial Instruments*

IFRS 9 adds new requirements for impairment of financial assets and makes changes to the classification and measurement of financial instruments. When complete, IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement*

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standard, however, there will be enhanced disclosure requirements.

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:	December 31,	December 31,
	2015	2014
	\$	\$
Bank balance	60,588	92,814
Cashable investment certificates	1,716,553	2,435,645
	1,777,141	2,528,459

4. Mineral property interests

The Company's mineral property interests include a 100% interest in various mineral properties located in the Yukon Territory, Canada. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

Changes in the project carrying amounts for the years ended December 31, 2015 and 2014 are summarized as follows:

	Beginning Balance	Acquisitions/ Staking/ Assessments	Exploration and Evaluation	Exchanged Properties	Impair- ments	Ending Balance
	\$	\$	\$	\$	\$	\$
Year ended						
December 31, 2014						
Projects						
Silver Range	26,658,023	80,144	353,951	-	-	27,092,118
Mint	1,425,717	-	-	-	-	1,425,717
Mel	-	272,540	399,343	-	-	671,883
Barb	-	29,895	3,434	-	-	33,329
Total	28,083,740	382,579	756,728	-	-	29,223,047
Year ended						
December 31, 2015						
Projects						
Silver Range	27,092,118	3,348	154,629	1 (27,250,082)	-	14
Mint	1,425,717	-	-	(1) (1,425,716)	-	-
Mel	671,883	15,803	167,081	-	-	854,767
Barb	33,329	-	-	-	-	33,329
Michelle	-	-	6,583	180,197	-	186,780
Total	29,223,047	19,151	328,293	180,197	(28,675,798)	1,074,890

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

4. Mineral property interests (continued)

Exploration and evaluation expenditures on the projects consisted of the following:

Year ended December 31, 2014	Silver Range \$	Mel \$	Barb \$	Total \$
Assays	25,093	97	-	25,190
Drilling	15,000	-	-	15,000
Field	27,294	18,842	-	46,136
Helicopter and fixed wing	77,027	8,375	-	85,402
Labour	122,435	164,533	3,434	290,402
Resource and environmental studies	75,829	115,377	-	191,206
Survey and consulting	37,000	87,326	-	124,326
Travel and accommodation	10,918	4,793	-	15,711
	390,596	399,343	3,434	793,373
Less: Yukon exploration grant	(36,645)	-	-	(36,645)
Total	353,951	399,343	3,434	756,728

Year ended December 31, 2015	Silver Range \$	Mel \$	Michelle \$	Total \$
Assays	240	267	-	507
Field	14,414	13,351	-	27,765
Helicopter and fixed wing	18,752	12,173	-	30,925
Labour	32,905	98,875	6,406	138,186
Resource and environmental studies	42,018	26,442	177	68,637
Survey and consulting	37,000	10,530	-	47,530
Travel and accommodation	5,194	5,443	-	10,637
	150,523	167,081	6,583	324,187
Add: Yukon exploration grant adjustment	4,106	-	-	4,106
Total	154,629	167,081	6,583	328,293

The cumulative acquisition, exploration and evaluation costs incurred on the properties for all years and the current carrying values are as follows:

As at December 31, 2015	Cumulative costs \$	Impairments \$	Carrying Value \$
Silver Range	27,250,096	(27,250,082)	14
Mel	854,767	-	854,767
Barb	33,329	-	33,329
Michelle	186,780	-	186,780
Total	28,324,972	(27,250,082)	1,074,890

Silver Range Resources Ltd.

Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

4. Mineral property interests (continued)

(a) Silver Range and Mint projects

The Silver Range and Mint group of claims were acquired from Strategic on January 1, 2011, by the issue of Silver Range common shares and warrants having a value of \$2,954,026. The claims are located in the Whitehorse Mining District, Yukon Territory.

In 2011, The JRV claims were added to the Silver Range group of claims. They were acquired for \$100,000 cash and the issue of Silver Range common shares and warrants having a value of \$209,000. The vendor retains a 2% net smelter return royalty ("NSR") on any commercial production of precious metals from the JRV claims and a 1% NSR on commercial production of other metals. One-half of the NSR on the precious metals can be purchased by the Company for \$1,500,000. The properties are not subject to any option agreements.

(b) Mel and Barb projects

In 2014, a 100% interest in the Mel and Barb projects located in the Watson Lake Mining District, Yukon Territory, were acquired for \$220,000. The Mel project is subject to a prior 1% NSR on any commercial production from the property and there is an additional 1% NSR due to the vendor of the properties on both the Mel and Barb projects, which may be purchased at any time for \$1,000,000.

(c) Exchanged properties

Effective August 7, 2015, the Company signed a Property Transfer Agreement (the "Agreement") with Strategic, whereby the Company transferred its Mint property to Strategic in return for Strategic's Michelle property and BP4 claim. The Michelle property is located in the Dawson and Mayo Mining Districts, Yukon Territory. The BP4 Claim is located in the Whitehorse Mining District, Yukon Territory, and has been grouped with the Silver Range project. The BP4 claim is subject to a prior 2% NSR to a third party.

IAS 39 requires that transactions between related parties be measured at fair market value, where such values can be determined. The properties being exchanged are exploratory mineral resource projects with no proven economic mineral reserves, so there is insufficient information to determine a fair value less costs to sell, or a value in use. Under IFRS 6 mineral property interests can be carried at cost until such time the properties become impaired.

Prior to the property transfers the Company assessed its mineral property interests for impairment, and determined that its Silver Range and Mint properties were impaired. The Company has incurred significant amounts exploring and evaluating these properties and has concluded that in spite of estimated mineral reserves, the current market conditions render the projects uneconomical. In arriving at this conclusion the Company considered a number of factors, including low metal prices and the ongoing decline in the market capitalization of its shares. The Company's share price is at historical lows with a market capitalization of less than \$2,000,000, which does not support the accumulated acquisition and exploration costs of approximately \$29,000,000. In addition, any share financing to raise exploration funds, would significantly dilute the current shareholder value, so no significant exploration is planned. Given there are no option interests in the projects and there is insufficient information to determine a fair value less costs to sell, or a value in use, it has been decided to write-down the projects to nominal carrying amounts.

The Silver Range claims have been written-down to a carrying value of \$14, (14 claims held at \$1 per claim), for a total impairment of \$27,250,082. The Mint claims were written-down by \$1,425,716 and transferred to Strategic at a nominal \$1 value. Prior to the property transfers Strategic also assessed its mineral property interests for impairment and concluded that since its BP4 claim would form an integral part of the impaired Silver Range claims, the BP4 claim would also be impaired. Therefore, the BP4 claim was written-down by \$362,749 and transferred to the Company at a nominal \$1 carrying amount, equal to the \$1 carrying value of the Mint claims received.

Pursuant to the Agreement, the Company also acquired Strategic's Michelle property for a cash payment of \$180,197, equal to the 2015 exploration expenditures incurred by Strategic on the property. Prior to the transfer, Strategic concluded that the Michelle property should be written-down to \$180,197, so that its value was equal to the cash payment received from Silver Range. The write-off was \$304,718, equal to Strategic's current year claim costs and cumulative prior year acquisition and exploration expenditures.

The Company also reviewed its newly acquired Mel and Barb properties and determined there were no signs of impairment. The properties are at the early stages of exploration and have no significant carrying values, and the Company has no plans to curtail ongoing exploration.

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

5. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. All issued shares are fully paid.

There were no transactions for the issue of share capital during the years ended December 31, 2015 and 2014.

Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the number of issued shares of the Company at the time of grant. Options granted under the Plan may have a maximum term of ten years. A participant who is not a consultant conducting investor relations activities, who is granted an option that is exercisable at or above the market price at the date of grant, can have their options vest immediately, unless otherwise determined by the Board of Directors. A participant who is a consultant conducting investor relations activities, who is granted options under the Plan, will become vested with the right to exercise one-quarter of the options upon conclusion of every three months subsequent to the grant date. All options are to be settled by physical delivery of common shares.

A summary of the status of the Company's stock options as at December 31, 2015 and December 31, 2014 and changes during the years then ended is as follows:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of year	4,350,000	0.39	3,350,000	0.50
Granted	-	-	1,185,000	0.15
Cancelled	(20,000)	0.23	(185,000)	0.85
Options outstanding, end of year	4,330,000	0.39	4,350,000	0.39

As at December 31, 2015, the Company had stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
695,000	695,000	0.30	August 26, 2016
550,000	550,000	1.31	August 26, 2016
1,685,000	1,685,000	0.30	December 3, 2017
80,000	80,000	0.30	December 21, 2017
60,000	60,000	0.30	April 19, 2018
60,000	60,000	0.30	August 2, 2018
25,000	25,000	0.30	October 30, 2018
1,175,000	1,175,000	0.15	July 21, 2019
4,330,000	4,330,000		

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

5. Share capital (continued)**Stock options (continued)**

The following table summarizes information about the stock options outstanding at December 31, 2015:

Exercise prices \$	Options #	Weighted average remaining life years	Weighted average exercise price \$
0.15	1,175,000	3.56	0.15
0.30	2,605,000	1.62	0.30
1.31	550,000	0.65	1.31
	4,330,000	2.02	0.39

No stock options were granted during the year ended December 31, 2015.

During the year ended December 31, 2014, 1,185,000 stock options were granted to Officers, Directors, related company employees and consultants. The Company recorded the fair value of all options granted during 2014 using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options - five years, stock price volatility – 62.02%, no dividend yield, and a risk-free interest rate yield - 1.53%. The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous five years. As the Company did not have a five year trading history the five year stock price volatility of Strategic was used, as its volatility would be representative of the Company's volatility. Using the above assumptions the fair value of options granted during the year ended December 31, 2014 was \$0.043 for a total of \$51,097.

The total share-based payment expense for the year ended December 31, 2015 was \$24,376 (2014 - \$30,235), which is presented as an operating expense, and includes only options that vested during the years.

During the year ended December 31, 2015, 20,000 (2014 – 185,000) related company employee options were cancelled on the employees leaving employment. The original fair value of the cancelled options was \$1,315 (2014 - \$115,472) and on vesting was charged to share-based payment expense and credited to contributed surplus. As a result of the cancellations the amounts have been reversed from contributed surplus and credited to deficit.

Warrants

As an incentive to complete a private placement the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to private placement units.

Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the warrants and changes during the years ended December 31, 2015 and 2014 is as follows:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of year	-	-	5,156,682	1.80
Expired	-	-	(5,156,682)	1.80
Warrants outstanding, end of year	-	-	-	-

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

5. Share capital (continued)**Contributed surplus**

Contributed surplus includes the accumulated fair value of stock options recognized as share-based payments and the fair value of finders' warrants issued on private placements. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire, or are exercised or cancelled. Contributed surplus is comprised of the following:

	Options \$	Finders' Warrants \$	Options \$
January 1, 2014	1,381,447	-	1,381,447
Options vesting	30,235	-	30,235
Options cancelled	(115,472)	-	(115,472)
December 31, 2014	1,296,210	-	1,296,210
January 1, 2015	1,296,210	-	1,296,210
Options vesting	24,376	-	24,376
Options cancelled	(1,315)	-	(1,315)
December 31, 2015	1,319,271	-	1,319,271

6. Loss per share

The calculation of basic loss per share for the year ended December 31, 2015 was based on the loss attributable to common shareholders of \$27,139,329 (2014 – \$243,740) and a weighted average number of common shares outstanding of 47,401,707 (2014 - 47,401,707).

The calculation of diluted loss per share for the year ended December 31, 2015 was based on the loss attributable to common shareholders of \$27,139,329 (2014 – \$243,740) and a weighted average number of common shares outstanding of 47,401,707 (2014 - 47,401,707).

As at December 31, 2015, 4,330,000 options (2014 – 4,350,000) were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

7. Related party payables and transactions

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to management personnel or Directors, or entities over which they have control or significant influence during the years ended December 31, 2015 and 2014.

A number of key management personnel and Directors, or their related entities, transacted with the Company in the reporting period. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities, on an arm's length basis.

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan.

There were no options granted to key management personnel or Directors, or their related entities during the year ended December 31, 2015. During the year ended December 31, 2014, 800,000 stock options were granted to key management personnel and Directors having a fair value on grant date of \$34,496.

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

7. Related party payables and transactions (continued)

The following are the Company's related parties:

- (a) Douglas Eaton is a Director and the Company's President and CEO. He controls Archer, Cathro & Associates (1981) Limited ("Archer Cathro"), which is a geological consulting firm. Archer Cathro provides the Company with geological consulting services, including mineral property location, acquisition, exploration and evaluation, management, and office rent and administration.
- (b) Glenn Yeadon is a Director and the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp"), which provides the Company with legal services.
- (c) Larry Donaldson is the Company's CFO. He is a partner of Donaldson Grassi, Chartered Professional Accountants, a firm in which he has significant influence. Donaldson Grassi provides the Company with accounting and tax services.
- (d) Bruce Youngman is a Company Director. He controls Bayridge Mineral Services Ltd., which provided the Company with consulting services. The services concluded on July 15, 2014.
- (e) Ian Talbot is the Company's COO. He provides the Company with management services.

The Company is also related to Strategic through its shareholdings and common Officers and Directors (see note 4 for details of mineral property transactions with Strategic).

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions for the year ended December 31, 2015	Transactions for the year ended December 31, 2014	Balances outstanding December 31, 2015	Balances outstanding December 31, 2014
	\$	\$	\$	\$
Archer, Cathro				
- geological services	181,526	376,223	928	75,519
- rent and administration	51,112	71,811	3,397	16,336
	232,638	448,034	4,325	91,855
Yeadon Law Corp.	17,292	20,801	2,839	1,685
Donaldson Grassi	25,550	26,625	7,000	7,500
Bayridge Mineral Services Ltd.	-	45,500	-	-
Ian Talbot	40,469	40,906	2,756	3,216
Strategic	180,197	-	-	-
	496,146	581,866	16,920	104,256

All related party balances are unsecured and are due within thirty days without interest.

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

8. Income taxes

Income tax recovery for the years ended December 31, 2015 and 2014 varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	December 31, 2015	December 31, 2014
	\$	\$
Loss for the year before income taxes	(28,905,701)	(318,756)
Statutory Canadian corporate tax rate	26.0%	26.0%
Anticipated income tax recovery	7,515,482	82,877
Change in tax resulting from:		
Mineral property impairments not deducted for tax purposes	(7,455,707)	-
Reversal of tax liability on mineral property interests	3,249,800	-
Reversal of tax benefits on losses, tax credits and share issue costs	(1,536,865)	-
Unrecognized items for tax purposes	(6,338)	(7,861)
Net deferred income tax recovery	1,766,372	75,016

The significant components of the Company's deferred income tax liability are as follows:

	December 31, 2015	December 31, 2014
	\$	\$
Mineral property interests	-	(3,249,800)
Unclaimed investment tax credits	-	976,876
Non-capital loss carry forwards	-	446,726
Share issue costs	-	59,826
Net deferred income tax liability	-	(1,766,372)

As at December 31, 2015 the Company has unclaimed resource and other deductions in the amount of \$17,270,606 (December 31, 2014 - \$16,723,819), which may be deducted against future taxable income. These costs are \$16,195,716 in excess of the carrying value of the mineral property interests because of the large impairment charge during the year. The tax benefit of \$4,210,886 on the difference has not been recognized for tax purposes as there is no certainty that there will be adequate income to utilize the deductions. The prior year excess of the mineral property interests over the unclaimed resource pools has been reversed because of the property impairments. As a result the prior period tax liability of \$3,249,800 on the difference has been reversed.

As at December 31, 2015 the Company has unused non-capital losses of approximately \$2,021,000, of which \$219,000 will expire in 2031, \$576,000 in 2032, \$551,000 in 2033, \$372,000 in 2034 and \$303,000 in 2035. The tax benefit of \$525,520 on the losses has not been recognized for tax purposes as there is no certainty that there will be adequate income to utilize the losses. The unrecognized amounts include prior year benefits of \$446,726, which have been reversed in the current year, and current year benefits of \$78,794 not recognized.

As at December 31, 2015 there are share issue costs totaling \$113,426 (December 31, 2014 - \$230,099), which have not been claimed for income tax purposes. The tax benefit of \$29,491 on the costs has not been recognized for tax purposes as there is no certainty that there will be adequate income to utilize the deductions. The unrecognized amounts include prior year benefits of \$59,826, which have been reversed in the current year.

As at December 31, 2015 the Company has unused investment tax credits of approximately \$1,320,000 (December 31, 2014 - \$1,320,000), of which \$1,137,000 will expire in 2031, \$87,000 in 2032 and \$96,000 in 2033. The tax benefit of \$976,876 previously recognized on the credits has been reversed in the current year as there is no certainty that there will be adequate income to utilize the credits.

Income tax attributes are subject to review, and potential adjustments, by tax authorities.

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

9. Supplemental cash flow information

Changes in non-cash operating working capital during the years ended December 31, 2015 and 2014 were comprised of the following:

	December 31, 2015	December 31, 2014
	\$	\$
Sales tax receivable	16,154	(6,057)
Prepaid expenses	5,640	2,366
Accounts payable and accrued liabilities	(4,790)	(2,746)
Accounts payable to related parties	540	(27,977)
Net change	17,544	(34,414)

The Company incurred non-cash investing activities during the years ended December 31, 2015 and 2014 as follows:

	December 31, 2015	December 31, 2014
	\$	\$
Deferred exploration and evaluation expenditures included in accounts payable and related party payables	928	110,267
Deferred exploration and evaluation expenditures included in Yukon mineral exploration grant receivable	-	(36,645)
	928	73,622

During the years ended December 31, 2015 and 2014 no amounts were paid for interest or income tax expenses.

10. Financial risk management**Capital management**

The Company is a junior resource exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at December 31, 2015 is comprised of shareholders' equity of \$2,885,644 (December 31, 2014 - \$30,000,597).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

Silver Range Resources Ltd.**Notes to the Financial Statements**

For the years ended December 31, 2015 and 2014

10. Financial risk management (continued)**Financial instruments - fair value**

The Company's financial instruments consist of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, and accounts payable to related parties.

The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
December 31, 2015				
Cash and cash equivalents	1,777,141	-	-	1,777,141
December 31, 2014				
Cash and cash equivalents	2,528,459	-	-	2,528,459

Financial instruments- risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash and cash equivalents. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal accounts receivable exposure, and its various refundable credits are due from Canadian governments.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the year ended December 31, 2015, every 1% fluctuation in interest rates up or down would have impacted loss for the year, up or down, by approximately \$22,000 (2014 - \$32,000) before income taxes.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

(d) Market and currency risk

The Company is not exposed to market risk because it does not own publicly traded marketable securities and does not have investments in other companies. It is not exposed to currency risk because it does not deal in foreign currencies.