SILVER ONE
RESOURCES INC.

Consolidated Annual Financial Statements

For the twelve months ended December 31, 2017
and fourteen months ended December 31, 2016
(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Silver One Resources Inc.

We have audited the accompanying consolidated financial statements of Silver One Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2017 and the 14-month period ended December 31, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Silver One Resources Inc. as at December 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2017 and the 14-month period ended December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated revenues from operations, is currently in the exploration and development stage and has an accumulated deficit of $5,228,095. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO Canada LLP"

Chartered Professional Accountants
Vancouver, Canada
April 23, 2018

Silver One Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31 2017	December 31 2016
		$	$
Assets			
Current			
Cash		301,030	2,423,334
Short-term investments	**5**	3,600,000	-
Receivables and prepaid expenditures	**6**	370,010	50,801
		4,271,040	2,474,135
Non-current			
Mineral properties	**7**	7,584,159	6,481,798
Property and equipment		68,548	4,331
Reclamation deposit		25,662	-
Value-added tax receivable	**8**	26,846	19,914
Total Assets		**11,976,255**	**8,980,178**
Liabilities			
Current			
Accounts payable and accrued liabilities	**9**	539,703	65,451
Deferred rent		43,215	-
		582,918	65,451
Shareholders' Equity			
Share capital	**10(b)**	15,954,715	10,351,498
Share-based payment reserve	**10(c)**	1,010,596	636,398
Accumulated other comprehensive (loss) income		(343,879)	92,280
Accumulated deficit		(5,228,095)	(2,165,449)
		11,393,337	8,914,727
Total Liabilities and Shareholders' Equity		**11,976,255**	**8,980,178**

Nature of operations and going concern – Note 1
Commitments – Note 17
Subsequent events – Note 18

APPROVED BY THE DIRECTORS

"Claudia Tornquist" Director *"Barry Girling"* Director

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

Silver One Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the twelve months ended December 31, 2017 and fourteen months ended December 31, 2016
(Expressed in Canadian dollars)

	Note	Twelve months ended December 31 2017	Fourteen months ended December 31 2016
		$	$
Office and administrative expenses			
Administrative and office		113,054	28,330
Consulting		155,120	20,521
Depreciation		4,662	642
Exploration and evaluation		294,213	180
Filing and listing fees		59,624	100,744
Professional fees		119,509	131,596
Salaries and benefits		256,896	58,881
Share-based payments	**10(c)**	380,784	590,969
Shareholder communications		359,034	74,856
Travel and related costs		256,046	67,559
Loss before other items		(1,998,942)	(1,074,278)
Foreign exchange loss		(9,155)	(2,956)
Interest and other income		15,250	-
Write-down of mineral property		(1,069,799)	(25,187)
Net loss for the period		(3,062,646)	(1,102,421)
Other comprehensive (loss) income for the period			
Currency translation adjustment		(436,159)	92,280
Comprehensive loss for the period		(3,498,805)	(1,010,141)
Loss per share			
Basic and diluted		(0.04)	(0.02)
Weighted average number of shares outstanding			
Basic and diluted		85,235,458	52,293,146

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

Silver One Resources Inc.
Consolidated Statements of Cash Flows
For the twelve months ended December 31, 2017 and fourteen months ended December 31, 2016
(Expressed in Canadian dollars)

	Note	Twelve months ended December 31 2017	Fourteen months ended December 31 2016
		$	$
Cash (used in) provided by:			
Operating activities			
Net loss for the period		(3,062,646)	(1,102,421)
Depreciation		4,662	642
Share-based payments	**10(c)**	380,784	590,969
Unrealized foreign exchange and other		(10,020)	(854)
Write-down of mineral property		1,069,799	25,187
Changes in non-cash working capital items			
Receivables and prepaid expenditures		(319,209)	(49,926)
Accounts payable and accrued liabilities		474,252	39,529
		(1,462,378)	(496,874)
Investing activities			
Mineral property expenditures		(1,272,331)	(32,747)
Acquisition of equipment		(25,664)	(4,973)
Reclamation deposit		(25,662)	-
Purchase of short-term investments		(3,600,000)	-
Acquisition of KCP, net of cash		-	(19,957)
		(4,923,657)	(57,677)
Financing activities			
Issuance of shares pursuant to private placement		4,300,000	2,925,000
Share issuance costs		(42,894)	(25,368)
Proceeds from exercise of options	**10(c)**	6,625	47,000
		4,263,731	2,946,632
Decrease in cash		(2,122,304)	2,392,081
Cash - beginning of period		2,423,334	31,253
Cash - end of period		301,030	2,423,334

Supplemental cash flow information – Note 14

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

Silver One Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Note	Number of common shares	Share capital	Share-based payment reserve	AOCI	Accumulated deficit	Total
			$	$	$	$	$
Balance, October 31, 2015		38,824,977	988,145	92,150	-	(1,063,028)	17,267
Shares issued from private placement	10(b)	25,500,000	425,000	-	-	-	425,000
Less: Share issue costs		-	(6,608)	-	-	-	(6,608)
Shares issued from private placement	10(b)	10,000,000	2,500,000	-	-	-	2,500,000
Less: Share issue costs		-	(18,760)	-	-	-	(18,760)
Shares issued on the Margurete option agreement	10(b)	600,000	10,000	-	-	-	10,000
Shares issued on the acquisition of KCP	10(b)	6,000,000	6,360,000	-	-	-	6,360,000
Share-based payments	10(c)	-	-	590,969	-	-	590,969
Exercise of options	10(c)	940,000	93,721	(46,721)	-	-	47,000
Net loss for the period		-	-	-	-	(1,102,421)	(1,102,421)
Cumulative translation adjustment		-	-	-	92,280	-	92,280
Balance, December 31, 2016		81,864,977	10,351,498	636,398	92,280	(2,165,449)	8,914,727
Shares issued on the Candelaria option agreement	7,10(b)	1,332,900	1,332,900	-	-	-	1,332,900
Shares issued from private placement	10(b)	10,750,001	4,300,000	-	-	-	4,300,000
Less: Share issue costs		-	(42,894)	-	-	-	(42,894)
Share-based payments	10(c)	-	-	380,784	-	-	380,784
Exercise of options	10(c)	132,500	13,211	(6,586)	-	-	6,625
Net loss for the year		-	-	-	-	(3,062,646)	(3,062,646)
Cumulative translation adjustment		-	-	-	(436,159)	-	(436,159)
Balance, December 31, 2017		94,080,378	15,954,715	1,010,596	(343,879)	(5,228,095)	11,393,337

1. Nature of operations and going concern

Silver One Resources Inc. (the “Company” or "Silver One") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on June 8, 2007.

The Company’s principal activities include the acquisition, exploration and development of mineral properties. On September 26, 2016, the Company completed the acquisition of all issued and outstanding shares of KCP Minerals Inc. (“KCP”), and after this transaction holds three Mexican silver projects: Peñasco Quemado in the state of Sonora, La Frazada in the state of Nayarit, and Pluton in the state of Durango. On January 16, 2017, the Company also entered into an option agreement to acquire a 100% interest in the Candelaria Silver project (the “Candelaria Project”) located in Nevada, USA.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. As at December 31, 2017, the Company had an accumulated deficit of $5,228,095, and expects to incur further losses in the development of the business. These factors indicate the existence of material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependant on its ability to obtain necessary financing to meet its corporate and deferred exploration expenditures and discharge its liabilities in the normal course of business. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset realization values may be substantially different from their carrying values. These consolidated financial statements do not give effect to adjustments that would be necessary to carrying values, and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

Silver One is a public company which is listed on the TSX-V under the symbol “SVE”, on the OTC Pink under the symbol “SLVRF”, and on the Frankfurt Stock Exchange under the symbol “BRK1”.

The Company's corporate office is located at Suite 410-1040 W Georgia St., Vancouver, British Columbia V6E 4H1.

2. Basis of preparation

a) Change in year end

Effective in 2016, the Company changed its financial year end from October 31 to December 31 in order to align the Company’s year end with that of its subsidiary KCP, which holds a Mexican subsidiary company operating on a calendar year-end. Accordingly, these consolidated financial statements present the statements of financial position as at December 31, 2017 and December 31, 2016, and the results of operations for the twelve months ended December 31, 2017 and fourteen months ended December 31, 2016.

b) Statement of compliance and functional currency

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB’) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the period ended December 31, 2017.

2. Basis of preparation (continued)

b) Statement of compliance and functional currency (continued)

These consolidated financial statements have been prepared on a historical cost basis. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's Canadian entities. The functional currency of the Company's foreign subsidiaries is US dollars. The currency translation adjustment resulting from the translation of the foreign subsidiaries' US dollar functional currency to the Company's Canadian dollar presentation currency is charged to other comprehensive income or loss, and included in accumulated other comprehensive income or loss within the shareholders' equity section of the statement of financial position.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated. The Company's principal subsidiaries are as follows:

Name	Place of Incorporation	Ownership Percentage
KCP Minerals Inc.	Canada	100%
Minera Terra Plata, S.A. de C.V.	Mexico	100%
Silver One Resources (USA) Inc.	USA	100%
1089349 BC Ltd.	Canada	100%

These consolidated financial statements were approved by the board of directors on April 23, 2018.

3. Accounting policies

These consolidated financial statements have been prepared using the following accounting policies:

Financial assets
All financial assets are initially recorded at fair value and upon initial recognition are either designated as fair value through profit or loss ("FVTPL") or classified into one of the following three categories: held-to-maturity, available-for-sale, or loans and receivables.

Financial assets are designated as FVTPL to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Financial assets designated as FVTPL are measured at fair value with unrealized gains and losses recognized through income and loss.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost. Such losses are recorded in the statement of loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset and amortized to income or loss as part of the application of the effective interest method.

3. Accounting policies (continued)

Financial liabilities
All financial liabilities are initially recorded at fair value and upon initial recognition are either designated as FVTPL or classified as other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities designated as FVTPL include financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities designated as FVTPL are expensed as incurred. Fair value changes on financial liabilities designated as FVTPL are recognized through income and loss.

De-recognition of financial assets and liabilities
Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in income or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in income or loss.

Mineral properties
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as mineral concession taxes, option payments, wages and salaries, surveying, geological consulting and laboratory, field supplies, travel and administration. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they are incurred. Exploration and evaluation properties are not amortized during the exploration and evaluation stage. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'.

Impairment of non-financial assets
Non-financial assets, including mineral properties are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down to its recoverable amount. An impairment loss is charged to profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in income or loss.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units" or "CGU"s). These are typically the individual properties or projects.

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree.

3. Accounting policies (continued)

Business combinations (continued)

Under the guidance of IFRS 10, *Consolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquiror's returns. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date. During the year ended December 31, 2016, the Company's acquisition of KCP was recorded as an asset acquisition given that it was not considered to be a business when applying the guidance within IFRS 3, *Business Combinations* ("IFRS 3").

Reclamation provision

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mine property, plant and equipment. These costs are depreciated on a basis consistent with the depreciation, depletion, and amortization of the underlying assets.

The obligation is accreted over time for the change in its present value, with this accretion charge recognized as a finance expense in profit or loss. Additional environment disturbances or changes in reclamation costs will be recognized as additions to the corresponding assets and reclamation provision in the year in which they occur. The Company has no material restoration, reclamation or environmental obligation as the disturbance to date is minimal.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. The Company has no material restoration, rehabilitation or environmental obligation as the disturbance to date is minimal.

Share-based payments

Common shares issued for non-monetary consideration are recorded at the fair value of the goods or services received. When the value of goods or services received in exchange for share-based payments cannot be reliably estimated, the value is measured by reference to the trading price of the Company's shares on the TSX Venture Exchange ("the Exchange") on the date of the agreement to issue the shares. If market prices are not available, fair value is measured by use of a valuation model.

The Company has a stock option plan (Note 10(c)), whereby stock options are granted in accordance with the policies of regulatory authorities. The Company records a compensation cost attributable to all share purchase options granted at fair value at the grant date using the Black-Scholes valuation model and the fair value of all share purchase options are expensed over their vesting period with a corresponding increase to share-based payment reserve. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in share-based payment reserve, is recorded as an increase to share capital.

Share capital

The Company's common shares, share warrants and options are classified as equity instruments. Incremental costs directly related to the issue of new shares or options are shown in equity as a deduction from the proceeds. For equity offerings of units consisting of a common share and warrant, when both instruments are classified as equity, the Company does not bifurcate the proceeds between the common share and the other equity instruments.

3. Accounting policies (continued)

Income taxes (continued)
Income taxes comprises both current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity.

Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized. No potential income tax assets of the Company have been recognized.

Loss per share
Basic loss per share is calculated by dividing the net loss for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. Basic and diluted loss per share are the same for the periods presented. The Company uses the treasury stock method of calculating fully diluted loss per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period.

Segment reporting
The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and the executive management, collectively the chief operating decision maker, in assessing performance and in determining the allocation of resources.

Critical judgments in applying accounting policies
The critical judgments that the Company's management has made in the process of applying the Company's accounting policies with the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

a) Functional currency
The functional currency for each of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgments to determine the primary economic environment of an entity and this is re-evaluated for each new entity following an acquisition, or if events and conditions change.

b) Impairment of mineral properties
Expenditures on mineral properties are capitalized. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. Management reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mineral properties may not be recoverable and there is a risk that these costs may be written down in future periods.

3. Accounting policies (continued)

b) Impairment of mineral properties (continued)
The significant estimates applied in determining the recoverable amount of La Frazada includes those used to value the shares to have been received as part of a proposed deal. As the fair market value of the shares to be liquidated would be equal to the cost of buying a put option on those shares at an exercise price equal to the share price at the measurement date, the Black-Scholes model was used to calculate the value of the put option. Within the Black-Scholes model, assumptions were used to calculate the fair value. The significant estimate applied in determining the recoverable amount of Pluton includes the determination of which costs added value to the property. These impairment assessments are discussed in further detail in Note 7.

c) Determining if an acquisition is a business combination or an asset acquisition
With each acquisition, the Company has to determine whether it should be accounted for as a business combination or an asset acquisition. As dictated by IFRS 3, *Business Combinations*, the components of a business must include inputs, processes and outputs. Management has assessed its acquisitions and has concluded that each did not include all the necessary components of a business. As such, they have been recorded as asset acquisitions, being the purchase of mineral properties and/or working capital.

d) Determining amount and timing of rehabilitation costs
Management must determine if estimates of the future costs the Company will incur to complete the rehabilitation work is required to comply with existing laws, regulations and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the date of the statement of financial position that no material rehabilitation provisions were required under IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*.

e) Going concern
In preparing these consolidated financial statements on a going concern basis, as is disclosed in Note 1 of these consolidated financial statements, Management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

Key sources of estimation uncertainty
The preparation of consolidated financial statements requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

a) Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

3. Accounting policies (continued)

b) Share-based payments
Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility, expected life of the option, risk free interest rates, and forfeiture rates. Changes in these input assumptions can significantly affect the fair value estimate.

Accounting standards issued but not yet effective

The following new standard has been issued but not yet applied. The Company is currently evaluating the impact of these standards on its consolidated financial statements.

a) IFRS 9 – Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9") bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and the de-recognition of financial instruments. The mandatory effective date of IFRS 9 will be annual periods beginning on or after January 1, 2018, with early adoption permitted. This standard is not expected to have a significant impact on the Company's financial statements.

b) IFRS 15 - Revenue from Contracts with Customers
The new IFRS 15 Revenue from Contracts with Customers standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. This amendment will be mandatory for reporting periods beginning on or after January 1, 2018. This standard will have no impact on the Company as it does not generate revenues and will not in the near future.

c) IFRS 16 – Leases. IFRS 16 Leases will replace IAS 17 Leases
This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019. This standard will affect the way in which the Company accounts for its operating leases and will increase the related disclosures.

4. Acquisition of KCP Minerals Inc.

On September 26, 2016, the Company closed its acquisition of the issued and outstanding shares of KCP Minerals Inc. ("KCP"), a subsidiary of First Mining Finance Corp. ("First Mining") for 6,000,000 post-split common shares, resulting in KCP becoming a wholly-owned subsidiary of the Company. KCP, through its Mexican subsidiary Minera Terra Plata S.A. de C.V. ("MTP"), owns three Mexican silver projects: Peñasco Quemado in the state of Sonora, La Frazada in the state of Nayarit, and Pluton in the state of Durango.

Upon closing of the transaction and the financing, First Mining owned 7.2% of the issued and outstanding shares of the Company. First Mining also retains a 2.5% net smelter return royalty ("NSR") on each of the properties. The Company has the right to purchase 1.5% of the NSR for US$1,000,000.

For accounting purposes, the acquisition of KCP has been recorded as an asset acquisition as KCP is not considered to be a business when applying the guidance within IFRS 3.

(Expressed in Canadian dollars)

4. Acquisition of KCP Minerals Inc. (continued)

Consideration paid:

	$
Fair value of 6,000,000 common shares issued	6,360,000
Transaction costs incurred by the Company	21,222
Total consideration paid	6,381,222

The fair value of identifiable assets acquired and liabilities assumed from KCP were as follows:

	$
Cash	1,265
Value-added tax receivable	18,605
Mineral properties	6,372,413
Accounts payable	(11,061)
Total identifiable assets acquired	6,381,222

5. Short-term investments

Short-term investments include highly liquid, redeemable GIC investments in an active market with original maturities of one year or less.

6. Receivables and prepaid expenditures

	December 31 2017	December 31 2016
	$	$
GST receivable	2,645	10,509
Other receivables	122,066	-
Prepaid expenditures	245,299	40,292
	370,010	50,801

Other receivables includes amounts due from the subleasing of the Company's office space as well as a receivable related to the reimbursement of leasehold improvements from the landlord. Prepaid expenditures primarily include amounts in connection with insurance, investor relations conferences, and marketing activities.

(Expressed in Canadian dollars)

7. Mineral properties

	Balance December 31, 2017	Year ended December 31, 2017	Balance December 31, 2016
	$	$	$
Mexico			
La Frazada			
Acquisition costs	2,086,202	-	2,086,202
Consulting fees	17,365	15,044	2,321
Laboratory and analysis fees	8,150	8,150	-
Land payments	3,325	3,325	-
Travel and accommodation fees	6,174	3,015	3,159
Field supplies and other costs	3,440	3,330	110
Currency translation adjustment	(110,610)	(140,673)	30,063
Total	2,014,046	(107,809)	2,121,855
Peñasco Quemado			
Acquisition costs	3,194,966	-	3,194,966
Consulting fees	55,590	52,679	2,911
Field supplies and other costs	8,906	5,750	3,156
Laboratory and analysis fees	14,978	13,568	1,410
Land payments	73,292	73,292	-
Staking and survey costs	104,493	104,493	-
Travel and accommodation fees	23,707	19,413	4,294
Currency translation adjustment	(171,955)	(217,993)	46,038
Total	3,303,977	51,202	3,252,775
Pluton			
Acquisition costs	1,091,245	-	1,091,245
Consulting fees	1,508	1,508	-
Land payments	65,290	65,290	-
Warehouse and storage costs	1,437	1,238	199
Currency translation adjustment	(58,681)	(74,405)	15,724
Total before impairment	1,100,799	(6,369)	1,107,168
Impairment	(1,069,799)	(1,069,799)	-
Total	31,000	(1,076,168)	1,107,168
Mexico total	5,349,023	(1,132,775)	6,481,798
USA			
Candelaria			
Option payments - shares	1,332,900	1,332,900	-
Consulting fees	118,143	118,143	-
Drilling	219,742	219,742	-
Field supplies and other costs	43,389	43,389	-
Laboratory and analysis fees	18,960	18,960	-
Land payments	131,840	131,840	-
Staking and survey costs	37,082	37,082	-
Travel and accommodation fees	51,820	51,820	-
Total	1,953,876	1,953,876	-
Eastern Nevada			
Consulting fees	54,392	54,392	-
Field supplies and other costs	671	671	-
Land payments	126,383	126,383	-
Staking and survey costs	89,823	89,823	-
Travel and accommodation fees	9,991	9,991	-
Total	281,260	281,260	-
USA total	2,235,136	2,235,136	-
Mineral properties total	7,584,159	1,102,361	6,481,798

7. Mineral properties (continued)

On January 16, 2017, the Company entered into an option agreement (the "Option Agreement") with a subsidiary of SSR Mining Inc. ("SSR") (formerly Silver Standard Resources Inc.), to acquire a 100% interest in the Candelaria silver project (the "Candelaria Project") located in Nevada, USA.

In order to exercise the option, the Company will be required to:

- issue USD $1,000,000 in shares to SSR on the date that the parties satisfy the conditions to the Agreement, including obtaining final approval of the TSX-V (the "Effective Date") (paid);
- issue an additional USD $1,000,000 in shares on each of the three anniversaries of the Effective Date (first year anniversary payment was made subsequent to year end – see note 18); and
- assume the reclamation bond on the property immediately prior to exercise of the option.

In order to satisfy the initial option payment of USD $1,000,000, the Company issued 1,332,900 common shares at a fair value price of $1.00 per share. Upon satisfying the terms set forth above, the Company will have earned a 100% interest in the property subject to a 3% net smelter returns royalty payable to Teck Resources USA on production from a certain claims group of the property and a charge of $0.01 per ton payable for waste rock dumped on certain claims.

2017 Impairment of mineral properties

Each asset or CGU is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment-based, a formal estimate of the recoverable amount is performed and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount.

At December 31, 2017, an impairment indicator test was performed by reviewing the individual properties' CGUs for impairment indicators. It was identified that there were indicators of impairment and thus that an impairment test was required on both the La Frazada and Pluton properties, primarily as a result of low historical exploration expenditures and lack of budgeted or planned expenditures on either of these properties. The impairment tests resulted in the carrying value of the CGU at December 31, 2017 exceeding the recoverable amount by $1,069,799 for Pluton. The recoverable amount of Pluton was calculated based on the cost approach, using historical value-added costs to the property.

The recoverable amount of La Frazada was calculated based on the market approach by considering comparable property valuations and negotiations with potential purchaser at the measurement date. Significant assumptions were applied in determining the recoverable amount of La Frazada. Management's impairment test calculation did not result in the identification of an impairment loss on the La Frazada property as at December 31, 2017 as the recoverable amount of the property was estimated to exceed its carrying amount.

Although management believes the estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments. The Company has recorded an impairment of $1,069,799 for Pluton against the carrying value of the property for the year ended December 31, 2017.

(Expressed in Canadian dollars)

8. Value-added tax receivable

The Company, through its Mexican subsidiary, MTP, pays value-added tax on the purchases of goods and services at a rate of 16%. The amount paid or payable is recoverable and MTP has been successful in applying for and receiving refunds in the past from the local tax authorities. However, there is no guarantee that this will continue and, as such, the value-added tax receivable has been recorded as a non-current asset.

9. Accounts payable and accrued liabilities

	December 31 2017	December 31 2016
	$	$
Accounts payable	514,703	33,451
Accrued liabilities	25,000	32,000
	539,703	65,451

Accounts payable include amounts owing for consulting, exploration, and general corporate expenditures. Accrued liabilities include an accrual for consulting fees incurred during the year as well as an accrual of audit fees for the 2017 year.

10. Share capital

a) **Authorized:** Unlimited common shares without par value.

b) Shares issued

Common shares: 94,080,378 (December 31, 2016 – 81,864,977).

During the twelve months ended December 31, 2017, the Company:

- completed a non-brokered private placement by issuing 10,750,001 units ("Units") at a price of $0.40 per Unit for gross proceeds of $4,300,000. Each Unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one additional common share of the Company at C$0.60 per share for a period of three years from the date of issue;
- issued 1,332,900 common shares valued at $1,332,900 pursuant to the Option Agreement for the Candelaria Project (see Note 7);
- issued 132,500 common shares for the exercise of options in the amount of $6,625. A value of $6,586 was transferred from the share-based payment reserve to share capital as a result.

During the fourteen months ended December 31, 2016, the Company:

- completed a non-brokered private placement by issuing 25,500,000 post-split common shares (8,500,000 pre-split common shares) at a price of $0.017 per post-split common share ($0.05 per pre-split common share) for gross proceeds of $425,000;
- issued 600,000 post-split common shares (200,000 pre-split common shares) at a price of $0.017 per post-split common share ($0.05 pre-split common share) with a value of $10,000 pursuant to the option agreement with Anstag Mining Ltd. for the Margurete gold property;
- issued 6,000,000 common shares at a fair value of $6,360,000 in the acquisition of KCP;

(Expressed in Canadian dollars)

10. Share capital (continued)

b) Shares issued (continued)

- completed a non-brokered private placement by issuing 10,000,000 common shares at a price of $0.25 per common share for gross proceeds of $2,500,000; and
- issued 940,000 common shares for the exercise of options in the amount of $47,000. A value of $46,721 was transferred from accumulated other comprehensive income to share capital as a result.

Share split
Effective September 1, 2016, the Company completed a forward stock split of the common shares by way of a stock dividend on a basis of 3 post-split common shares for 1 pre-split common share (the “Split”). As required by IAS 33, *Earnings per Share*, all information with respect to the number of common shares and issuance prices for time periods prior to the Split have been restated to reflect the Split.

Escrow shares
Pursuant to the regulatory requirements as at December 31, 2017, 1,305,000 issued and outstanding common shares were held in escrow under the CPC Escrow Agreement (December 31, 2016 - 1,957,500). Under the CPC Escrow Agreement 10% of the shares were released on the issuance of the Final Exchange Bulletin on August 4, 2016 (the “Initial Release”). An additional 15% will be released every 6 months following the Initial Release.

c) Options
The Company has adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees and consultants to the Company. Share options granted under the plan may be subject to vesting provisions as determined by the Board of Directors.

Options granted in August of 2016 vested immediately. However, on October 3, 2016, the options were modified to include vesting provisions. The vesting provisions of all options are the following: 25% - 6 months from the grant date, 35% - 1 year from the grant date, and 40% - 1.5 years from the grant date.

The Company’s share options outstanding as at December 31, 2016 and December 31, 2017 and the changes for the periods then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at October 31, 2015	-	-
Granted – August 5, 2016	5,559,996	0.05
Granted – August 31, 2016	930,000	0.33
Granted – December 2, 2016	100,000	0.85
Exercised	(940,000)	0.05
Balance as at December 31, 2016	5,649,996	0.11
Granted – April 27, 2017	575,000	0.58
Granted – June 6, 2017	200,000	0.65
Granted – June 15, 2017	200,000	0.57
Granted – October 4, 2017	200,000	0.45
Granted – October 24, 2017	200,000	0.45
Forfeited	(200,000)	0.65
Exercised	(132,500)	0.05
Balance as at December 31, 2017	6,692,496	0.19

The total share-based payment expense recorded during the year ended December 31, 2017 was $380,784 (2016: $590,969).

(Expressed in Canadian dollars)

10. Share capital (continued)

c) Options (continued)

The following table summarizes information about the share options as at December 31, 2017:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years) options outstanding	Weighted exercise price of options exercisable	Number of options exercisable	Expiry date
$0.05	4,487,496	3.60	$0.05	2,692,496	August 5, 2021
$0.33	930,000	3.67	$0.33	558,000	August 31, 2021
$0.85	100,000	3.92	$0.85	60,000	December 2, 2021
$0.58	575,000	4.32	$0.58	575,000	April 27, 2022
$0.57	200,000	4.46	$0.57	50,000	June 15, 2022
$0.45	200,000	4.76	$0.45	-	October 4, 2022
$0.45	200,000	4.82	$0.45	-	October 24, 2022

c) Options (continued)

The Black-Scholes Pricing Model was used to estimate the fair value of the share options using the following assumptions on the grant date of the options:

Issue date	Expected Option life (years)	Risk free interest rate	Dividend yield	Expected volatility	Weighted average fair value
August 5, 2016	5.00	1.38%	nil	245%	$0.05
August 31, 2016	5.00	1.38%	nil	250%	$0.34
December 2, 2016	5.00	1.45%	nil	245%	$0.87
April 27, 2017	5.00	1.13%	nil	118%	$0.45
June 6, 2017	5.00	1.13%	nil	118%	$0.49
June 26, 2017	5.00	1.13%	nil	118%	$0.31
October 4, 2017	5.00	1.60%	nil	117%	$0.32
October 24, 2017	5.00	1.60%	nil	117%	$0.38

d) Warrants

The Company's warrants outstanding as at December 31, 2016 and December 31, 2017 and the changes for the periods then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at October 31, 2015 and December 31, 2016	**-**	**-**
Granted – October 23, 2017	5,375,000	0.60
Balance as at December 31, 2017	5,375,000	0.60

(Expressed in Canadian dollars)

10. Share capital (continued)

d) Warrants (continued)

The balance of warrants outstanding as at December 31, 2017 is as follows:

Expiry Date	Exercise Price $	Remaining Life (Years)	Warrants Outstanding
October 23, 2020	0.60	2.81	5,375,000

11. Segment information

The Company operates in a single reportable operating segment, being the acquisition, exploration and retention of mineral property assets. Geographic segment information of the Company's non-current assets as at December 31, 2017 and December 31, 2016 is as follows:

Non-current assets	December 31 2017	December 31 2016
	$	$
Canada	68,548	4,331
USA	2,260,798	-
Mexico	5,375,869	6,501,712
Total	7,705,215	6,506,043

12. Income taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision is as follows:

	Twelve Months ended December 31 2017	Fourteen months ended December 31 2016
	$	$
Loss for the period before income tax recovery	(3,062,648)	(1,102,421)
Average statutory rate	26.00%	26.00%
Recovery of income taxes based on statutory rates	(796,000)	(287,000)
Increase (decrease) in income tax recovery resulting from:		
Change in tax rate	(81,000)	-
True-up of opening temporary differences	(457,000)	-
Other non-deductible expenses	408,000	162,000
Impact of asset acquisitions	-	(1,588,000)
Change in non-recognized deferred tax assets	926,000	1,713,000
Income tax recovery	-	-

(Expressed in Canadian dollars)

12. Income taxes (continued)

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at December 31, 2017, the Company has not recognized the benefit of the following deductible temporary differences:

	December 31 2017	December 31 2016
	$	$
Deferred tax assets		
Losses carried forward	2,787,000	1,943,000
Mineral properties	127,000	65,000
Equipment	6,000	7,000
Undeducted financing costs and other	107,000	166,000
Unrecognized deferred tax assets	(3,027,000)	(2,181,000)
Total deferred tax assets	-	-

As at December 31, 2017, the Company has estimated non-capital losses for Canadian income tax $7,657,000 (2016 - $4,786,000) purposes of that may be carried forward to reduce taxable income derived in future years. The Canadian non-capital losses expire from 2027-2037 (2016 - 2028-2036).

As at December 31, 2017, the Company's Mexican subsidiary had approximately $3,062,000 (2016 - $2,688,000) in losses which expire from 2017-2027 (2016 - 2016-2026).

13. Related party transactions

The Company's related parties consist of the Company's directors and officers, and any companies associated with them. The Company incurred the following charges during the years ended December 31, 2017 and 2016:

Service or item	Twelve Months ended December 31 2017	Fourteen months ended December 31 2016
	$	$
Consulting fees	158,208	25,314
Professional fees	51,803	14,280
Salaries and benefits	243,735	59,625
Share-based payments	-	295,749

Consulting fees include amounts paid to Raul Diaz, a director of the Company, for geological consulting services.

Professional fees include amounts paid to Malaspina Consultants Inc., a company owned by Robert McMorran, a former director of the Company, and in which the CFO, Carmen Amezquita Hernandez, is an associate.

Salaries and benefits include amounts paid to Greg Crowe, President and Chief Executive Officer of the Company.

As at December 31, 2017, directors, officers or their related companies were owed $31,818 (December 31, 2016 - $12,665) in respect of services. The amounts due to related parties are unsecured, non-interest-bearing and due on demand.

Key management includes directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

(Expressed in Canadian dollars)

14. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on the current cash flows are excluded from the cash flow statements. The following transactions were excluded from the consolidated statement of cash flows:

During the twelve months ended December 31, 2017:

- The issuance of 1,332,900 common shares valued at $1,332,900 pursuant to the Option Agreement for the Candelaria Project (see Note 7).

During the fourteen months ended December 31, 2016:

- The issuance of 600,000 post-split common shares valued at $10,000 pursuant to the option agreement for the Magurete Gold Property; and

- The issuance of 6,000,000 post-split common shares valued at $6,360,000 pursuant to the acquisition of KCP (see Note 4).

The Company paid or accrued $nil for income taxes during the year ended December 31, 2017 (2016 - $nil).

15. Financial instruments

Classification of financial instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company classified its cash and short-term investments as loans and receivables. The accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The classification of the financial instruments as well as their carrying values as at December 31, 2017 and December 31, 2016 is shown in the table below

At December 31, 2017	Loans and receivables	Other financial liabilities	Total
	$	$	$
Financial assets			
Cash	301,030	-	301,030
Short-term investments	3,600,000	-	3,600,000
Total financial assets	3,901,030	-	3,901,030
Financial liabilities			
Accounts payable and accrued liabilities	-	539,703	-
Total financial liabilities	-	539,703	-

At December 31, 2016	Loans and receivables	Other financial liabilities	Total
	$	$	$
Financial assets			
Cash	2,423,334	-	2,423,334
Total financial assets	2,433,843	-	2,433,843
Financial liabilities			
Accounts payable and accrued liabilities	-	65,451	65,451
Total financial liabilities	-	65,451	65,451

Note that the fair values approximate the carrying values due to their short-term nature.

15. Financial instruments (continued)

Financial and capital risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Discussions of risks associated with financial assets and liabilities are detailed below:

a) Foreign currency risk
The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mexico and a portion of the Company's expenses are incurred in Canadian dollars ("CAD"), US dollars ("USD"), and Mexican Pesos ("MXN"). A significant change in the currency exchange rates between the Canadian, US and Mexican currencies, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Financial and capital risk management (continued)

As at December 31, 2017, the Company is exposed to currency risk on the following financial assets and liabilities denominated in USD and MXN. The sensitivity of the Company's net earnings due to changes in the exchange rate between the USD and MXN against the Canadian dollar is included in the table below in Canadian dollar equivalents:

	USD amount	MXN amount	Total
	$	$	$
Cash	23,805	4,462	28,267
Accounts payable and accrued liabilities	(408,464)	(11,258)	(419,722)
Net exposure	**(384,659)**	**(6,796)**	**(391,455)**
Effect of +/- 10% change in currency	**(38,466)**	**(680)**	

b) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a cash loss is limited as the Company's liabilities are non-interest bearing. The Company considers this risk to be immaterial.

c) Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company considers credit risk with respect to its cash to be immaterial as cash is mainly held through large Canadian financial institutions.

d) Liquidity risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. Accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand, and are subject to normal trade terms. The Company has working capital of $3,688,122 as at December 31, 2017.

16. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of and retention of its mineral properties. In the management of capital, the Company includes its components of shareholders' equity.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling the capital expenditures program. The Company is not subject to externally imposed capital requirements.

The Company does not have a source of revenue. As such, the Company is dependent on external financing to fund its activities. In order to pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management policies on an ongoing basis. There were no changes in the Company's approach to capital management during the twelve months ended December 31, 2017.

17. Commitments

During the year, the Company entered into an sublease agreement for the use of the office premises in Vancouver, BC, Canada in the amount of $3,079 per month from April 1, 2017 until January 31, 2018. The amount of the total lease payments committed is $3,079 for the year ended December 31, 2018.

The Company also entered into an office lease agreement for the same office space beginning February 1, 2018 and expiring January 31, 2023. The payments are $12,556 in years 1-3, and $13,039 in years 4-5. The amount of the total lease payments committed is $131,278 for the fiscal year ended December 31, 2018, $150,672 for each of the fiscal years ended December 31, 2019, and 2020, $156,468 for each of the years ended December 31, 2021 and 2022, and $13,039 for the year ended December 31, 2023.

The Company is subletting a portion of the office space discussed above to three other entities. The total rent to be collected each month from these companies is $8,375 in years 1-3, and $8,697 in years 4-5. The amount of the total sublet rent to be collected is $92,126 for the fiscal year ended December 31, 2018, $100,501 for each of the fiscal years ended December 31, 2019, and 2020, $104,364 for each of the years ended December 31, 2021 and 2022, and $8,697 for the year ended December 31, 2023.

18. Subsequent events

a) Exercise of options

Subsequent to December 31, 2017, a total of 270,000 options of the Company were exercised for gross proceeds of $13,500.

b) Issuance of shares under Option Agreement with Candelaria

The Company issued a total of 2,828,636 shares at a deemed price of USD $1,000,000 as part of the required payments under the Option Agreement with Candelaria (see note 7)

18. Subsequent events (continued)

c) Additional Candelaria claims acquired

In March 2018, the Company entered into an agreement to acquire 10 non-patented mineral claims located along the eastern structural projection of the Candelaria mineralized system. These claims are located immediately east of the former producing Mount Diablo open pit. Silver One has acquired these claims for the consideration of US$10,000 plus the issuance of US$10,000 in Silver One shares at the market price based on TSX Venture Exchange approval.