

Silver Range Resources Ltd.
Consolidated Financial Statements
December 31, 2018
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Silver Range Resources Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Silver Range Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of changes in shareholders' equity, loss and comprehensive loss, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Silver Range Resources Ltd. as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at December 31, 2018, the Company will require additional funding to carry on as a going concern. These events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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.



We obtained Management's, Discussion and Analysis prior to the date of this auditors' report. 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 IFRSs, 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.

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 26, 2019

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

As at December 31, 2018 and 2017

	Note	December 31, 2018 \$	December 31, 2017 \$
Assets			
Current assets			
Cash		355,969	383,917
Receivables and prepayments	3	37,275	76,946
Marketable securities	4	113,097	-
		506,341	460,863
Non-current assets			
Marketable securities	4	-	98,535
Prepaid mineral property expenditures		62,684	28,188
Mineral property interests	6	3,950,025	5,150,320
Reclamation deposits	7	100,592	50,319
		4,113,301	5,327,362
Total assets		4,619,642	5,788,225
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		41,981	50,322
Accounts payable to related parties	10	37,005	28,026
Total liabilities		78,986	78,348
Shareholders' equity			
Share capital	8	36,592,572	35,893,579
Contributed surplus	8	643,858	513,509
Deficit		(32,695,774)	(30,697,211)
Total shareholders' equity		4,540,656	5,709,877
Total liabilities and shareholders' equity		4,619,642	5,788,225
Nature of operations and going concern	1		
Events after the reporting period	14		

Approved on behalf of the Board of Directors on March 26, 2019:

"Bruce J. Kenway"

Director

"Barry M. Heck"

Director

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

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

For the years ended December 31, 2018 and December 31, 2017

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
January 1, 2017	57,401,707	34,108,519	296,634	(29,906,956)	4,498,197
Share-based payments	-	-	419,012	-	419,012
Exercise of options	377,500	49,075	-	-	49,075
Re-allocated on exercise of options	-	34,259	(34,259)	-	-
Re-allocated on expiry of options	-	-	(177,752)	177,752	-
Cancellation of shares	(18,549)	(9,874)	9,874	-	-
Shares issued for mineral properties	1,000,000	200,000	-	-	200,000
Private placement shares issued	8,687,500	1,550,000	-	-	1,550,000
Share issue costs	-	(38,400)	-	-	(38,400)
Loss and comprehensive loss for the year	-	-	-	(968,007)	(968,007)
December 31, 2017	67,448,158	35,893,579	513,509	(30,697,211)	5,709,877
January 1, 2018	67,448,158	35,893,579	513,509	(30,697,211)	5,709,877
Share-based payments	-	-	187,369	-	187,369
Exercise of options	72,500	9,425	-	-	9,425
Re-allocated on exercise of options	-	6,580	(6,580)	-	-
Re-allocated on expiry/cancellation of options	-	-	(50,440)	50,440	-
Private placement units issued	4,615,333	692,300	-	-	692,300
Share issue costs	-	(9,312)	-	-	(9,312)
Loss and comprehensive loss for the year	-	-	-	(2,049,003)	(2,049,003)
December 31, 2018	72,135,991	36,592,572	643,858	(32,695,774)	4,540,656

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

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

For the years ended December 31,

	Note	2018 \$	2017 \$
General and administrative expenses			
Administrative expenses		12,073	21,560
Consulting fees	10	86,247	125,100
Insurance		24,844	26,923
Investor relations and shareholder information		36,893	79,173
Management, administrative and corporate development fees	10	97,901	88,743
Office rent	10	30,000	30,000
Professional fees	10	108,917	105,716
Share-based payments	8,10	187,369	419,012
Transfer agent and filing fees		11,013	15,011
Loss before other items		(595,257)	(911,238)
Interest income		7,974	7,125
Foreign exchange gain		3,760	-
Loss on marketable securities	4	(64,938)	-
Mineral property examination costs	10	(59,763)	(38,948)
Gain on sale of mineral properties	6	33,086	-
Mineral property write-offs	6	(1,373,865)	(24,946)
Loss and comprehensive loss for the year		(2,049,003)	(968,007)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #	9	70,784,994	64,786,098
- Diluted #	9	70,784,994	64,786,098
Basic loss per share \$	9	(0.03)	(0.01)
Diluted loss per share \$	9	(0.03)	(0.01)

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

Silver Range Resources Ltd.**Consolidated Statements of Cash Flows**

For the years ended December 31,	2018	2017
Note	\$	\$
Operating activities		
Loss and comprehensive loss for the year	(2,049,003)	(968,007)
Adjustments for:		
Share-based payments	187,369	419,012
Loss on marketable securities	64,938	-
Gain on sale of mineral properties	(33,086)	-
Mineral property write-offs	1,373,865	24,946
Interest received	(7,974)	(7,125)
Net change in non-cash working capital items	(1,080)	(25,882)
	(464,971)	(557,056)
Financing activities		
Issue of shares/units for cash	701,725	1,599,075
Share issue costs	(9,312)	(38,400)
	692,413	1,560,675
Investing activities		
Interest received	7,974	7,125
Prepaid mineral property expenditures, net	(30,695)	(28,188)
Reclamation deposits	(50,273)	(50,319)
Exploration grant proceeds	37,240	53,870
Mineral property options proceeds	195,005	195,000
Mineral property acquisition costs	(91,259)	(252,905)
Deferred exploration and evaluation expenditures	(323,382)	(1,276,413)
	(255,390)	(1,351,830)
Decrease in cash	(27,948)	(348,211)
Cash, beginning of year	383,917	732,128
Cash, end of year	355,969	383,917

Supplemental cash flow information

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Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

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"). In 2011, the Company and Strategic completed a Plan of Arrangement which reduced Strategic's investment in the Company to less than 20%. The Company is registered extra-territorially to conduct operations in the Yukon Territory, Northwest Territories and Nunavut, Canada. The Company also has a US incorporated subsidiary company as detailed in note 5. The Company's 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's common shares trade on the TSX Venture Exchange ("TSX-V").

The Company's main corporate strategy is to advance its mineral properties to a drill-ready stage and then option or sell them to other parties. Under option or sale agreements, the Company may receive cash and/or shares in the acquiring companies and may retain interests or royalty interests in the properties. Through this process, the Company is assembling a portfolio of direct and indirect mineral property interests and marketable securities, which will assist in generating cash flows to meet overheads and ongoing exploration and drilling programs. The Company has not yet determined whether its direct or indirect mineral property interests contain mineral reserves that are economically viable. The Company's continued operations, and the underlying value and recoverability of the amounts shown for mineral property interests and marketable securities, are entirely dependent upon the existence of economically recoverable mineral reserves of the Company and those in which it holds a mineral property or shareholder interest. The continued exploration and development of projects will depend on it receiving future cash flows from the disposition or option of its mineral property interests and sale of marketable securities, or from its ability to obtain share capital financing.

These consolidated financial statements ("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, 2018, the Company had working capital of \$427,355 (December 31, 2017 - \$382,515), and shareholders' equity of \$4,540,656 (December 31, 2017 - \$5,709,877). The Company will continue to seek the funding necessary to enable it to carry on as a going concern, but management cannot provide assurance that the Company will be able to raise additional debt and/or equity capital. If the Company is unable to raise additional funds in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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.

The accounting policies set out below have been applied consistently by the Company and its subsidiary.

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

2. Significant accounting policies (continued)**(b) Principles of consolidation**

These financial statements include the financial statements of the Company and its subsidiary.

Subsidiaries are entities controlled by the Company, and are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

Associates are those entities in which the Company has significant influence, but not control over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. When applicable, the financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued, except to the extent that the Company has an obligation, or has made payments on behalf of the investee. The Company has no associates requiring equity accounting.

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. When applicable, the financial statements include the assets that the Company controls and the liabilities that it incurs in the course of pursuing the joint operation and its share of any revenues and expenses from the joint operation.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment, to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) New accounting policy

The Company has adopted new accounting standard *IFRS 9 - Financial Instruments*, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date.

The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace *IAS 39 - Financial instruments: recognition and measurement*. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value.

The Company continues to classify and measure its financial instruments at fair value through profit or loss with changes in fair value recognized in profit or loss as they arise ("FVTPL") unless restrictive criteria regarding the objective and contractual cash flows of the instrument are met for classifying and measuring at either amortized cost or fair value through other comprehensive income.

Cash, marketable securities, and reclamation deposits continue to be recorded at FVTPL. Accounts receivable is classified at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities, and accounts payable to related parties, are classified and measured as other financial liabilities at amortized cost using the effective interest rate method.

(d) Financial instruments

The Company classifies its financial instruments in the following categories: as FVTPL, financial assets at amortized cost 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)**(d) Financial instruments (continued)****(i) Non-derivative financial assets****Recognition**

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

- (a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and
- (b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's marketable securities are classified as FVTPL. Marketable securities held in companies with an active market are classified as current assets at fair value. Marketable securities held in non-public companies without an active market are classified as non-current assets and are valued at fair value. In situations where fair value is indeterminable or impracticable to determine, the shares are recorded at cost. This may occur when non-public company shares are received as payment for mineral property interests. In such situations cost is determined by reference to the issue price of similar shares issued by the non-public entity for cash, at or near the time of issue of the investment shares, and in similar volumes. When, at future measurement dates fair value is still indeterminable, or impracticable, cost is used as the measure of fair value. When there is evidence of impairment the shares are written-down to expected realizable value.

Cash and reclamation deposits are classified as FVTPL and are accounted for at fair value. Other receivables and grant receivable are classified as amortized cost and are accounted for using the effective interest rate method.

(ii) Derivative financial assets

Warrants are classified as derivative financial assets and are recorded at FVTPL. Warrants without an active market that are received as attachments to common share units are initially recorded at nominal amounts. At the time of purchase the total unit cost is allocated in full to each common share. Subsequent value is determined at measurement date using a valuation technique, such as the Black-Scholes option pricing model, or when the valuation technique input variables are not reliable, using the intrinsic value, which is equal to the higher of the market value of the underlying security, less the exercise price of the warrant, or zero. The Company does not own warrants as at December 31, 2018.

(iii) Other financial liabilities

The Company has the following other financial liabilities: accounts payable and accrued liabilities, and accounts payable to related parties.

Such financial 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. Interest expense is recorded to profit or loss.

2. Significant accounting policies (continued)**(e) 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 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 year 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 year 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.

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.

(f) Impairment**(i) Financial assets**

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management 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(e) above.

2. Significant accounting policies (continued)**(g) 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.

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 unit 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 issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(h) 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 closes. 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 year 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.

(i) 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.

2. Significant accounting policies (continued)**(i) Share-based payment transactions (continued)**

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 from contributed surplus and credited to deficit.

(j) 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, of any significance, related to its mineral property interests.

(k) 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.

(l) 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 year, 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)**(m) 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 year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

- (i) Option or sale agreements, under which the Company may receive shares (marketable securities) as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.
- (ii) 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.
- (iii) The determination of the fair value of stock options or warrants using stock 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.

(n) 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, 2019. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

2. Significant accounting policies (continued)

(n) Standards issued but not yet effective (continued)

Effective for annual periods beginning on or after January 1, 2019.

- New standard IFRS 16 - *Leases*

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*. It is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

The Company has no leases and has initially assessed that there will be no material reporting changes as a result of adopting the new standard.

- New Interpretation IFRIC 23 - *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company does not expect the adoption of this new standard to have a material impact on its financial statements.

3. Receivables and prepayments

Receivables and prepayments consists of the following:

	December 31, 2018	December 31, 2017
	\$	\$
Sales tax recoverable	7,538	20,679
Yukon mineral exploration grant receivable	-	37,240
Other receivables (Note 14)	12,000	-
Prepaid expenses	17,737	19,027
	37,275	76,946

4. Marketable securities

Marketable securities consist of common shares received on the option of mineral properties as follows:

	Cost \$	Fair value \$	Loss \$
January 1, 2017	98,535	98,535	
Unrealized gain (loss) for the year	-	-	-
December 31, 2017	98,535	98,535	-
January 1, 2018	98,535	98,535	
Additions	79,500	79,500	
Unrealized loss for the year	-	(64,938)	(64,938)
December 31, 2018	178,035	113,097	(64,938)

As at December 31, 2017, shares of Rover Metals Corp. ("Rover") (see note 6(b)(i)) held by the Company did not have an active market and accordingly, were presented as non-current assets. During the year ended December 31, 2018, Rover obtained a public listing and the Company now classifies these marketable securities as current assets.

The fair values of the marketable securities are based on the bid prices of the shares on the TSX-V at each year end.

The current year additions are for shares received under the Mel property option agreement (see note 6(a)(ii)), and the Hard Cash and Nigel option agreement (see note 6(b)(v)).

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

5. Subsidiary information

As part of the purchase agreement with Panarc Resources Ltd. ("Panarc"), as described in note 6(b), the Company acquired a 100% interest in the shares of Manta Minerals Corporation ("Manta"), a company incorporated in the State of Nevada, USA. A nominal amount of \$1 was allocated to the share purchase.

Panarc incorporated Manta to hold title to its mineral property interests in Nevada, as it is a requirement in the USA that title to USA mineral interests be held by US corporations. Since incorporation Manta has had no transactions other than to hold title to the Nevada mineral claims. All costs to acquire or explore the claims were incurred by Panarc prior to the sale to Silver Range, and by Silver Range after the sale. Other than to hold title to the Nevada minerals claims, Manta has no assets or liabilities, and has had no transactions since being acquired by Silver Range.

6. Mineral property interests

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

	Yukon \$	Northwest Territories \$	Nunavut \$	Nevada \$	Total \$
January 1, 2017	1,257,246	653,654	1,677,931	148,631	3,737,462
Acquisitions/staking/assessments	7,825	278,584	91,310	75,186	452,905
Exploration and evaluation	119,904	219,514	507,802	332,679	1,179,899
Write-offs	-	-	-	(24,946)	(24,946)
Option proceeds	(100,000)	(95,000)	-	-	(195,000)
December 31, 2017	1,284,975	1,056,752	2,277,043	531,550	5,150,320
January 1, 2018	1,284,975	1,056,752	2,277,043	531,550	5,150,320
Acquisitions/staking/assessments	6,577	19,133	76	74,539	100,325
Exploration and evaluation	9,935	20,240	125,650	167,905	323,730
Write-offs	(206,037)	(567,943)	(554,902)	(44,983)	(1,373,865)
Option proceeds	(160,005)	(80,000)	(24,500)	(19,066)	(283,571)
Gain on sale of mineral property	-	33,086	-	-	33,086
December 31, 2018	935,445	481,268	1,823,367	709,945	3,950,025

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)

Changes in the project carrying amounts for the year ended December 31, 2017 are summarized as follows:

	Beginning Balance \$	Acquisitions/ Staking/ Assessments \$	Exploration and Evaluation \$	Exploration Grant from Panarc \$	Write-offs \$	Option Proceeds \$	Ending Balance \$
Yukon Projects							
Silver Range	124,650	7,825	28,453	-	-	-	160,928
Mel	871,334	-	5,571	-	-	(100,000)	776,905
Barb	36,003	-	-	-	-	-	36,003
Michelle	225,259	-	85,880	-	-	-	311,139
Total	1,257,246	7,825	119,904	-	-	(100,000)	1,284,975
Northwest Territories Projects							
Hare	31,282	-	-	-	-	-	31,282
Itchen	37,314	-	-	-	-	-	37,314
Cabin Lake	6,808	-	-	-	-	(5,000)	1,808
Sparta	10,122	-	-	-	-	-	10,122
Uptown Gold	568,128	-	10,750	(53,870)	-	(90,000)	435,008
Providence Greenstone Belt	-	278,584	262,634	-	-	-	541,218
Total	653,654	278,584	273,384	(53,870)	-	(95,000)	1,056,752
Nunavut Projects							
Hard Cash	529,941	3,575	208,745	-	-	-	742,261
Nigel	35,811	-	-	-	-	-	35,811
Uist	36,217	4,270	74,868	-	-	-	115,355
Yandle	-	17,656	157,815	-	-	-	175,471
Noomut	-	8,312	-	-	-	-	8,312
Quartzite	40,413	-	-	-	-	-	40,413
Happy Thought	11,220	-	-	-	-	-	11,220
Grumpy	9,698	-	-	-	-	-	9,698
Bling	164,604	-	18,039	-	-	-	182,643
Goldbugs	710,178	9,760	429	-	-	-	720,367
Esker Lake	139,849	13,573	510	-	-	-	153,932
Quannitug	-	18,330	47,396	-	-	-	65,726
Hiqiniq	-	6,138	-	-	-	-	6,138
Ujaraq	-	6,596	-	-	-	-	6,596
Tree River	-	3,100	-	-	-	-	3,100
Total	1,677,931	91,310	507,802	-	-	-	2,277,043
Nevada Projects							
Bellehelen	10,449	1,754	-	-	-	-	12,203
Hunter	11,195	-	4,950	-	(16,145)	-	-
Road Gold	15,213	4,297	24,700	-	-	-	44,210
Big Gossan	8,715	-	-	-	(8,715)	-	-
Cold Springs	13,902	2,151	2,499	-	-	-	18,552
Gilded Age	86	-	-	-	(86)	-	-
Gold Chief	8,768	7,414	101,782	-	-	-	117,964
Krug	8,779	1,722	510	-	-	-	11,011
Legal Tender	12,486	2,612	4,276	-	-	-	19,374
Rand	9,859	1,937	3,848	-	-	-	15,644
Skylight	13,435	4,924	69,906	-	-	-	88,265
Stinson	11,815	12,000	15,627	-	-	-	39,442
Strongbox	8,779	9,687	54,675	-	-	-	73,141
Lucky Boy	6,173	1,940	838	-	-	-	8,951
Enigma	8,977	15,664	47,454	-	-	-	72,095
Hannipah	-	9,084	1,614	-	-	-	10,698
Total	148,631	75,186	332,679	-	(24,946)	-	531,550
Total projects	3,737,462	452,905	1,233,769	(53,870)	(24,946)	(195,000)	5,150,320

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

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)

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

Year ended December 31, 2017	Yukon	Territories	Nunavut	Nevada	Total
	\$	\$	\$	\$	\$
Assays	4,305	6,589	3,148	16,726	30,768
Excavating and drilling	-	-	27,159	-	27,159
Field	17,195	40,608	29,907	18,607	106,317
Helicopter and fixed wing	21,046	106,079	195,980	-	323,105
Labour	78,278	185	1,865	17,729	98,057
Survey and consulting	24,667	112,641	222,947	255,005	615,260
Travel and accommodation	11,653	7,282	26,796	24,612	70,343
	157,144	273,384	507,802	332,679	1,271,009
Less: Yukon mineral exploration grant	(37,240)	-	-	-	(37,240)
Total	119,904	273,384	507,802	332,679	1,233,769

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)

Changes in the project carrying amounts for the year ended December 31, 2018 are summarized as follows:

	Beginning Balance \$	Acquisitions/ Staking/ Assessments \$	Exploration and Evaluation \$	Write-offs \$	Option/sale Proceeds \$	Gain on Sale \$	Ending Balance \$
Yukon Projects							
Silver Range	160,928	-	1,608	-	-	-	162,536
Mel	776,905	-	-	-	(150,000)	-	626,905
Barb	36,003	-	-	-	-	-	36,003
Michelle	311,139	6,577	8,327	(206,037)	(10,005)	-	110,001
Total	1,284,975	6,577	9,935	(206,037)	(160,005)	-	935,445
Northwest Territories Projects							
Hare	31,282	420	5,190	-	-	-	36,892
Itchen	37,314	383	5,404	-	-	-	43,101
Cabin Lake	1,808	-	106	-	(35,000)	33,086	-
Sparta	10,122	-	445	-	-	-	10,567
Uptown Gold	435,008	-	700	-	(45,000)	-	390,708
Providence Greenstone Belt	541,218	18,330	8,395	(567,943)	-	-	-
Total	1,056,752	19,133	20,240	(567,943)	(80,000)	33,086	481,268
Nunavut Projects							
Hard Cash	742,261	-	9,865	(554,902)	(7,250)	-	189,974
Atlantis	-	-	755	-	-	-	755
Nigel	35,811	-	5,465	-	(7,250)	-	34,026
Uist	115,355	-	5,546	-	(1,429)	-	119,472
Yandle	175,471	-	490	-	-	-	175,961
Noomut	8,312	-	190	-	-	-	8,502
Quartzite	40,413	76	5,460	-	-	-	45,949
Happy Thought	11,220	-	-	-	-	-	11,220
Grumpy	9,698	-	-	-	-	-	9,698
Bling	182,643	-	4,043	-	(1,429)	-	185,257
Goldbugs	720,367	-	2,802	-	(1,429)	-	721,740
Esker Lake	153,932	-	356	-	(1,429)	-	152,859
Quannituaq	65,726	-	-	-	(1,428)	-	64,298
Hiqiniq	6,138	-	356	-	(1,428)	-	5,066
Ujaraq	6,596	-	-	-	(1,428)	-	5,168
Contoyto	-	-	1,238	-	-	-	1,238
Tree River	3,100	-	89,084	-	-	-	92,184
Total	2,277,043	76	125,650	(554,902)	(24,500)	-	1,823,367
Nevada Projects							
Bellehelen	12,203	1,766	119	(773)	-	-	13,315
Black Star	-	1,441	7,492	-	-	-	8,933
Road Gold	44,210	-	-	(44,210)	-	-	-
Cold Springs	18,552	6,441	52,545	-	-	-	77,538
Gold Chief	117,964	9,392	18,460	-	(10,000)	-	135,816
Krug	11,011	1,766	11	-	-	-	12,788
Legal Tender	19,374	2,643	2,056	-	-	-	24,073
Loner	-	1,441	5,145	-	-	-	6,586
Rand	15,644	1,986	11	-	-	-	17,641
Posh	-	2,331	1,566	-	-	-	3,897
Robot	-	5,745	13,700	-	-	-	19,445
Skylight	88,265	3,520	13,484	-	-	-	105,269
Stinson	39,442	4,616	11	-	-	-	44,069
Strongbox	73,141	4,835	11,471	-	-	-	89,447
Lucky Boy	8,951	1,990	11	-	-	-	10,952
Enigma	72,095	4,620	4,152	-	-	-	80,867
Hannipah	10,698	2,862	1,016	-	-	-	14,576
East Goldfield	-	2,331	8,096	-	-	-	10,427
Stash	-	-	7,248	-	-	-	7,248
Yuge	-	9,066	-	-	(9,066)	-	-
Bottom Dollar	-	5,747	21,311	-	-	-	27,058
Total	531,550	74,539	167,905	(44,983)	(19,066)	-	709,945
Total Projects	5,150,320	100,325	323,730	(1,373,865)	(283,571)	33,086	3,950,025

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)

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

Year ended December 31, 2018	Yukon \$	Northwest Territories \$	Nunavut \$	Nevada \$	Total \$
Assays	153	217	8,462	13,081	21,913
Field	1,175	1,719	13,209	7,394	23,497
Helicopter and fixed wing	-	7,415	41,992	-	49,407
Labour	8,501	784	3,497	9,055	21,837
Survey and consulting	-	10,000	56,417	123,355	189,772
Travel and accommodation	106	105	2,073	15,020	17,304
Total	9,935	20,240	125,650	167,905	323,730

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

As at December 31, 2018	Cumulative costs, net \$	Option Proceeds / Write-offs / Gain on Sale \$	Carrying Value \$
Yukon	28,551,569	(27,616,124)	935,445
Northwest Territories	1,096,125	(614,857)	481,268
Nunavut	2,402,769	(579,402)	1,823,367
Nevada	773,994	(64,049)	709,945
Total	32,824,457	(28,874,432)	3,950,025

Option and sale proceeds on the projects for the years ended December 31, 2018 and December 31, 2017 consisted of the following:

	December 31 2018 \$	December 31 2017 \$
Yukon Projects	160,005	100,000
Northwest Territories Projects	80,000	95,000
Nunavut Projects	24,500	-
Nevada Projects	19,066	-
	283,571	195,000

Certain of the Company's mineral property interests are subject to option out or sale agreements, earn-in or purchase agreements or net smelter royalty returns ("NSR"), as detailed below.

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)

(a) Yukon projects

(i) Silver Range project

The Silver Range and Mint group of claims were acquired in January 2011 from Strategic, 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. The projects were considered impaired in 2015 and written-down to a \$14 carrying value. The Mint project was sold in 2015 (see note 6(a)(iii)).

The Silver Range project also includes the JRV claims which were purchased in 2011 for cash and shares totalling \$309,000. The JVR claims are subject to a 2% NSR on any commercial production of precious metals 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 Silver Range project also includes the BP4 claim which was acquired in 2015 for \$1. The BP4 claim is subject to a prior 2% NSR to a third party.

In 2016, the Company signed a Letter of Intent ("LOI") to option out its Silver Range project to a private British Columbia company for future shares and a retained 2% and 1% NSR. The transaction is still pending.

(ii) Mel and Barb projects

The Mel and Barb projects were purchased in 2014 for \$220,000. The claims are located in the Watson Lake Mining District, Yukon Territory. 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.

On March 14, 2017, the Company entered into an Agreement with Benz Mining Corp. ("Benz") for the sale of a 100% interest in the Company's Mel property. Under the Agreement, Benz can acquire the property for consideration of \$2,700,000 in cash or shares, payable over a five-year period as follows:

To earn a 100% interest the following payments in cash or shares are required:

- \$20,000 on acceptance by the TSX-V (received);
- \$80,000 on or before July 12, 2017 (received);
- \$150,000 cash, or a combination of cash and shares with a maximum aggregate value of shares not exceeding \$75,000 calculated using the applicable volume weighted average price ("VWAP"), on or before March 14, 2018 (received);
- \$300,000 cash, or a combination of cash and shares with a maximum aggregate value of shares not exceeding \$150,000 calculated using the VWAP, on or before March 14, 2019 (the parties are in negotiation to extend this payment date to September 14, 2019, and on signing require an additional payment of \$17,500);
- \$600,000 cash, or a combination of cash and shares with a maximum aggregate value of shares not exceeding \$450,000 calculated using the VWAP, on or before March 14, 2020;
- \$1,200,000 cash, or a combination of cash and shares with a maximum aggregate value of shares not exceeding \$1,200,000 calculated using the VWAP, on or before March 14, 2021; and
- \$350,000 cash, or a combination of cash and shares with a maximum aggregate value of shares not exceeding \$350,000 calculated using the VWAP, on or before the earlier of March 14, 2022 or the commencement of commercial production.

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

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)**(a) Yukon projects (continued)****(iii) Michelle project**

The Michelle property was acquired in 2015 in exchange for cash and the Company's Mint property. The Michelle property is located in the Dawson and Mayo Mining Districts, Yukon Territory.

On October 17, 2018, the Company entered into an agreement with Zinciferous Limited ("Zinciferous") to option to Zinciferous a 100% interest in the Michelle project. Under the agreement, Zinciferous can acquire the project for consideration as follows:

- \$10,000 cash payable to the Company within 7 days of executing the agreement (received);
- \$50,000 cash payable to the Company on or before October 17, 2019; and
- Issue to the Company common shares of Zinciferous equal to \$50,000 on or before October 17, 2019.

Exercise of the option is conditional upon Zinciferous obtaining a public listing before October 30, 2019. If Zinciferous does not obtain a public listing before October 30, 2019, the option period can be extended by six months for consideration of \$10,000.

Zinciferous will grant the Company a 3% NSR, of which 1.5% may be bought back by Zinciferous for consideration of \$1,000,000 payable in cash or common shares at Zinciferous's discretion.

Zinciferous has an obligation to incur minimum expenditures of \$600,000 within 24 months of obtaining a public listing. If the expenditure commitment is not met, Zinciferous may offer the project back to the Company for consideration of \$10,000 or satisfy the minimum expenditure obligation by paying cash or issuing common shares to the Company valued at the expenditure obligation deficiency. Additional cash or common share amounts may be payable to the Company should Zinciferous establish specific NI 43-101 compliant Indicated Resource amounts, complete a bankable feasibility study, or enter commercial production.

During the year ended December 31, 2018, a write-off of \$206,037 (2017 - \$nil) was recorded against the Michelle project as it was determined that the carrying value of the project exceeded the expected proceeds from the option to Zinciferous.

(b) Northwest Territories, Nunavut, and Nevada projects**Panarc transaction**

On July 8, 2016, the Company completed the purchase of various mineral properties located in the Northwest Territories and Nunavut, Canada, and in Nevada, USA, from Panarc. On closing, Panarc was issued 10,000,000 common shares of the Company at a price of \$0.205 per share for total consideration of \$2,050,000. Panarc did not retain any royalty or other interest in any of the acquired properties. The purchase price was allocated to the various properties based on the hectares of each property.

Prior to the sale of the properties, Panarc applied for a Northwest Territories mining exploration grant on the Uptown Gold property expenditures. A grant of \$53,870 was approved and received by Panarc in the 2017 year and paid to the Company and recorded as a reduction of the Uptown Gold deferred exploration expenditures.

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

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)**(b) Northwest Territories, Nunavut, and Nevada projects (continued)****Northwest Territories projects****(i) Uptown Gold property option**

By Agreement dated September 9, 2016, and amended August 15, 2017, April 6, 2018 and September 5, 2018, the Company granted Rover the right to earn up to a 100% interest in the Company's Uptown Gold property. For a 75% interest Rover must issue Silver Range 7.5% of its outstanding common shares, make cash payments of \$300,000 and incur exploration expenditures of \$1,600,000 on or before September 9, 2020. Rover has issued the Company 1,970,694 common shares at a value of \$0.05 each for total consideration of \$98,535 as detailed in note 4.

To complete the 75% earn-in, the following payments and expenditures are required:

Cash payments of \$300,000:

- \$30,000 on or before March 9, 2017 (received);
- \$60,000 on or before September 9, 2017 (received);
- \$45,000 on or before September 9, 2018 (received);
- \$45,000 in cash or shares on or before April 30, 2019; and
- \$120,000 on or before February 28, 2020.

Incurring exploration expenditures of \$1,600,000:

- \$350,000 on or before September 9, 2017 (incurred);
- \$500,000 on or before February 28, 2020; and
- \$750,000 on or before September 9, 2020.

Should Rover attain its 75% interest and not proceed to acquire the remaining interest, a joint venture would be formed to further explore the properties, unless otherwise agreed.

For an additional 25% interest, Rover is required to issue Silver Range the lesser of 4.5% of its outstanding common shares, or 2,500,000 common shares on or before September 30, 2020.

Should Rover attain either a 75% or a 100% interest in the property the Company would retain a 2% NSR from any commercial production, which would require annual advance royalty payments of \$50,000 beginning in 2021. One-half of the NSR may be purchased by Rover for \$1,000,000. The properties are subject to an area of mutual interest extending three kilometres from the borders of the properties.

(ii) Providence Greenstone Belt property option

On September 6, 2017, the Company signed an agreement with GGL Resources Corp. ("GGL") to option certain claims and mining leases ("Project Area") within the Providence Greenstone Belt ("PGB") in the Northwest Territories. The agreement gave the Company the right to explore the Project Area for all metals and minerals, except diamonds.

Under the agreement, the Company made a cash payment of \$33,200 and GGL was issued 1,000,000 common shares at a price of \$0.20 per share, for total consideration \$233,200. The Company was also required to convert all mineral claims into mining leases and maintain all PGB mining leases for at least one year, but thereafter, only to maintain those mining leases related to the option.

In April 2018, the Company terminated the agreement, and wrote-off its cumulative acquisition and exploration expenditures of \$567,943.

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

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)**(b) Northwest Territories, Nunavut, and Nevada projects** (continued)**Northwest Territories projects** (continued)**(iii) Cabin Lake property option**

By agreement dated November 7, 2017, and amended on August 9, 2018, the Company agreed to sell 100% of its Cabin Lake property located in the Northwest Territories, to Rover. A \$5,000 payment was received on signing, and a final payment of \$35,000 was received on August 3, 2018, which completed the sale. A gain of \$33,086 was recognized on the disposition.

The Company retains a 2% NSR on all mineral production from the Cabin Lake property and Rover is required to make annual advance royalty payments equal to the lesser of \$20,000 or 7% of annual exploration expenditures by Rover for each of the calendar years 2019, 2020 and 2021, and thereafter at \$20,000 per year. The advance royalty payments cease once a total of \$220,000 has been paid.

Rover has the right to acquire up to 1.5% of the 2% NSR by making payments of either \$750,000 or \$1,500,000, depending on the indicated gold reserves that may be reported.

Nunavut projects**(iv) Amaroq option**

On February 4, 2019, the Company signed a Letter Agreement which superseded a Letter of Intent ("LOI") signed on March 5, 2018, and amended on May 28, 2018, with Amaroq Gold Corp. ("Amaroq") to sell Amaroq a 100% interest in the Company's Bling, Esker Lake, Gold Bugs, Hiqiniq, Qannitug, Uist and Ujaraq claims located in Nunavut, Canada. Under the Letter Agreement, the Company will receive cash and Amaroq common shares staged over five years from when Amaroq receives a TSX-V or Canadian Securities Exchange Listing ("listing").

The Company will receive cash and common shares from Amaroq based on the following schedule:

Cash payments of \$1,747,500:

- \$10,000 on signing of the LOI (received);
- \$22,500 on execution of the Letter Agreement (received subsequent to December 31, 2018);
- \$40,000 upon commencement of receiving a listing;
- \$75,000 on or before first anniversary of the listing;
- \$100,000 on or before second anniversary of the listing;
- \$200,000 on or before third anniversary of the listing;
- \$300,000 on or before fourth anniversary of the listing; and
- \$1,000,000 on or before fifth anniversary of the listing.

Common shares of Amaroq:

- 5% of Amaroq's common shares at the time Amaroq obtains a listing;
- 100,000 common shares on or before the first anniversary of the listing;
- 200,000 common shares on or before the second anniversary of the listing;
- 300,000 common shares on or before the third anniversary of the listing; and
- 400,000 common shares on or before the fourth anniversary of the listing.

The Company will retain a 3% NSR on all mineral production from the projects, of which up to 2% can be purchased for \$4,000,000. The Company will be the project operator for the first year and will receive a management fee equal to 5% of exploration expenditures.

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

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)**(b) Northwest Territories, Nunavut, and Nevada projects (continued)****Nunavut projects (continued)****(iv) Amaroq option (continued)**

In addition to the NSR, the Company is entitled to a one-time cash payment of \$500,000 if Amaroq releases a preliminary economic assessment measuring or containing 500,000 ounces of gold from any location on any of the claims.

The Company may terminate the Letter Agreement if a listing is not obtained by December 31, 2019.

(v) Hard Cash and Nigel option

On November 23, 2018, the Company signed a Property Option Agreement with Canarc Resource Corp. ("Canarc") to sell Canarc a 100% interest in the Company's Hard Cash and Nigel properties located in Nunavut, Canada. Under the Option Agreement, the Company will receive cash and Canarc common shares staged over four years.

The Company will receive cash and common shares from Canarc based on the following schedule:

Cash payments of \$150,000:

- \$10,000 within five days of TSX-V acceptance (received);
- \$20,000 on or before November 23, 2019;
- \$30,000 on or before November 23, 2020;
- \$40,000 on or before November 23, 2021;
- \$50,000 on or before November 23, 2022;

1,500,000 common shares of Canarc:

- 100,000 within five days of TSX-V acceptance (received at a fair value of \$4,500);
- 200,000 on or before November 23, 2019;
- 300,000 on or before November 23, 2020;
- 400,000 on or before November 23, 2021;
- 500,000 on or before November 23, 2022;

The Company will retain a 2% NSR on all mineral production from the properties, of which up to 1% can be purchased for \$1,000,000.

The Company will also be entitled to receive a one-time cash payment equal to \$1 per ounce of gold (or the value equivalent in other metals), identified in a NI 43-101 compliant measured and indicated resource estimate application to either of the properties; and an additional one-time cash payment equal to \$1 per ounce of gold (or the value equivalent in other metals), identified in a NI 43-101 compliant proven or probable reserve estimate applicable to either of the properties.

During the year ended December 31, 2018, a write-off of \$554,902 (2017 - \$nil) was recorded against the Hard Cash project as it was determined that the carrying value of the project exceeded the expected proceeds from the option to Canarc.

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

6. Mineral property interests (continued)

(b) Northwest Territories, Nunavut, and Nevada projects (continued)

Nevada projects

(vi) Yuge property option

On February 27, 2018, the Company signed a letter of intent to option to Trifecta Gold Ltd. ("Trifecta") up to a 75% interest in the Company's newly acquired Yuge property.

For a 51% interest Trifecta is required to:

- Reimburse staking and recording costs of approximately US\$7,100 (received CAD\$9,066);
- Incur US\$1,000,000 in exploration expenditures on or before February 28, 2021;
- Pay the Company US\$250,000 cash and/or shares at Trifecta's election, on or before February 28, 2021;
- Grant the Company a 1% NSR on all commercial production from Trifecta's 51% interest; and
- Grant the Company a success fee of US\$1 per ounce, payable upon completion of a Preliminary Economic Assessment based on measured and indicated resources greater than 500,000 ounces.

For an additional 24% interest Trifecta is required to:

- Complete an additional US\$2,000,000 in exploration expenditures on or before February 28, 2023;
- Pay the Company US \$500,000 cash and/or shares at Trifecta's election, on or before February 28, 2023; and
- Grant the Company an additional 1% NSR on all commercial production, so that the Company will retain in total a 2% NSR on Trifecta's 75% interest, of which 1% can be purchased by Trifecta for US\$1,000,000 at any time prior to production.

The Company will act as the project operator for the first phase of exploration in return for a 10% management fee. Once fully vested, a Joint Venture would be formed to continue exploration of the property. Should either party's interest be diluted to below 10%, it would be converted into a 1% NSR, half of which could be purchased for US\$1,000,000.

(vii) Gold Chief property option

On November 1, 2018, the Company signed an option agreement with Crocan Capital Corp. ("Crocan"), giving Crocan the right to purchase a 100% interest in the Gold Chief property for consideration as follows:

Cash payments of \$160,000:

- \$10,000 upon execution of the agreement (received);
- \$10,000 upon completion of a public listing by Crocan;
- \$20,000 on or before November 1, 2019;
- \$20,000 on or before November 1, 2020; and
- \$100,000 on or before November 1, 2021.

650,000 common shares of Crocan:

- 50,000 shares upon completion of a public listing by Crocan;
- 100,000 shares on or before November 1, 2019;
- 200,000 shares on or before November 1, 2020; and
- 300,000 shares on or before November 1, 2021.

Exercise of the option is conditional upon Crocan obtaining a public listing before June 30, 2019. Upon Crocan exercising the option, the Company will retain a 2% NSR of which one-half can be purchased by Crocan for \$1,000,000. The Company is also entitled to receive a one-time cash payment of \$2 per ounce of gold or equivalent identified as measured or indicated resource compliant with NI 43-101, and a further \$2 per ounce for proven or probable mineral reserve compliant with NI 43-101.

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

7. Reclamation deposits

The reclamation deposits are comprised of cashable guaranteed investment certificates with one-year terms. They are pledged to the Northwest Territories, the Kivalliq Inuit Association in Nunavut and the Bureau of Land Management in the State of Nevada to ensure specified properties are properly restored after exploration. Management has determined that the Company has no material reclamation work related to the properties requiring the deposits.

8. 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.

Transactions for the issue of share capital during the year ended December 31, 2018:

- (a) The Company issued 72,500 common shares on the exercise of options for proceeds of \$9,425. In addition, \$6,580 representing the fair value of the options on initial vesting was re-allocated from contributed surplus to share capital.
- (b) On April 17, 2018, the Company issued 4,615,333 units at a price of \$0.15 per unit for a total consideration of \$692,300. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.25 until April 17, 2020. A finder's fee of \$900 was paid in respect of the placement. Legal and filing fees amounted to \$8,412 and have been included with the finder's fee and recorded as a share issue cost and deducted from share capital. No value was allocated to warrants in connection with the unit offering completed. The common share purchase warrants are subject to an accelerated exercise provision whereby if the closing price of the Company's common shares is \$0.35 or greater for a period of ten consecutive trading days subsequent to the statutory hold period on the warrants, the Company will have the right to provide all warrant holders with notice that the expiry date for the warrants will be 30 days from the date of issuance of such notice.

Transactions for the issue of share capital during the year ended December 31, 2017:

- (c) On February 17, 2017, the Company issued 4,687,500 units at a price of \$0.16 per unit for a total consideration of \$750,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase one additional common share at a price of \$0.25. The warrants expired unexercised on February 17, 2019. No finder's fees were paid in respect of the placement. Legal and filing fees amounted to \$8,700 and were recorded as a share issue cost and deducted from share capital.
- (d) On April 11, 2017, the Company issued 4,000,000 units at a price of \$0.20 per unit for a total consideration of \$800,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.30 until April 11, 2019. Finder's fees of \$9,000 were paid in respect of the placement and legal and filing fees amounted to \$12,200, for total share issue costs of \$21,200, which were deducted from share capital.
- (e) On September 8, 2017, the Company issued 1,000,000 common shares at a price of \$0.20 per share for total consideration of \$200,000, as partial payment under its agreement to option certain PGB claims and mining leases from GGL (see note 6(b)(ii)). The share price was determined based on the closing price of the Company shares on the date of issue. Legal fees amounted to \$8,500 and were recorded as a share issue cost and deducted from share capital.
- (f) The Company issued 377,500 common shares on the exercise of options for proceeds of \$49,075. In addition, \$34,259 representing the fair value of the options on initial vesting was re-allocated from contributed surplus to share capital.
- (g) On November 12, 2017, 18,549 common shares were returned to treasury and cancelled. Share capital was reduced by \$9,874, representing the average per-common-share carrying value of the cancelled shares. The value of the surrendered shares represents a benefit to the remaining shareholders and has been added to contributed surplus.

Silver Range Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

8. Share capital (continued)

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, 2018 and December 31, 2017 and changes during the years then ended is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of year	4,457,500	0.22	3,580,000	0.22
Granted	1,000,000	0.16	2,730,000	0.24
Exercised	(72,500)	0.13	(377,500)	0.13
Expired/Cancelled	(440,000)	0.24	(1,475,000)	0.30
Options outstanding, end of year	4,945,000	0.20	4,457,500	0.22

As at December 31, 2018, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
1,035,000	1,035,000	0.15	July 21, 2019
400,000	400,000	0.21	July 11, 2021
150,000	150,000	0.15	January 5, 2022
2,360,000	2,360,000	0.25	June 19, 2022
400,000	300,000	0.15	February 8, 2023
500,000	375,000	0.17	March 14, 2023
100,000	-	0.15	October 26, 2023
4,945,000	4,620,000		

The following table summarizes information about the stock options outstanding at December 31, 2018:

Exercise prices \$	Options #	Weighted average remaining life (years)	Weighted average exercise price \$
0.15 - 0.21	2,585,000	2.42	0.16
0.25	2,360,000	3.47	0.25
	4,945,000	2.92	0.20

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

For the years ended December 31, 2018 and December 31, 2017

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

During the year ended December 31, 2018, 1,000,000 stock options were granted to an Officer and certain technical committee members. The Company recorded the fair value of the options granted 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 – 93.23%, no dividend yield, and a risk-free interest rate yield – 2.08%. The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous five years. Using the above assumptions, the weighted average fair value of options granted during the year ended December 31, 2018, was approximately \$0.106 each, for a total of approximately \$106,000.

During the year ended December 31, 2017, 2,730,000 stock options were granted to Officers, Directors, related company employees and consultants. The Company recorded the fair value of the options granted using the Black-Scholes option pricing model. The Company recorded the fair value of the options granted using the following weighted average assumptions: expected life of options - five years, stock price volatility – 101.73%, no dividend yield, and a risk-free interest rate yield – 1.16%. The fair value was particularly impacted by the Company's stock price volatility, determined using data from the previous five years. Using the above assumptions, the weighted average fair value of options granted during the year ended December 31, 2017 was approximately \$0.175 each, for a total of \$479,405.

The total share-based payment expense for the year ended December 31, 2018 was \$187,369 (2017 - \$419,012), which is presented as a general and administrative expense, and includes only options that vested during the year.

During the year ended December 31, 2018, 440,000 options were either cancelled as a result of certain employees, directors, and consultants leaving employment, or expired unexercised. The original fair value of the expired options was \$50,440, and on vesting was charged to share-based payment expense and credited to contributed surplus. As a result of the cancellation of the options, \$50,440 was reversed from contributed surplus and deducted from deficit.

During the year ended December 31, 2017, 1,475,000 Officer, Director, and related company employee and consultant stock options expired unexercised. The original fair value of the expired options was \$177,752 and on vesting was charged to share-based payment expense and credited to contributed surplus. As a result of the expirations the amounts were reversed from contributed surplus and deducted from deficit.

Warrants

As an incentive to complete private placements, 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 warrants attached to units sold in completed private placements. 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 Company's common share purchase warrants as at December 31, 2018 and December 31, 2017 and changes during the years then ended is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of year	8,687,500	0.27	-	-
Issued	4,615,333	0.25	8,687,500	0.27
Warrants outstanding, end of year	13,302,833	0.27	8,687,500	0.27

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

For the years ended December 31, 2018 and December 31, 2017

8. Share capital (continued)**Warrants** (continued)

The following table summarizes information about the warrants outstanding at December 31, 2018:

	Exercise prices \$	Warrants #	Weighted average remaining life years	Expiry date
(1)	0.25	4,687,500	0.13	February 17, 2019
	0.30	4,000,000	0.28	April 11, 2019
	0.25	4,615,333	1.30	April 17, 2020
		13,302,833	0.58	

(1) Expired unexercised subsequent to December 31, 2018.

Contributed surplus

Contributed surplus is comprised of 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.

	Shares \$	Options \$	Total \$
January 1, 2017	-	296,634	296,634
Options vesting	-	419,012	419,012
Options exercised	-	(34,259)	(34,259)
Options expired	-	(177,752)	(177,752)
Forfeited shares	9,874	-	9,874
December 31, 2017	9,874	503,635	513,509
January 1, 2018	9,874	503,635	513,509
Options vesting	-	187,369	187,369
Options exercised	-	(6,580)	(6,580)
Options expired/cancelled	-	(50,440)	(50,440)
December 31, 2018	9,874	633,984	643,858

9. Loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2018 was based on the loss of \$2,049,003 (2017 - \$968,007) and a weighted average number of common shares outstanding of 70,784,994 (2017 - 64,786,098).

All stock options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

10. 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, 2018 or 2017.

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.

During the year ended December 31, 2018, 500,000 stock options (2017 – 1,955,000) were granted to key management personnel having a fair value on issue of \$55,530 (2017 - \$350,512). The options granted are exercisable at \$0.17 until March 14, 2023, and vest over a one-year period ending March 14, 2019 (2017 - exercisable at \$0.25 each until June 19, 2022 and vest over a one-year period ending June 19, 2018.)

During the year ended December 31, 2018, the Company's CEO exercised 72,500 options (2017 – 377,500) for proceeds to the Company of \$9,425 (2017 - \$49,075).

During the year ended December 31, 2018, 300,000 stock options were cancelled on a Director's resignation, and 25,000 stock options held by an Officer expired unexercised. The original fair value of the expired/cancelled options was \$44,089, and on expiry/cancellation was reversed from contributed surplus and deducted from deficit.

During the year ended December 31, 2017, 1,325,000 Officer and Director stock options expired unexercised, which had a value on issue of \$158,062.

The Company transacted with the following related parties:

- (a) Douglas Eaton is a Director. He is a shareholder and has significant influence over 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 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) Ian Talbot is the Company's COO. He provides the Company with management services.
- (e) Michael Power is the Company's President and CEO. He controls Paladin Geoscience Corp. ("Paladin Corp."), which provides the Company with consulting services. He also has a financial interest in Panarc, which was party to the mineral property transaction with the Company as detailed in note 6(b).
- (f) Richard Drechsler is the Company's Vice-President of Communications. He controls Drechsler Consulting Ltd. ("Drechsler Consulting"), which effective February 16, 2018, is providing the Company with his management and administrative services. Prior to February 16, 2018, he was employed by Archer Cathro who billed the Company for his services.

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

For the years ended December 31, 2018 and December 31, 2017

10. Related party payables and transactions (continued)

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, 2018 \$	Transactions for the year ended December 31, 2017 \$	Balances outstanding December 31, 2018 \$	Balances outstanding December 31, 2017 \$
Archer Cathro				
- geological services	26,746	118,089	12,539	578
- rent and administration	55,529	83,974	9,786	5,791
	82,275	202,063	22,325	6,369
Yeadon Law Corp. (1)	34,183	50,906	1,680	3,948
Donaldson Grassi	44,750	44,934	13,000	12,000
Ian Talbot	40,906	36,093	-	3,149
Paladin Corp. (2)	133,350	125,100	-	2,560
Drechsler Consulting	23,940	-	-	-
	359,404	459,096	37,005	28,026

(1) Includes \$4,200 in share issue costs for the year ended December 31, 2018.

(2) Includes geological services of \$23,396 for the year ended December 31, 2018 (2017 - \$nil).

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

The transactions with the key management personnel and Directors are included in general and administrative expenses as follows:

- (a) Consulting fees
- Includes the consulting fees paid to the Company's president and CEO, Mike Power, charged to the Company by Paladin Corp.
- (b) Management, administration and corporate development fees
- Includes the services of Company's COO, Ian Talbot.
 - Includes the services of Company's Vice President of Communications, Richard Drechsler, charged to the Company by Archer Cathro and Drechsler Consulting.
 - Includes charges by Archer Cathro for administrative and investor relations personnel.
- (c) Office rent
- Charged by Archer Cathro.
- (d) Professional fees
- Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corp.
 - Includes the accounting services of Company's CFO, Larry Donaldson, charged to the Company by Donaldson Grassi.
- (e) Mineral property examination costs
- Includes charges by Paladin Corp. and Archer Cathro for exploration personnel.

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

For the years ended December 31, 2018 and December 31, 2017

11. Income taxes

Income tax recovery 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, 2018	December 31, 2017
	\$	\$
Loss for the year before income taxes	(2,049,003)	(968,007)
Statutory Canadian corporate tax rate	27.0%	26.0%
Anticipated income tax recovery	553,231	251,682
Change in tax resulting from:		
Tax benefits on losses not recognized	(493,875)	(148,076)
Unrecognized items for tax purposes	(59,356)	(103,606)
Net deferred income tax recovery	-	-

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

As at December 31, 2018 the Company has unclaimed resource and other deductions in the amount of \$21,576,764 (December 31, 2017 - \$21,452,928), which may be deducted against future taxable income. These costs are \$17,626,739 more than the carrying value of the mineral property interests mainly because of the large impairment charges in both 2018 and 2015. The tax benefit of \$4,759,219 on the difference has not been recognized for tax purposes as there is no certainty that there will be adequate taxable income to utilize the deductions.

As at December 31, 2018 the Company has unused non-capital losses of approximately \$3,504,000, of which \$219,000 will expire in 2031, \$576,000 in 2032, \$551,000 in 2033, \$372,000 in 2034, \$303,000 in 2035 and \$1,483,000 thereafter. The tax benefit of \$946,079 on the losses has not been recognized for tax purposes as there is no certainty that there will be adequate taxable income to utilize the losses.

As at December 31, 2018 there are share issue costs totaling \$30,490 (December 31, 2017 - \$30,720), which have not been claimed for income tax purposes. The tax benefit of \$8,232 (December 31, 2017 - \$8,294) on the cost has not been recognized for tax purposes as there is no certainty that there will be adequate taxable income to utilize the deductions.

As at December 31, 2018 the Company has unused investment tax credits of approximately \$1,320,000 (December 31, 2017 - \$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 \$963,675 on the credits has not been recognized for tax purposes as there is no certainty that there will be adequate taxable 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 Consolidated Financial Statements**

For the years ended December 31, 2018 and December 31, 2017

12. Supplemental cash flow information

Changes in non-cash operating working capital during the years ended December 31, 2018 and December 31, 2017 were comprised of the following:

	December 31, 2018	December 31, 2017
	\$	\$
Receivables and prepayments	2,431	(3,042)
Accounts payable and accrued liabilities	(529)	(1,511)
Accounts payable to related parties	(2,982)	(21,329)
Net change	(1,080)	(25,882)

The Company incurred non-cash financing and investing activities during the years ended December 31, 2018 and December 31, 2017, which were comprised of the following:

	December 31, 2018	December 31, 2017
	\$	\$
Non-cash financing activities:		
Issue of common shares for mineral property interests	-	200,000
Non-cash investing activities:		
Acquisition costs of mineral property interests by common share issue	(79,500)	(200,000)
Mineral property option proceeds received by marketable securities	79,500	-
Deferred exploration and evaluation expenditures included in accounts payable and related party payables	27,415	23,266
Deferred exploration expenditures included in Yukon mineral exploration grant receivable	-	(37,240)
	27,415	(213,974)

During the years ended December 31, 2018 and December 31, 2017, no amounts were paid for interest or income tax expenses.

13. 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, 2018, is comprised of shareholders' equity of \$4,540,656 (December 31, 2017 - \$5,709,877).

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 Consolidated Financial Statements**

For the years ended December 31, 2018 and December 31, 2017

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

The Company's financial instruments consist of cash, marketable securities, reclamation deposits, 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, 2018				
Cash	355,969	-	-	355,969
Marketable securities	113,097	-	-	113,097
Reclamation deposits	100,592	-	-	100,592
	569,658	-	-	569,658
December 31, 2017				
Cash	383,917	-	-	383,917
Marketable securities	-	-	98,535	98,535
Reclamation deposits	50,319	-	-	50,319
	434,236	-	98,535	532,771

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. This risk is minimized by holding the funds in Canadian banks 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. For the year ended December 31, 2018 every 1% fluctuation in interest rates would have impacted loss for the year by approximately \$5,000 (2017 - \$12,000) 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.

13. Financial risk management (continued)**Financial instruments – risk** (continued)**(d) Market risk**

The Company is exposed to market risk because of the fluctuating values of its marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the December 31, 2018 portfolio value, every 10% increase or decrease in the share price of the securities would have impacted loss for the year by approximately \$11,000 (2017 - \$10,000) before income taxes.

(e) Currency risk

The Company is exposed to currency risk because it holds funds in United States Dollars (“USD”), which, because of fluctuating exchange rates can create gains or losses at the time the funds are converted to Canadian dollars. The Company has no control over these fluctuations and does not hedge its foreign currency holdings. Based on its December 31, 2018, USD holdings, every 5% increase or decrease in the exchange rate would have impacted loss for the year by approximately \$2,700 (2017 - \$950) before income taxes.

14. Events after reporting period

On February 14, 2019, the Company entered into a Debt Settlement Agreement (the “Debt Settlement”) with Trifecta whereby Trifecta issued to the Company a total of 200,000 common shares to settle an amount owing to the Company of \$12,000 (Note 3). No gain or loss was recognized in connection with the Debt Settlement.

On March 21, 2019, the Company completed a private placement for the issue of 1,822,727 common shares at a price of \$0.11 per share for total proceeds of \$200,500. No finders’ fees were paid in respect of the placement. Insiders of the Company purchased 1,431,818 shares for proceeds of \$157,500.