SILVER BEAR RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the quarter ended March 31, 2017

(Expressed in Canadian dollars)

INDEX

Unaudited Condensed Interim Consolidated Financial Statements

NOTICE OF NO 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 financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Silver Bear Resources Inc.

Consolidated Statement of Financial Position

(Canadian dollars)

	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	3,656,446	15,759,123
Receivables (note 4)	8,531,018	5,691,897
Inventories (note 5)	10,281,650	4,219,346
Prepaid expenses (note 6)	1,947,016	5,305,839
Total current assets	24,416,130	30,976,205
Non-current assets		
Prepaid long-term assets (note 6)	9,802,257	6,805,868
Mineral property (note 7)	20,830,758	15,924,780
Property, plant and equipment (note 8)	43,095,789	37,693,403
	73,728,804	60,424,051
Total assets	**98,144,934**	**91,400,256**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	13,465,357	8,113,710
Short-term loans (note 10)	18,020,577	18,020,577
Finance lease (note 11)	1,527,433	1,525,369
Total current liabilities	33,013,367	27,659,656
Non-current liabilities		
Long-term loans (note 12)	73,171,079	73,747,793
Asset retirement obligation (note 13)	1,283,161	1,172,643
Finance lease (note 11)	2,382,126	2,735,911
	76,836,366	77,656,347
Total liabilities	109,849,733	105,316,003
EQUITY		
Equity attributable to owners of Silver Bear Resources Inc.		
Share capital (note 14)	98,684,330	98,684,330
Contributed surplus (note 14)	14,578,157	14,578,157
Accumulated other comprehensive loss	(291,770)	(73,421)
Deficit	(124,675,516)	(127,104,813)
Total deficit	(11,704,799)	(13,915,747)
Total liabilities and shareholders' equity	**98,144,934**	**91,400,256**

Going concern (note 1)
Commitments and contingencies (note 18)

The accompanying notes are an integral part of these consolidated financial statements
Approved by the Board of Directors on May 12, 2017

"Graham Hill"

Graham Hill
Director

"Trevor Eyton"

Trevor Eyton
Director

Silver Bear Resources Inc.

Consolidated Statement of Comprehensive Income/(Loss)

For the three months ended March 31, 2017 and 2016

(Canadian dollars)

	March 31, 2017	March 31, 2016
Income		
Interest income	468	480
	468	480
Expenses (Note 16)		
Exploration and evaluation expenses	76,891	333,684
General and administrative expenses	1,568,195	778,889
Depreciation	86,786	197,055
Share-based payments	-	15,278
Accretion expense	36,579	18,443
Interest expense	1,344,501	682,257
Foreign exchange (gain)	(5,541,781)	(916,932)
Expenses from operations	(2,428,829)	1,108,674
Net profit/(loss) for the period before tax	**2,429,297**	**(1,108,194)**
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(218,349)	627,749
Comprehensive profit/(loss) for the period	**2,210,948**	**(480,445)**
Basic earnings per share (Note 14)	0.01	(0.01)
Diluted earnings per share (Note 14)	0.01	(0.01)

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

Silver Bear Resources Inc.

Consolidated Statement of Changes in Equity

For the three months ended March 31, 2017 and 2016
(Canadian dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance - December 31, 2015	98,277,254	14,173,136	(3,153,970)	(117,211,884)	(7,915,464)
Net loss for the period	-	-	-	(1,108,194)	(1,108,194)
Other comprehensive loss:					
Cumulative translation adjustment	-	-	627,749	-	627,749
Share-based payments	-	15,278	-	-	15,278
Balance - March 31, 2016	**98,277,254**	**14,188,414**	**(2,526,221)**	**(118,320,078)**	**(8,380,631)**
Balance - December 31, 2016	98,684,330	14,578,157	(73,421)	(127,104,813)	(13,915,747)
Net loss for the period	-	-	-	2,429,297	2,429,297
Other comprehensive loss:					
Cumulative translation adjustment	-	-	(218,349)	-	(218,349)
Balance - March 31, 2017	**98,684,330**	**14,578,157**	**(291,770)**	**(124,675,516)**	**(11,704,799)**

Silver Bear Resources Inc.

Consolidated Statement of Cash Flow

For the three months ended March 31, 2017 and 2016

(Canadian dollars)

	March 31, 2017	March 31, 2016
Cash provided by (used in)		
Operating activities		
Total profit/(loss) for the period	2,429,297	(1,108,194)
Adjustments for items not affecting cash:		
Depreciation	86,786	197,055
Share-based payments	-	15,278
Accretion expense	36,579	18,443
Unrealised FX movement	(4,892,609)	-
Interest expense	1,344,501	1,290,228
Net change in non-cash working capital (note 17)	(2,712,920)	(8,105,950)
Net cash used in operations	(3,708,366)	(7,693,140)
Investing activities		
Acquisition of property, plant and equipment	(4,117,861)	(4,762,969)
Mineral property addition	(1,824,077)	(2,616,906)
Long term prepayments	(2,462,725)	(488,541)
Net cash used in investing activities	(8,404,663)	(7,868,416)
Financing activities		
Finance lease repayment	(495,795)	(144,660)
Short-term and long-term loans drawn net	-	25,333,700
Net cash generated from financing activities	(495,795)	25,189,040
Effect of exchange rate changes on cash and cash equivalents	506,147	(279,093)
Increase in cash and cash equivalents during the period	(12,102,677)	9,352,391
Cash and cash equivalents - beginning of the period	15,759,123	9,966,104
Cash and cash equivalents - end of the period	3,656,446	19,318,495
Cash and cash equivalents consist of:		
Cash	3,656,446	19,318,495
	3,656,446	19,318,495

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Bear Resources Inc. ("Silver Bear") was incorporated under the Business Corporations Act of the Province of Ontario, Canada, on April 8, 2004 and continued under Articles of Continuance dated August 30, 2004 under the Business Corporations Act (Yukon) and February 1, 2005 under the Business Corporations Act (Ontario). The primary business of Silver Bear and its subsidiaries (the "Company") is the acquisition, exploration, evaluation and development of precious metal properties. The head office of the Company is registered in Toronto, Canada. The strategy of the Company is to focus on exploration and development of precious metal deposits. The principal asset of the Company is its right to explore and develop the Mangazeisky property ("Mangazeisky"), located approximately 400 kilometres north of Yakutsk in the Republic of Sakha (Yaktutia), in the Russian Federation. To date, Silver Bear has not earned revenue from operations and its Mangazeisky project is considered to be in the development stage.

In 2015 the Company commenced the development of Mangazeisky that includes the construction of a silver mine with associated processing facilities and infrastructure. It has been determined that development costs incurred from July 1, 2015 have future economic benefits and are economically recoverable. In making this judgement, management assessed various sources of information including the geological and metallurgical information, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

These unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at March 31, 2017, the Company had no source of operating cash flows but as a result of favourable exchange rate movements has reported a net profit for the period of $2,429,297 and a cumulative deficit of $124,675,516. In order to fund development operations and maintain rights under licenses and agreements, the Company has secured funding in the form of short-term and long-term loans of $18,020,577 and $73,171,079 respectively and the Company may be dependent on securing additional financing until such time that it generates sufficient operating cash flow to meet its liabilities. In these circumstances, there exist material uncertainties resulting in significant doubt as to the ability of the Company to continue to meet its obligations as they come due and, hence the ultimate appropriateness of the use of accounting principles applicable to a going concern.

These unaudited condensed consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be required to the carrying value of assets and liabilities, the expenses, the reported comprehensive loss and balance sheet classifications used that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could be material.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the Handbook of the Canadian Institute of Charted Accountants, in accordance with IFRS, as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of consolidated financial statements and in accordance with accounting policies based on IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, including IAS 34 – Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated statements for the year ended December 31, 2016, which has been prepared in accordance with IFRS as issued by the IASB. The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements throughout all periods presented, as if these policies had always been in effect.

These condensed consolidated financial statements comprise the financial statements of Silver Bear Resources Inc. and its 100% owned subsidiaries: Silver Bear Holdings Limited (a Barbados corporation) ("Holdings"), Silver Bear Resources B.V. (a Netherlands corporation) and ZAO Prognoz (a Russian Federation corporation). All significant inter-company accounts and transactions have been eliminated on consolidation.

These audited consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on May 12, 2017.

Accounting estimates and management judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. BASIS OF PREPARATION (Continued)

Accounting estimates and management judgements (Continued)

The significant areas of estimation and uncertainties considered by management in preparing the consolidated financial statements include:

Critical judgements in applying accounting policies:

- Determination of functional currency

  Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – the Russian rouble has been determined as the functional currency of ZAO Prognoz, an operating subsidiary of Silver Bear, because the Russian rouble is the currency that mainly influences labour, material and other costs of providing goods or services, and is the currency in which these costs are denominated and settled.

  Significant management judgment was exercised, since the second primary indicator related to the currency influencing the sales price is not applicable, as ZAO Prognoz does not yet generate any revenue. Effects of changes in foreign exchange rates on the consolidation of the financial statements are recorded in other comprehensive income and carried in the form of a cumulative translation adjustment in the accumulated other comprehensive income section of the Statement of financial position of the Company.

  If the functional currency of the Russian entity had been Canadian dollar, the effect of changes in foreign exchange rates would have been reflected in net income as foreign exchange gain (loss) on the Statement of comprehensive loss.

- Assets' carrying values and impairment charges

  Subsequent to the identification of an impairment trigger, in the determination of carrying values and impairment charges, management looks at the recoverable amount of the asset, which is the higher of value in use or fair value less costs to sell in the case of assets, and at objective evidence of significant or prolonged decline in fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Contingencies

  Refer to Note 18.

- Capitalization of development costs

  Management has determined that development costs incurred from July 1, 2015 have future economic benefits and are economically recoverable. In making this judgement, management assessed various sources of information including the geological and metallurgical information, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Key sources of estimation uncertainty:

- Depreciation rates

  All property, plant and equipment, with the exception of leasehold improvements, are depreciated on a straight line basis over three to five years, which the Company believes is the best approximation of the useful life. If the estimated life had been longer than management's estimate, the carrying amount of the asset would have been higher.

- Rehabilitation provisions and asset retirement obligations

  Exploration and development activities carried out by the Company give rise to obligations for environmental rehabilitation. Significant uncertainty exists as to the amount and timing of associated cash flows and regulatory requirements. A Russian Central Bank borrowing rate is used in discounting of future cash flows as a pre-tax discount rate.

  The expected life of the mine is used as the discounting period. If the estimated pre-tax discount rate used in the calculation had been higher than the management estimate, the carrying amount of the provision would have been lower and interest expense higher.

  If the estimated period over which the cash flows associated with the asset retirement obligations are calculated had been longer than management's estimates, the carrying amount of the provision would have been lower as would have been interest expense.

- Share-based payment transactions

  The Company records share-based compensation at fair value over the vesting period. The fair value of the grant is determined using the Black-Scholes options pricing model and management assumptions regarding dividend yield, expected volatility, forfeiture rate, risk free rate and expected life. Should the underlying assumptions change, it will impact the fair value of the share-based compensation.

2. BASIS OF PREPARATION (Continued)

Accounting estimates and management judgements (Continued)

- Impairment of mineral properties and property, plant and equipment

  While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which mineral properties are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mineral properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, reductions in the amount of recoverable mineral reserves and mineral resources, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties.

New accounting standards

The Company has adopted the following annual improvements to IFRS.

IAS 7 – Statement of Cash Flows ("IAS 7")

The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The additional disclosure is provided in Note 10 and Note 12.

IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses ("IAS 12")

The IASB published amendments to IAS 12 on January 19, 2016. The amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. The application of this amendment has had no impact on these financial statements.

The following new accounting standards and amendments to existing standards and interpretations that have been issued by the IASB are not yet effective and have not been adopted early by the Company in preparing these financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the date of transaction for the purpose of determining the spot exchange rate used to translate foreign currency transactions on initial recognition in circumstances when an entity pays or receives some or all of the foreign currency consideration in advance of the recognition of the related asset, expense or income.

The interpretation states that the date of the transaction, for the purpose of determining the spot exchange rate used to translate the related asset, expense or income on initial recognition, is the earlier of the date of initial recognition of the non-monetary prepayment asset or the non-monetary deferred income liability; and the date that the asset, expense or income is recognised in the financial statements.

The IFRIC is effective for accounting periods beginning on or after 1 January 2018. The interpretation is not expected to have any effect on the Company's consolidated financial statements as this is the same as the policy already being applied.

2. BASIS OF PREPARATION (Continued)

New accounting standards (Continued)

IFRS 9 – Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The effective date of the standard is January 1, 2018. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued on May 28, 2014. It provides a principles based five step model to be applied to all contracts with customers. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. New disclosures about revenue are also introduced. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is still assessing the impact of this standard.

On April 12, 2016, the IASB issued Clarifications to IFRS 15. These amendments do not change the underlying principles; they clarify and offer additional transitional relief and are applicable for periods beginning on or after January 1, 2018.

IFRS 16 – Leases ("IFRS 16")

On January 13, 2016, IFRS 16 was issued. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. IFRS 16 is effective from January 1, 2019. The Company has not yet assessed the impact of this standard.

IFRS 2 – Share based payment ("IFRS 2")

On June 20, 2016, the IASB published final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. These amendments deal with variations in the final settlement arrangements including: (a) accounting for cash-settled share-based payment transactions that include a performance condition, (b) classification of share-based payment transactions with net settlement features, as well as (c) accounting for modifications of share-based payment transactions from cash-settled to equity.

These changes are effective for annual periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of this amendment.

3. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of precious metal properties.

The Company considers excess cash balances, all the components of shareholders' equity and loans as capital. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration and development stage; as such the Company is dependent on external financing to fund ongoing activities.

In order to fund the ongoing development activities, the Company will spend existing working capital and plans to raise additional amounts as needed through equity and/or debt. The Company will continue to assess new properties and seek to acquire an interest in additional properties where sufficient geologic or economic potential are noted and if financial resources exist to do so. 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 three months ended March 31, 2017 compared to the year ended December 31, 2016. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of interest earning bank accounts held in banks in Canada and Russia. The Company's Canadian chartered banks have a credit rating of at least Aa3 (Moody's) and the Company's Russian banks have a credit rating of at least Ba2 (Moody's).

Miscellaneous receivables and prepaid expenses other than tax refunds due from the Canadian and Russian tax authorities are insignificant. Management believes that the credit risk concentration with respect to accounts receivable is low.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due by continual review of budgets and forecasts and discussions with shareholders and other providers of finance as appropriate. At March 31, 2017 the Company had total current assets of $24,416,130 (December 31, 2016 – $30,976,205) to settle total current liabilities of $33,013,367 (December 31, 2016 – $27,659,656), as well as its commitments outlined in Note 18. Total liabilities of $109,849,733 include short-term and long-term loans totalling $91,191,656 and accrued interest of $8,790,767.

During the period the Company maintained its short term and long term loans at $91,191,655 (December 31, 2016 – $91,768,370). As at March 31, 2017, the Company had cash balances of $3,656,446 (December 31, 2016 – $15,759,123).

The Company had total obligations of $3,909,559 at March 31, 2017 (December 31, 2016 – $4,261,280) under a combination of three and five year leases for equipment in relation to the development of Mangazeisky, as outlined in Note 11.

Interest rate risk

The Company has cash balances and interest-bearing debt on short term loans and long term loans at commercial rates. The Company's current policy is to invest excess cash in interest-earning bank accounts with Canadian and Russian financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company has funded certain exploration, project construction and administrative expenses on a transaction by transaction basis using U.S. dollar and Russian rouble currency converted from its Canadian dollar bank accounts held in Canada. This exposes the Company to changes in foreign exchange rates for both U.S. dollar and Russian rouble.

As the Company's construction work for the project is still ongoing, management believes it is not appropriate to hedge its foreign exchange risk at this stage. As the Company's proportion of project expenditure that is denominated in Russian rouble is increasing, the effect of changes in foreign exchange rates, in particular the Russian rouble, on the net profit (2016: loss) is deemed to be significant as the number and amount of foreign currency transactions are relatively large. Had the Russian rouble foreign exchange rates been higher by 5%, the cumulative translation adjustment in the other comprehensive income section of the Statement of Financial Position would have been lower by $2,128,320.

4. RECEIVABLES

	March 31, 2017	December 31, 2016
Russian Value Added Tax	3,278,100	1,955,847
Deferred Russian Value Added Tax	4,379,868	3,652,007
Canadian Harmonized Sales Tax	33,902	32,804
Other	839,148	51,239
	$ 8,531,018	$ 5,691,897

5. INVENTORIES

Material and supplies inventories are stated at the lower of weighted average costs and net realizable value. Inventories consist of the following:

	March 31, 2017	December 31, 2016
Fuel and lubricants	4,351,546	738,483
Parts and supplies	5,930,104	3,480,863
	$ 10,281,650	$ 4,219,346

6. PREPAID EXPENSES

Prepaid expenses consist of the following:

	March 31, 2017	December 31, 2016
Insurance	28,313	42,950
Exploration and construction services and goods	1,822,079	5,144,895
Rent and administrative costs	96,624	117,994
	$ 1,947,016	$ 5,305,839

Prepaid long-term assets consist of the following:

	March 31, 2017	December 31, 2016
Construction supplies	9,802,257	6,805,868
	$ 9,802,257	$ 6,805,868

7. MINERAL PROPERTY

Mineral property includes the cost of acquiring exploration and mining licenses, as well as the value of assets associated with asset retirement obligations and capitalised project development costs.

Mineral property consists of the following:

Mangazeisky	**March 31, 2017**	**December 31, 2016**
Balance at the beginning of the year	15,924,780	5,891,369
Development costs capitalised	2,732,126	5,688,903
Borrowing costs capitalised	2,068,729	4,087,105
Translation adjustment	105,123	257,403
Balance at the end of the year	$ 20,830,758	$ 15,924,780

The Company acquired the exploration licence in respect of the Mangazeisky property when it acquired all the shares of ZAO Prognoz on October 21, 2004. In September, 2016, the Mangazeisky exploration license was extended by the Federal Subsoil Use Agency in the Russian Federation ("Rosnedra") through to December 31, 2023.

In September 2013, the Company acquired the mining license in respect of the Mangazeisky property which is valid for a period of 20 years from the grant date.

The cumulative exploration costs incurred and expensed from inception to date are as follows:

	March 31, 2017	**December 31, 2016**
Mangazeisky	$ 63,208,338	$ 63,204,676

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost, less accumulated depreciation and consist of the following:

	March 31, 2017			**December 31, 2016**		
	Cost	**Accumulated depreciation**	**Net book value**	**Cost**	**Accumulated depreciation**	**Net book value**
Property, plant and equipment:						
Mangazeisky site	48,048,771	4,952,982	43,095,789	41,651,550	3,958,147	37,693,403
Yakutsk office	90,422	90,422	-	85,175	85,175	-
Other office furniture, equipment and leasehold improvements	59,620	59,620	-	59,620	59,620	-
	$ 48,198,813	$ 5,103,024	$ 43,095,789	$ 41,796,345	$ 4,102,942	$37,693,403

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation of the carrying amount at the beginning and end of the year ended December 31, 2016 and the three months ended March 31, 2017:

	Mangazeisky site		
	Property, plant and equipment	Assets under construction	Total
Carrying amount at January 1, 2016	1,154,479	3,837,919	4,992,398
Additions	8,230,752	21,872,136	30,102,888
Transfers	1,785,311	(1,785,311)	-
Disposals	(26,152)	-	(26,152)
Depreciation	(1,347,556)	-	(1,347,556)
Exchange differences	1,014,826	2,956,999	3,971,825
Carrying amount at December 31, 2016	$ 10,811,660	$ 26,881,742	$ 37,693,403
Additions	220,654	3,897,207	4,117,861
Transfers	29,319	(29,319)	-
Disposals	(2,840)	-	(2,840)
Depreciation	(994,835)	-	(994,835)
Exchange differences	626,179	1,656,022	2,282,201
Carrying amount at March 31, 2017	$ 10,690,137	$ 32,405,652	$ 43,095,789

The carrying value of equipment held under finance leases as at March 31, 2017 was $5,628,053 (December 31, 2016 - $5,885,506). The Company acquired capital assets of $4,117,861 during the period ended March 31, 2017. The additions in the period ended March 31, 2017 include $3,897,207 of assets that are not yet ready for use and as such no depreciation has been charged on them. In the year ended December 31, 2016 additions included $21,872,136 of assets that were not yet ready for use, during the period ended March 31, 2017, $29,319 of these assets became available for use and depreciation was charged on them. Leased assets are pledged as security for the related finance lease obligations.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	March 31, 2017	December 31, 2016
Trade and other payables	4,176,225	2,060,302
Accrued liabilities	202,216	453,552
Accrued interest (Note 10, Note 12)	8,790,767	5,437,746
Tax and other liabilities	296,149	162,110
	$ 13,465,357	$ 8,113,710

On September 19, 2016, the Company repaid the non-convertible short term loans (Note 10(a)) and accrued interest on those loans. The interest balance above represents the interest payable on the existing convertible short term loans (Note 10(d)) as well as the interest payable on the new Facilities Agreement (Note 12).

10. SHORT-TERM LOANS

			March 31, 2017
Lender	**Principal**	**Interest**	**Total**
A.B. Aterra	4,505,144	889,852	5,394,996
Inflection Management Corp.	13,515,433	2,679,865	16,195,298
	$ 18,020,577	$ 3,569,717	$ 21,590,293

			December 31, 2016
Lender	**Principal**	**Interest**	**Total**
A.B. Aterra	4,505,144	723,223	5,228,367
Inflection Management Corp.	13,515,433	2,179,979	15,695,412
	$ 18,020,577	$ 2,903,202	$ 20,923,779

FrontDeal Limited ("FrontDeal") and A.B. Aterra Resources Ltd. (“Aterra”) are indirectly wholly-owned by Alexey Mordashov, who is also the owner of Aterra Investments Limited, an insider and related party to the Company. Mr. Boris Granovsky, a director of the Company, is a managing partner of Aterra Capital, a management company for Aterra Investments Limited. Inflection Management Corp (“Inflection”) is an insider and related party of Silver Bear. Mr. Alexey Sotskov, a director of the Company, is also a director of Inflection

(a) Unsecured non-convertible promissory notes

On March 2, 2015, the Company entered into unsecured non-convertible promissory notes with FrontDeal and with Inflection, pursuant to which FrontDeal and Inflection each agreed to lend the Company US$3,500,000 respectively for a total of US$7,000,000. The promissory notes bear interest at a rate of 15% per year and the principal and accrued interest are payable on the maturity date. These loans were repaid on September 19, 2016 along with all interest incurred up to that date and replaced by new loans, the detail of which is in Note 12.

(b) Contingent convertible promissory notes

In October 2015, Aterra and Inflection provided additional loans to the Company of C$2,310,000 and C$3,300,000 respectively. These additional loans were made under contingent convertible promissory notes that bore interest at 15% per year and had a maturity date of December 31, 2015 and were contingently convertible into Common Shares of the Company at a price of C$0.075 per Common Share. These loan notes were consolidated into new convertible loan notes as detailed below (Note 10 (d)).

(c) Convertible promissory note

In November 2015, Inflection advanced a further C$5,610,000 under a convertible promissory note with a maturity date of December 31, 2015 and which was convertible into Common Shares at a price of C$0.045 per Common Share. This note also bore interest at 15% per year. This loan note was consolidated into the new convertible loan notes as detailed below (Note 10 (d)).

(d) Consolidated convertible loan notes

In December 2015 loan notes from Aterra of C$2,310,000 originally issued in October 2015 (Note 10 (b)), accrued interest thereon of C$59,807 and an additional loan of C$3,300,000, were consolidated into a new convertible loan note for C$5,669,807 in favour of Aterra. In September 2016, Aterra reassigned C$1,164,663 of this new convertible loan note, plus interest of C$138,625, to Inflection.

In December 2015 all convertible loan notes from Inflection with a combined principal amount of C$8,910,000 (Note 10 (b), Note 10 (c)), accrued interest thereon of C$140,770 and an additional loan of C$3,300,000, were also consolidated into a new convertible loan note with a value of C$12,350,770.

Both these convertible loan notes bear interest at 15% per year, mature on December 31, 2017 and give the holder the right to convert the principal and any accrued interest into fully paid Common Shares of the Company at a conversion price of C$0.045 per Common Share. Management considers 15% per year to be the prevailing market rate on loans that do not have an associated equity conversion option; accordingly all of the principal is recognised as a liability.

The balance on these new convertible loans as at March 31, 2017 was C$21,590,293 of which C$5,394,996 was due to Aterra and C$16,195,298 was due to Inflection.

10. SHORT-TERM LOANS (Continued)

(e) <u>Contingent non-convertible loan note</u>

In December 2015, Inflection also paid C$3,300,000 as consideration for the Company issuing a contingent non-convertible loan note bearing interest at 15% and maturing on December 31, 2016; the loan note was issued on January 11, 2016. This loan was repaid on September 19, 2016 along with all interest of C$377,014 incurred up to that date and was replaced by new loans (Note 12).

(f) <u>Unsecured contingent non-convertible promissory notes</u>

In March 2016, Aterra and Inflection provided additional loans to the Company of US$5,500,000 and US$14,500,000 respectively. These additional loans were made under unsecured contingent non-convertible promissory notes that bore interest at 15% per year and had a maturity date of December 31, 2016. These loans were repaid on September 19, 2016 along with interest of C$1,543,356 incurred up to that date and were replaced by new loans (Note 12).

11. FINANCE LEASE

In 2016, the Company entered into long term lease agreements for the purchase of equipment in relation to the development of the Mangazeisky project payable in monthly instalments of circa US$107,000. The lease payments have been discounted at rates of between 12.4% and 21.8%. The Company made down payments of 30% of the cost of the equipment.

Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:

	March 31, 2017	December 31, 2016
Within one year	1,659,482	1,376,996
Within two to five years	2,985,023	3,736,005
	4,644,505	5,113,001
Future finance charges on finance lease	(734,946)	(851,721)
Present value of the net lease payments	3,909,559	4,261,280
Current portion	1,527,433	1,525,369
Long-term portion	2,382,126	2,735,911
Total obligations under finance lease	$ 3,909,559	$ 4,261,280

12. LONG-TERM LOANS

March 31, 2017

Lender	Principal	Interest	Total
A.B. Aterra	18,886,855	1,414,522	20,301,377
Inflection Management Corp.	54,284,223	3,806,529	58,090,753
	$ 73,171,078	$ 5,221,051	$ 78,392,129

December 31, 2016

Lender	Principal	Interest	Total
A.B. Aterra	19,035,716	721,610	19,757,326
Inflection Management Corp.	54,712,075	1,812,934	56,525,009
	$ 73,747,791	$ 2,534,544	$ 76,282,335

On September 5, 2016, the Company entered into a Facilities Agreement (the "Facilities Agreement") and certain related security documents with the Lenders, to provide Silver Bear and its indirect wholly-owned Russian subsidiary, Joint Stock Company "Prognoz" ("Prognoz") with financing for the final development, construction and commissioning of the Company's Mangazeisky Silver Project (the "Project").

12. LONG-TERM LOANS (Continued)

Pursuant to the Facilities Agreement, the Lenders have made available to Silver Bear and Prognoz secured loans in the aggregate principal amount of US$54.9 million comprising three tranches (”Secured Loan Funding”). Tranche A consisted of a term loan facility of US$42.9 million, of which Inflection has provided US$30.4 million and Aterra has provided US$12.5 million (the “Term Loan Facility”). Of the US$42.9 million total Tranche A commitment, US$32.9 million was made available to Silver Bear with the remaining US$10.0 million being made available to Prognoz (collectively “Tranche A”). On December 28, 2016, a set off agreement was entered into resulting in the amounts due to the Lenders by Silver Bear under the Facilities Agreement, plus the accrued interest, were all due from Prognoz instead.

The Lenders have also made available to Prognoz, the Tranche B working capital facility of US$10.0 million (the “Working Capital Facility”) and the Tranche C contingent facility of US$2.0 million (the “Contingent Facility”, and together with the Working Capital Facility, the “Additional Facilities”).

A portion of the Term Loan Facility (US$32,924,995) has been used by the Company to repay the principal and accrued interest for all outstanding non-convertible notes previously issued by the Company to the Lenders described above (Note 10 (a), Note 10 (e), Note 10 (f)).

On March 28, 2017, the Company concluded formal agreements with the Lenders to increase the Facilities Agreement by a further US$15 million (“Facilities Agreement Increase”). Under the Facilities Agreement Increase, the lenders have agreed to provide an additional working capital tranche of US$10 million to meet expenses during the rescheduled ramp-up plus a discretionary US$5 million cost over-run tranche, should that be required. No other principal terms of the existing project facilities have been changed.

The Secured Loan Funding accrues interest at a rate of 15% per annum, calculated and accrued quarterly, and is payable on January 1, April 1, July 1 and October 1 in each calendar year and on the maturity date, being the date that is forty-eight months following the date on which the Term Loan Facility has been drawn in full. Pursuant to the terms of the Facilities Agreement, all interest accrued before July 1, 2017 will be capitalized and added to the principal amount of the Term Loan Facility such that the first interest payment under the Facilities Agreement would therefore be in respect of the quarterly period ending October 1, 2017.

The Secured Loan Funding is secured and the parent and subsidiaries of the Company will act as guarantor of each other’s obligations under the Facilities Agreement and all related security documents.

As at March 31, 2017 this Secured Loan Funding has accrued interest of C$5,221,051.

13. PROVISION FOR DECOMMISSIONING AND RESTORATION LIABILITY

The Company’s mining, exploration and development activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. The Company has recorded a liability and corresponding asset for the estimated future cost of reclamation and closure, including site rehabilitation and long-term treatment and monitoring costs, discounted to net present value. Such estimates are, however, subject to change based on negotiations with regulatory authorities, or changes in laws and regulations.

The Company’s provision for decommissioning and restoration liability consists of management’s best estimate of reclamation and closure costs for the Mangazeisky project.

Significant reclamation and closure activities include land rehabilitation, demolition of buildings and site facilities and other costs defined by the license requirements.

Asset retirement obligation consists of the following:

	March 31, 2017	December 31, 2016
Balance at the beginning of the year	1,172,643	918,910
Accretion expense	36,579	79,524
Impact of change to underlying cost estimate	-	14,754
Impact of rates adjustment	-	(10,878)
Translation adjustment	73,939	170,333
Balance at the end of the year	$ 1,283,161	$ 1,172,643

At March 31, 2017, the expected life of the Mangazeisky project has been assessed to be 10 years. The projected cost for reclamation and closure of the Mangazeisky project in 2026 has been estimated to be $2,615,000. A Russian Central bank borrowing rate of 8.35% (2016: 8.35%) has been used in discounting of future cash flows.

14. SHAREHOLDERS' EQUITY

Common shares

Authorized: Unlimited number of common shares and preferred shares issued with no par value.

All issued shares are fully paid. Reconciliation of the number and value of common shares at the beginning and end of the period ended March 31, 2017 and the year ended December 31, 2016:

	March 31, 2017		December 31, 2016	
	Number of common shares	$	Number of common shares	$
Balance - Beginning of the year	162,930,351	98,684,330	161,327,017	98,277,254
Issued under stock option plan	-	-	1,603,334	407,076
Issued under share bonus plan	-	-	-	-
Balance - End of the year	162,930,351	98,684,330	162,930,351	98,684,330

Share Bonus Plan

In June 2013, the shareholders of the Company approved a share bonus plan whereby an aggregate of up to 2,500,000 common shares of the Company have been reserved for issuance to officers, directors and employees of the Company.

On June 8, 2016, the board of directors resolved, and the Company obtained approval from the TSX and the shareholders, an amendment to the Share Bonus Plan to increase the maximum number of Common Shares available for issuance under such plan from 2,500,000 to 5,400,000.

On August 22, 2013, the board approved the issuance of up to 1,100,000 common shares and on February 21, 2014 the allocation issuance of up to a further 1,375,000 common shares pursuant to the share bonus plan, subject to the terms of the share bonus plan and final approval by the President and Chief Executive Officer ("CEO") prior to issuance on or about the following dates:

October 1, 2013	-	275,000	common shares
January 1, 2014	-	275,000	common shares
April 1, 2014	-	618,750	common shares
July 1, 2014	-	618,750	common shares
October 1, 2014	-	293,750	common shares
January 1, 2015	-	237,500	common shares
Total		2,318,750	

The total number of bonus shares that are currently issued under the share bonus plan is 2,318,750. As shareholders approved an aggregate of up to 5,400,000 common shares for issuance, a further 3,081,250 common shares may be issued under the share bonus plan as at 31 December, 2016.

Stock options and warrants

The Company has a stock option plan which is intended to provide an incentive to officers, employees, directors and consultants of the Company. Stock options are granted from time to time and the option price is determined by the Compensation Committee of the Board of Directors at its sole discretion but shall not be less than the closing price of the Company's common stock on the Toronto Stock Exchange ("TSX") on the last trading date preceding the date of the grant. The term of each option is granted for a period not exceeding five years from the date of the grant. Except as expressly provided for in the option holder's employment, consulting or termination contract, the option holder may exercise the option to the extent exercisable on the date of such termination at any time within twelve months after the date of termination.

14. SHAREHOLDERS' EQUITY (Continued)

Stock options and warrants (Continued)

The maximum aggregate number of Shares reserved by the Company for issuance and which may be purchased upon the exercise of all options granted under its option plan together will all shares reserved for issuance under the share bonus plan must not exceed 10% of the outstanding Shares (on a non-diluted basis) issued and outstanding at the time of the granting of the options.

On May 18, 2016, 2,900,000 options were granted to directors, officers and consultants of the Company. The exercise price of the options is $0.19 per option. Granted stock options vest immediately on the day of grant and expire on May 18, 2021.

As at March 31, 2017, the total number of options available for issue was 16,293,035. A total of 4,752,619 options or shares for issuance under the share bonus plan (subject to a maximum of 3,081,250 common shares that can be issued under the share bonus plan as at March 31, 2017) are available for future issue as at March 31, 2017.

During the period ended March 31, 2017, options generated a share based payments expense of $Nil (March 31, 2016: $15,278). The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability and exercise restrictions (including the probability of meeting market conditions attached to the option). Expected volatility is based on the historical share price volatility over the past 4 years. The expected life of the option was calculated based on the history of option exercises.

Reconciliation of the number of options at the beginning and end of the period ended March 31, 2017 and the year ended December 31, 2016 follows:

	March 31, 2017		December 31, 2016	
	Number	Weighted average exercise price, $	Number	Weighted average exercise price, $
Balance - Beginning of the year	9,221,666	0.24	10,140,000	0.33
Granted	-	-	2,900,000	0.19
Exercised	-	-	(1,603,334)	0.18
Expired / Cancelled / Forfeited	-	-	(2,215,000)	0.64
Balance - End of the year	9,221,666	0.24	9,221,666	0.24

As at March 31, 2017, the Company had share options outstanding and exercisable as follows:

	Outstanding		Exercisable	
Expiry year	Number	Weighted average exercise price, $	Number	Weighted average exercise price, $
2017	325,000	0.57	325,000	0.57
2018	300,000	0.24	300,000	0.24
2019	5,796,666	0.24	5,796,666	0.24
2021	2,800,000	0.19	2,800,000	0.19
	9,221,666	0.24	9,221,666	0.24

14. SHAREHOLDERS' EQUITY (Continued)

Stock Options and Warrants (Continued)

Contributed surplus consists of the following:

	March 31, 2017	December 31, 2016
Balance - Beginning of the year	14,578,157	14,173,136
Share-based payments	-	527,762
Exercised options	-	(122,741)
Balance - End of the year	$ 14,578,157	$ 14,578,157

Share purchase warrant transactions are summarized as follows:

	March 31, 2017		December 31, 2016	
	Number of share purchase warrants	Weighted average exercise price, $	Number of share purchase warrants	Weighted average exercise price, $
Balance - Beginning of the year	-	-	3,522,498	0.33
Expired / Cancelled / Forfeited	-	-	(3,522,498)	-
Balance - End of the year	-	-	-	-

At March 31, 2017, there were no warrants outstanding.

The fair value of warrants had been estimated on the date of grant using the Black-Scholes pricing model with the following assumptions: risk free rate of return 1.17%, volatility of 116.2% and expected life of 3 years.

Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the company is based on the following data. As a result of net loss in the quarter ended March 31, 2016, the potential effect of stock options and convertible loan notes has not been included in the calculation of loss per share because to do so would be anti-dilutive.

	March 31, 2017	March 31, 2016
Earnings		
Earnings for the purpose of basic earnings per share - net profit/(loss)	2,429,297	(1,108,194)
Effect of dilutive potential common shares - interest on convertible loan notes	666,515	-
Earnings for the purpose of diluted earnings per share	3,095,812	(1,108,194)
Number of shares		
Weighted average number of common shares for the purposes of basic earnings per share	162,930,351	161,327,017
Effect of dilutive potential common shares:		
Share options	3,645,895	-
Convertible loan notes	464,972,867	-
Weighted average number of common shares for the purposes of diluted earnings per share	631,549,112	161,327,017
Earnings per share		
Basic earnings per share	$ 0.01	$ (0.01)
Diluted earnings per share	$ 0.01	$ (0.01)

15. RELATED PARTY DISCLOSURES

(a) Goods and services

The Company has appointed TechnoNICOL Corporation ("TechnoNICOL"), a company controlled by the same beneficial owner of Inflection, a major shareholder of the Company, to provide services specific to the Mangazeisky Project. In accordance with contracts entered into as at March 31, 2017, TechnoNICOL has provided goods to the value of RUB 4,564,018 (C$102,927) excluding VAT.

During the three month periods ended March 31, 2017 and 2016 the Company entered into transactions for goods and services with the following related parties:

	Goods and services received			
Goods and services received from (provided to):		**March 31, 2017**		**March 31, 2016**
TechnoNICOL Corporation		102,927		-
	$	102,927	$	-

At the end of the reporting period, the Company owed TechnoNICOL C$19,012 (March 31, 2016: C$Nil) for services provided. There were no other balances outstanding at the end of the reporting period related to goods and services received from related parties.

(b) Financing transactions

The Company has entered into a series of financing transactions with major shareholders. Refer to notes 10 and 12.

(c) Compensation of key management

Key management includes the Company's directors and officers. Compensation awarded to key management comprised:

		March 31, 2017		**March 31, 2016**
Salaries, fees and short-term employee benefits		249,745		191,677
Termination payments		-		30,000
Share-based payments		-		15,278
	$	249,745	$	236,955

As at March 31, 2017 the Company owed key management $108,057 (December 31, 2016: $290,554) for fees and bonuses payable in accordance with contracts and agreements.

16. EXPENSES BY NATURE

The following table provides the breakdown of Company's expenses by nature.

	March 31, 2017	March 31, 2016
Employee compensation	331,571	483,702
Exploration & evaluation	76,891	333,684
Depreciation	86,786	197,055
Professional fees	653,976	105,056
Office expenses	49,276	9,998
Travel expenses	63,012	26,532
Accretion expense	36,579	18,443
Interest expense	1,344,501	682,257
Foreign exchange	(5,541,781)	(916,933)
Loss on disposal of fixed assets	2,840	-
Other expenses	467,520	168,880
	$ (2,428,829)	$ 1,108,674

Expenses relating to the development and construction of the Mangazeisky Project have been capitalised from July 1, 2015. This means that certain categories of expenses are no longer charged to the income statement.

As at March 31, 2017 depreciation of property, plant and equipment totalling $908,049 has been capitalised on the basis that the equipment being depreciated is being used in the construction of the Mangazeisky Project.

Employee benefits relating to the construction of the Mangazeisky Project are capitalised within mineral properties. Employee benefits expensed for the three months ended March 31, 2017 and 2016 consisted of the following:

	March 31, 2017	March 31, 2016
Salaries, fees and short-term employee benefits	457,238	438,424
Employee compensation costs capitalised	(125,667)	-
Termination payments	-	30,000
Share-based payments	-	15,278
	$ 331,571	$ 483,702

17. NET CHANGE IN NON-CASH WORKING CAPITAL

Net change in non-cash working capital consists of the following:

	March 31, 2017	March 31, 2016
Receivables	(2,419,846)	(1,654,916)
Inventories	(5,544,814)	(3,269,487)
Prepaid expenses	3,155,365	(3,319,429)
Accounts payable and accrued liabilities	2,096,375	137,882
	$ (2,712,920)	$ (8,105,950)

18. COMMITMENTS AND CONTINGENCIES

The Company entered into long-term lease agreements during 2016 for the purchase of additional necessary equipment. These leases require monthly instalments of circa US$28,000 over three to five years.

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring that additional payments of up to $515,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

The Company may be involved in legal proceedings from time to time, arising in the ordinary course of its business. The amount of ultimate liability with respect to these actions will not, in the opinion of management, materially affect Silver Bear's financial position, results of operations or cash flows. There were no material outstanding legal proceedings as of March 31, 2017.

19. SEGMENTED INFORMATION

The Company's operating segments are based on geographical location and include one property in the Russian Federation (Mangazeisky) and a corporate registered office in Toronto, Canada.

As at March 31, 2017

Country/Property	Cash	Inventories	Prepaid	Receivables	Mineral Properties	Property plant and equipment	Depreciation	Interest expense	Net (Profit)/ Loss for the period
Russia - Mangazeisky	323,976	10,281,650	11,610,910	8,497,115	20,830,758	43,095,789	86,786	1,073,793	(4,278,439)
Canada - Corporate	3,332,470	-	138,363	33,903	-	-	-	270,708	1,849,142
	$ 3,656,446	$ 10,281,650	$11,749,273	$ 8,531,018	$ 20,830,758	$ 43,095,789	$ 86,786	$ 1,344,501	$ (2,429,297)

As at December 31, 2016

Country/Property	Cash	Inventories	Prepaid	Receivables	Mineral Properties	Property plant and equipment	Depreciation	Interest expense	Net loss for the year
Russia - Mangazeisky	10,407,498	4,219,346	11,982,190	5,659,093	15,924,780	37,693,403	363,373	875,707	4,502,269
Canada - Corporate	5,351,625	-	129,517	32,804	-	-	-	3,795,202	5,345,942
	$15,759,123	$ 4,219,346	$12,111,707	$ 5,691,897	$ 15,924,780	$ 37,693,403	$ 363,373	$ 4,670,909	$ 9,848,211

20. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value on the consolidated statements of financial position are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

The Company's financial instruments consist of cash, restricted cash, accounts receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. Financial assets and financial liabilities as at March 31, 2017 and December 31, 2016 were as follows:

As at March 31, 2017	Loans and receivables	Other liabilities	TOTAL
Cash and cash equivalents	3,656,446	-	3,656,446
Accounts Receivable	8,531,018	-	8,531,018
Short-term loans	-	18,020,577	18,020,577
Long-term loans	-	73,171,079	73,171,079
Accounts payables and accrued liabilities	-	13,465,357	13,465,357
Finance lease	-	3,909,559	3,909,559

As at December 31, 2016	Loans and receivables	Other liabilities	TOTAL
Cash and cash equivalents	15,759,123	-	15,759,123
Accounts Receivables	5,691,897	-	5,691,897
Short-term loans	-	18,020,577	18,020,577
Long-term loans	-	73,747,793	73,747,793
Accounts payables and accrued liabilities	-	8,113,710	8,113,710
Finance lease	-	4,261,280	4,261,280

The carrying value of cash equivalents, amounts receivable, short-term loans, and accounts payable and accrued liabilities reflected in the consolidated statement of financial position approximate fair value because of the relatively short-term maturities.