

*Condensed Consolidated Interim Financial Statements of*

**SILVER SPRUCE RESOURCES INC.**

*For the three and six months ended April 30, 2015 and 2014*

*(Unaudited)*

# **SILVER SPRUCE RESOURCES INC.**

**For the three and six months ended April 30, 2015 and 2014**

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## **Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by the Company's auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

Halifax, Nova Scotia  
June 29, 2015

# SILVER SPRUCE RESOURCES INC.

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**SILVER SPRUCE RESOURCES INC.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Expressed in Canadian Dollars - Unaudited)

	As at April 30, 2015 \$	As at October 31, 2014 \$
<b>Assets</b>		
Current		
Cash	5,654	116,938
HST and other receivables	107,436	9,847
Prepaid expenses	4,193	25,351
Total current assets	117,283	152,136
Equipment (Note 8)	43,861	49,581
Non-current refundable staking deposits	1,195	1,195
Investments	338	338
Total assets	162,677	203,250
<b>Liabilities</b>		
Current		
Trade payable and accrued liabilities (Note 12)	429,191	429,753
Flow-through share premium	-	28,499
Subscription receipt payable (Note 14)	4,500	-
Loans payable (Note 12)	126,298	74,723
Total current liabilities	559,989	532,975
<b>Shareholders' Deficiency</b>		
Share capital (Note 9)	27,468,592	27,468,592
Warrant reserve (Note 10)	59,183	59,183
Equity reserve	7,617,601	7,617,601
Accumulated deficit	(35,542,688)	(35,475,101)
Total shareholders' deficiency	(397,312)	(329,725)
Total liabilities and shareholders' deficiency	162,677	203,250

Basis of preparation and going concern (Note 2)

Commitments and contingencies (Note 13)

Subsequent events (Note 14)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by Stephan Jedynak, CEO, Director

Original signed by Gordon Barnhill, CFO, Director

See accompanying notes to the consolidated financial statements

**SILVER SPRUCE RESOURCES INC.**  
**Condensed Consolidated Interim Statements of Operations and**  
**Comprehensive Loss**

(Expressed in Canadian Dollars except loss per share - Unaudited)

	<b>For the three months ended April 30, 2015</b>	<b>For the three months ended April 30, 2014</b>	<b>For the six months ended April 30, 2015</b>	<b>For the six months ended April 30, 2014</b>
	\$	\$	\$	\$
<b>Expenses</b>				
Impairment of mineral exploration properties (Note 7)	(95,661)	-	95,396	-
Other impaired property cost recovery	-	-	(56,000)	-
Office and general	5,330	23,207	10,702	31,128
Accounting, audit and legal	23,700	51,730	23,900	60,987
Wages and benefits	-	6,500	-	13,000
Consulting fees	24,000	21,927	24,000	43,854
Corporate relations	1,545	5,160	1,545	6,431
Financing fees	3,000	-	3,000	-
Loan interest (Note 12)	1,137	-	1,575	-
Amortization	2,860	3,452	5,720	7,151
Flow-through share premium	(28,499)	-	(28,499)	-
Listing and filing fees	8,705	6,236	13,336	9,973
<b>Total expenses</b>	<b>(53,883)</b>	<b>118,212</b>	<b>94,675</b>	<b>172,524</b>
Foreign exchange (loss) gain	(1,754)	(34)	(2,912)	336
Gain on settlement of debt	30,000	-	30,000	-
Gain on sale of equipment	-	-	-	2,785
<b>Total other income</b>	<b>28,246</b>	<b>(34)</b>	<b>27,088</b>	<b>3,121</b>
<b>Net (gain) loss and comprehensive loss for the year</b>	<b>(82,129)</b>	<b>118,246</b>	<b>67,587</b>	<b>169,403</b>
<b>Net (gain) loss per share - basic and diluted</b>	<b>(0.01)</b>	<b>0.01</b>	<b>0.00</b>	<b>0.02</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>14,025,781</b>	<b>11,195,781</b>	<b>14,025,781</b>	<b>11,195,781</b>

See accompanying notes to the consolidated financial statements

# SILVER SPRUCE RESOURCES INC.

## Condensed Consolidated Interim Statements of Change in Shareholders' Deficiency

(Expressed in Canadian Dollars - Unaudited)

	Share capital	Warrant reserve	Equity reserve	Accumulated deficit	Total equity (deficiency)	
	Number of shares	\$	\$	\$	\$	
<b>Balance October 31, 2013</b>	<b>11,195,781</b>	<b>27,398,740</b>	<b>28,596</b>	<b>7,617,601</b>	<b>(34,461,249)</b>	<b>583,688</b>
Net comprehensive loss for the period	-	-	-	-	(51,157)	(51,157)
<b>Balance January 31, 2014</b>	<b>11,195,781</b>	<b>27,398,740</b>	<b>28,596</b>	<b>7,617,601</b>	<b>(34,512,406)</b>	<b>532,531</b>
Net comprehensive loss for the period	-	-	-	-	(117,972)	(117,972)
<b>Balance April 30, 2014</b>	<b>11,195,781</b>	<b>27,398,740</b>	<b>28,596</b>	<b>7,617,601</b>	<b>(34,630,378)</b>	<b>414,559</b>
Net comprehensive loss for the period	-	-	-	-	(60,091)	(60,091)
<b>Balance July 31, 2014</b>	<b>11,195,781</b>	<b>27,398,740</b>	<b>28,596</b>	<b>7,617,601</b>	<b>(34,690,469)</b>	<b>354,468</b>
Net loss for the period	-	-	-	-	(784,632)	(784,632)
Private placement common shares issued	2,830,000	141,500	-	-	-	141,500
Share issuance costs	-	(12,562)	-	-	-	(12,562)
Fair value of warrants issued under private placement	-	(30,587)	30,587	-	-	-
Flow-through share premium	-	(28,499)	-	-	-	(28,499)
<b>Balance October 31, 2014</b>	<b>14,025,781</b>	<b>27,468,592</b>	<b>59,183</b>	<b>7,617,601</b>	<b>(35,475,101)</b>	<b>(329,725)</b>
Net comprehensive loss for the period	-	-	-	-	(149,716)	(149,716)
<b>Balance January 31, 2015</b>	<b>14,025,781</b>	<b>27,468,592</b>	<b>59,183</b>	<b>7,617,601</b>	<b>(35,624,817)</b>	<b>(479,441)</b>
Net comprehensive gain for the period	-	-	-	-	82,129	82,129
<b>Balance April 30, 2015</b>	<b>14,025,781</b>	<b>27,468,592</b>	<b>59,183</b>	<b>7,617,601</b>	<b>(35,542,688)</b>	<b>(397,312)</b>

See accompanying notes to the consolidated financial statements

**SILVER SPRUCE RESOURCES INC.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Expressed in Canadian Dollars - Unaudited)

	For the six months ended April 30, 2015	For the six months ended April 30, 2014
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(67,587)	(169,403)
Items not involving cash:		
Gain on foreign exchange	-	(336)
Amortization	5,720	7,151
Gain on sale of equipment	-	(2,785)
Non-cash expense recovery	(56,000)	-
Flow-through share premium	(28,499)	-
Gain on settlement of debt	(30,000)	-
Accrued interest	1,575	-
Impairment of mineral properties	95,396	-
	<b>(79,395)</b>	<b>(165,373)</b>
Changes in non-cash working capital		
Decrease in prepaid expenses	21,158	3,322
Increase in HST and other receivables	(324)	(9,097)
Decrease in trade payables and accrued liabilities	55,438	102,300
	<b>76,272</b>	<b>96,525</b>
Net cash flows from operating activities	<b>(3,123)</b>	<b>(68,848)</b>
<b>Financing activities</b>		
Receipts on share subscription	5,000	-
Share issue costs	(500)	-
Proceeds from loans payable	80,000	37,260
Net cash flows from financing activities	<b>84,500</b>	<b>37,260</b>
<b>Investing activities</b>		
Mineral exploration properties expenditures	(192,661)	-
Proceeds from sale of equipment	-	5,129
Net cash flows from investing activities	<b>(192,661)</b>	<b>5,129</b>
Increase (decrease) in cash	<b>(111,284)</b>	<b>(26,459)</b>
Cash, beginning of period	<b>116,938</b>	<b>32,723</b>
<b>Cash, end of period</b>	<b>5,654</b>	<b>6,264</b>

See accompanying notes to the consolidated financial statements

**SILVER SPRUCE RESOURCES INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended April 30, 2015 and 2014**  
**(Unaudited)**

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**1. DESCRIPTION OF BUSINESS**

Silver Spruce Resources Inc. (the “Company”) is a public company domiciled in Canada and was incorporated in Alberta on May 8, 1996 under the name First Labrador Acquisitions Inc. The Company changed its name to Silver Spruce Resources Inc. on October 22, 2004. The Company's operations consist of the exploration for precious and base minerals. The registered office of the Company is Suite 312, 197 Dufferin Street, Bridgewater, Nova Scotia, B4V 2G9.

**2. BASIS OF PREPARATION AND GOING CONCERN**

*Statement of compliance*

The condensed consolidated interim financial statements (the “financial statements”) of the Company are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). In preparing the interim financial statements, the same accounting principles and methods of computation have been applied as in the annual financial statements for the year ended October 31, 2014. In the opinion of management, all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods have been made.

These condensed consolidated interim statements should be read in conjunction with the Company's consolidated annual financial statements for the year ended October 31, 2014.

*Basis of presentation*

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IAS 34 on a going concern basis, under the historical cost convention except for investments which are reflected at fair value which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. Several adverse conditions, however, cast substantial doubt on the validity of this assumption. The Company does not have any proven economically recoverable reserves on the Company's interest in mineral properties held for exploration and to date; the Company has earned no direct mining related revenues. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The recoverability of the amounts shown for mineral exploration properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production. It is not possible to predict whether financing efforts will be successful. The amounts shown as mineral exploration properties represent net costs to date and do not necessarily represent present or future values.

Although the Company has taken steps to verify title to mineral exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, First Nations claims, non-compliance with regulatory and environmental requirements and may be affected by undetected defects.



**SILVER SPRUCE RESOURCES INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the three and six months ended April 30, 2015 and 2014  
(Unaudited)

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**2. BASIS OF PREPARATION AND GOING CONCERN (continued)**

*Basis of presentation (continued)*

While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions such as ongoing operational losses and a need for working capital cast significant doubt on the validity of this assumption. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. The Company had continuing losses during the period ended April 30, 2015, a working capital deficiency and a cumulative deficit as at April 30, 2015. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed consolidated interim financial statements are prepared in accordance with IFRS and follow the same accounting policies and methods of their application as the most recent audited financial statements for the year ended October 31, 2014. These financial statements should be read in conjunction with those consolidated financial statements.

**4. FUTURE ACCOUNTING CHANGES**

IFRS 9 *Classification and Measurement* ("IFRS 9") introduces new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this new standard on the Company's financial assets and financial liabilities.

During the year ended October 31, 2014, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 32, IAS 36, and IAS 39. These new standards and changes did not have any material impact on the Company's financial statements.

IAS 1 *Presentation of Financial Statements* ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

# SILVER SPRUCE RESOURCES INC.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended April 30, 2015 and 2014

(Unaudited)

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### 4. FUTURE ACCOUNTING CHANGES (continued)

IAS 24 *Related Party Disclosures* (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

### 5. CAPITAL MANAGEMENT

The capital structure of the Company currently consists of share capital, warrant reserve and equity reserve. The Company’s objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties. The Company manages its capital structure in a manner that provides sufficient funding for operational activities.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company’s approach to capital management during the period.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of April 30, 2015, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

### 6. FINANCIAL RISK FACTORS

A summary of the Company’s risk exposures as it relates to financial instruments are reflected below:

#### a) Credit risk

The Company's credit risk is primarily attributable to cash and other receivables. The Company’s cash is held with highly rated financial institutions.

The Company has concluded that credit risk with regards to other receivables is minimal.

**SILVER SPRUCE RESOURCES INC.**  
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**(Unaudited)**

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**6. FINANCIAL RISK FACTORS (continued)**

**b) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2015, the Company had a cash balance of \$5,654 (October 31, 2014 - \$116,938) to settle current liabilities of \$559,989 (October 31, 2014 - \$532,975). Of the Company's current financial liabilities, \$433,691 (October 31, 2014 - \$429,753) have contractual maturities of less than 30 days and are subject to normal trade terms.

**c) Market risk**

*Interest rate risk*

The Company's loans payable bear a fixed interest rate and therefore is not subject to interest rate risk. The Company invests any cash surplus to its operational needs in investment-grade short-term deposit certificates issued by highly rated Canadian banks. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank.

*Foreign currency risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

*Price risk*

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

There were no significant changes to credit risk, liquidity risk and market risk during the period.

**d) Fair value**

The carrying amounts for cash, other receivables, trade payable and accrued liabilities, and loans payable on the statements of financial position approximate fair value due to their short-term maturity. The fair values of investments in entities listed on the TSX Venture Exchange are based on quoted market prices in active markets and are classified as a Level 1 in the fair value hierarchy.

**SILVER SPRUCE RESOURCES INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the three and six months ended April 30, 2015 and 2014  
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**6. FINANCIAL RISK FACTORS (continued)**

**d) Fair value (continued)**

A three tier hierarchy is used as a framework for disclosing the fair value of financial instruments based on inputs used to value the Company's financial instruments. The three levels of the fair value hierarchy are:

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

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

Level 3 - Inputs that are not based on observable market data

**e) Sensitivity analysis**

The Company is exposed to foreign exchange fluctuations as a result of transactions with its subsidiary, Silver Spruce Resources Mexico S.A. de C.V. The Company does not use derivatives to mitigate its foreign currency risk.

The statement of financial position includes the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in Mexican pesos.

	<b>April 30,</b> <b>2015</b>	October 31, 2014
	<u>\$</u>	<u>\$</u>
Mexican Pesos:		
Cash	<b>3,575</b>	3,795
Trade payable	<b>5,585</b>	5,928

A plus or minus 10% change in the value of the Canadian dollar with respect to Mexican Pesos would affect the Company's net loss by approximately \$50 (October 31, 2014 - \$50) based on balances denominated in Mexican Pesos on April 30, 2015.

A plus or minus 10% change in the Company's investment in marketable securities as at April 30, 2015, would affect the Company's net loss by \$34 (\$338 x 10%) (October 31, 2014 - \$34).

# SILVER SPRUCE RESOURCES INC.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended April 30, 2015 and 2014

(Unaudited)

### 7. MINERAL EXPLORATION PROPERTIES

	<u>October 31,</u> <u>2014</u>	<u>Additions</u>	<u>Refund of</u> <u>expenditures</u>	<u>Impairment and</u> <u>abandonments</u>	<u>April 30,</u> <u>2015</u>
	\$	\$	\$	\$	\$
Gold and Base Metals					
Big Easy	-	192,661	97,265	95,396	-

### 8. EQUIPMENT

	<u>Equipment</u>	<u>Computers</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost:</b>	\$	\$	\$	\$
At October 31, 2014	174,204	63,483	69,081	306,768
Disposals	-	-	-	-
<b>At April 30, 2015</b>	<b>174,204</b>	<b>63,483</b>	<b>69,081</b>	<b>306,768</b>
<b>Amortization:</b>				
At October 31, 2014	134,656	61,131	61,400	257,187
Additions	3,954	572	1,194	5,720
Disposals	-	-	-	-
<b>At April 30, 2015</b>	<b>138,610</b>	<b>61,703</b>	<b>62,594</b>	<b>262,907</b>
<b>Carrying Value:</b>				
At October 31, 2014	39,548	2,352	7,681	49,581
<b>At April 30, 2015</b>	<b>35,594</b>	<b>1,780</b>	<b>6,487</b>	<b>43,861</b>

**SILVER SPRUCE RESOURCES INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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(Unaudited)

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**9. SHARE CAPITAL**

The share capital is as follows:

	<u>April 30, 2015</u>	<u>October 31, 2014</u>
	\$	\$
Authorized:		
An unlimited number of non-voting preference shares		
An unlimited number of common shares, no par value		
Issued and outstanding:		
14,025,781 (October 31, 2014 - 14,025,781)	<b>27,468,592</b>	27,468,592

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**10. WARRANTS**

The following is a summary of warrants activity for the periods ended April 30, 2015 and October 31, 2014:

	<u>April 30, 2015</u>		<u>October 31, 2014</u>	
	<u>Number</u>	<u>Weighted average exercise price</u>	<u>Number</u>	<u>Weighted average exercise price</u>
		\$		\$
Balance, beginning of year	<b>1,584,625</b>	<b>0.24</b>	119,625	2.00
Granted in connection with private placements	-	-	1,465,000	0.10
Expired during the year	-	-	-	-
<b>Balance, end of year</b>	<b>1,584,625</b>	<b>0.24</b>	1,584,625	2.00

- a) In connection with the October 30, 2014 private placement, the Company issued 1,465,000 warrants. The grant date fair value of \$30,587 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield 0%, expected volatility based on historical volatility 196.88%, a risk free interest rate of 1.04%, and an expected maturity of 2 years.

**SILVER SPRUCE RESOURCES INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the three and six months ended April 30, 2015 and 2014  
(Unaudited)

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**10. WARRANTS (continued)**

Summary of warrants outstanding as at April 30, 2015:

<u>Warrants</u>	<u>Exercise price</u>	<u>Grant date fair value of warrants</u>	<u>Expiry date</u>
#	\$	\$	
119,625	2.00	28,596	May 18, 2015 *
1,465,000	0.10	30,587	October 30, 2016
<u>1,584,625</u>		<u>59,183</u>	

\*Subsequent to April 30, 2015, these warrants expired unexercised.

**11. SHARE BASED PAYMENTS**

The Board of Directors of the Company has adopted a stock option plan for the Company. Pursuant to the plan, the Board of Directors of the Company may allocate common shares to its directors, officers and certain consultants. The aggregate number of stock options to be granted under the plan should not exceed 20% of the issued and outstanding capital of the Company and the aggregate number of shares reserved for issuance to anyone person shall not exceed 5% of the issued and outstanding common shares. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting period for options is set by the Company at the time the options are granted. The shareholders of the Company are covered by a Shareholder Rights Plan Agreement between the Company and CIBC Mellon Trust Company.

Share based payment activity for the periods ended April 30, 2015 and October 31, 2014 are summarized as follows:

	<u>April 30, 2015</u>		<u>October 31, 2014</u>	
	<u>Number</u>	<u>Weighted average exercise price</u>	<u>Number</u>	<u>Weighted average exercise price</u>
		\$		\$
Balance, beginning of year	<b>472,500</b>	<b>2.25</b>	756,500	2.40
Expired	<b>(197,500)</b>	<b>1.20</b>	(284,000)	1.63
Balance, end of year	<b><u>275,000</u></b>	<b><u>3.00</u></b>	<u>472,500</u>	<u>2.25</u>

# SILVER SPRUCE RESOURCES INC.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended April 30, 2015 and 2014

(Unaudited)

### 11. SHARE BASED PAYMENTS (continued)

At April 30, 2015, outstanding options to acquire common shares of the Company were as follows:

Exercise price	Number of outstanding options	Weighted average remaining contractual life of outstanding options (years)	Grant date weighted average fair value per option	Number of exercisable options
\$			\$	
3.00	145,000	1.12	0.80	145,000
3.00	130,000	0.72	2.00	130,000
	275,000	0.93	1.37	275,000

The weighted average grant date fair value per option of options outstanding as at April 30, 2015 is \$1.37 (October 31, 2014 - \$1.10).

### 12. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at April 30, 2015 is \$184,844 (October 31, 2014 - \$226,201) owing to directors and companies controlled by directors of the Company for consulting related services rendered. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

In December 2014, the Company received an additional loan of \$50,000 from a director of the Company for a total outstanding balance of \$115,000 (October 31, 2014 - \$65,000). The loan is unsecured and non-interest bearing. In April 2015 the Company decided not to make the annual advanced royalty payment on the Big Easy property. As a result, \$30,000 of the loans payable to a director was settled. As at April 30, 2015 the total outstanding balance is \$85,000 and \$35,000 of the total loan payable is past due. During the six month period ended April 30, 2015, the loans incurred interest expense of \$875 which is outstanding at period end.

During March 2015, the Company arranged loans by way of promissory notes ("Notes") for total proceeds of \$30,000. The Notes mature on March 31, 2016 and bear interest of 8% per annum. In connection with these loans, the Company has agreed to issue a bonus to the lenders equal to 20% of the principal balance. The bonus will be paid along with the principal balance at maturity and is valued at \$6,000, which will be amortized and expensed over the term of the loans. At April 30, 2015, \$500 had been expensed. A total of \$12,500 of the loans were provided by the directors and officers of the Company.

During the period ended April 30, 2015, no stock options were granted to directors, officers and employees of the Company (October 31, 2014 - \$Nil).

During the six month period ended April 30, 2015 and 2014 key management personnel compensation consisted of services provided by companies owned by directors \$24,000 (\$25,216 - 2014).



# **SILVER SPRUCE RESOURCES INC.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

**For the three and six months ended April 30, 2015 and 2014**

**(Unaudited)**

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### **13. COMMITMENTS AND CONTINGENCIES**

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

During the year ended October 31, 2010, the Company acquired a 100% interest in the licenses, and property and mineral license rights of the Big Easy property. Consequently, on the fourth anniversary, April 2014, and yearly thereafter, the Company is committed to make annual advance royal payments of \$20,000 payable each year until production is obtained. As of April 30, 2015, the Company decided not to make the annual advanced royalty payment on the Big Easy property which has resulted in the claims reverting back to the owners. As a result, \$30,000 of the loans payable to a director was settled.

### **14. SUBSEQUENT EVENTS**

On June 9, 2015 the Company closed a non-brokered private placement raising gross proceeds of \$145,250 (the "Offering"). The Offering consisted of 5,810,000 units offered at \$0.025 cents consisting of one common share in the capital of the Company and a one half share purchase warrant. Each full warrant entitles the holder to purchase an additional common share of the Company (a "Warrant Share") for \$0.05 at any time prior to the expiry date of June 9, 2017.

Prior to the period end, a sum of \$4,500 (net of issuance costs) was advanced to the Corporation as part of the aforementioned private placement.

The Company executed a binding Letter of Agreement ("LOA") to purchase a 100 percent interest in the Pino de Plata project, an epithermal silver/lead/zinc property in Mexico from its current owner, a mining engineer and Mexican national. The executed LOA gives the Company a maximum of six months exclusivity to complete due diligence. Based on the conclusions and recommendations in the NI 43-101 report, the Company and the owner have agreed to formalize the terms of purchase in good faith during the exclusivity period. If the results of the field sampling program at the project do not meet the Company's expectations, the Company has no further obligation to continue the purchase of the project and would have no additional expenses related to the project. If the technical report is satisfactory to the Company, and verifies the representations by the owner, then Silver Spruce will move forward with the owner to formalize the LOA terms, where the Company has agreed to pay the current owner \$5M USD over six years with a finder's fee payable in accordance with TSX guidelines. The due diligence period ends 30 October 2015.