Consolidated Annual Financial Statements

For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Silver One Resources Inc.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has not generated any revenues from operations, is currently in the exploration and development stage and had an accumulated deficit at December 31, 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

BDO CANADA LLP

Chartered Professional Accountants
Vancouver, Canada
April 11, 2019

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

	Note	December 31 2018	December 31 2017
		$	$
Assets			
Current			
Cash		328,714	301,030
Short-term investments	**4**	700,000	3,600,000
Receivables and prepaid expenditures	**5**	195,162	370,010
		1,223,876	4,271,040
Non-current			
Mineral properties	**6**	11,382,360	7,584,159
Property and equipment		52,741	68,548
Reclamation deposit		44,305	25,662
Value-added tax receivable	**7**	31,795	26,846
Total Assets		**12,735,077**	**11,976,255**
Liabilities			
Current			
Accounts payable and accrued liabilities	**8**	222,281	539,703
Shares to be issued	**17**	292,500	-
Deferred rent		35,292	43,215
		550,073	582,918
Shareholders' Equity			
Share capital	**9(b)**	17,240,479	15,954,715
Share-based payment reserve	**9(c)**	1,257,184	1,010,596
Accumulated other comprehensive income (loss)		535,254	(343,879)
Accumulated deficit		(6,847,913)	(5,228,095)
		12,185,004	11,393,337
Total Liabilities and Shareholders' Equity		**12,735,077**	**11,976,255**

Nature of operations and going concern – Note 1
Commitments – Note 16
Subsequent events – Note 17

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 years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Note	2018	2017
		$	$
Expenses			
Administrative and office		104,800	113,054
Consulting		173,523	155,120
Depreciation		15,807	4,662
Exploration and evaluation		11,027	294,213
Filing and listing fees		26,714	59,624
Professional fees		134,643	119,509
Salaries and benefits		308,840	256,896
Share-based payments	**9(c)**	260,008	380,784
Shareholder communications		414,371	359,034
Travel and related costs		181,610	256,046
Loss before other items		(1,631,343)	(1,998,942)
Foreign exchange loss		(15,190)	(9,155)
Interest and other income		26,715	15,250
Impairment of mineral property	**6**	-	(1,069,799)
Net loss for the year		(1,619,818)	(3,062,646)
Other comprehensive income (loss) for the year			
Currency translation adjustment		879,133	(436,159)
Comprehensive loss for the year		(740,685)	(3,498,805)
Loss per share			
Basic and diluted		(0.02)	(0.04)
Weighted average number of shares outstanding			
Basic and diluted		97,040,166	85,235,458

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

Silver One Resources Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Note	2018	2017
		$	$
Cash (used in) provided by:			
Operating activities			
Net loss for the year		(1,619,818)	(3,062,646)
Depreciation		15,807	4,662
Share-based payments	**9(c)**	260,008	380,784
Unrealized foreign exchange		(12,221)	(10,020)
Impairment of mineral property	**6**	-	1,069,799
Changes in working capital items			
Receivables and prepaid expenditures		174,848	(319,209)
Accounts payable and accrued liabilities		(50,455)	136,282
Deferred rent		(7,923)	-
		(1,239,754)	(1,800,348)
Investing activities			
Reclamation deposit		(16,398)	(25,662)
Mineral property expenditures		(1,923,971)	(934,361)
Acquisition of equipment		-	(25,664)
Cash out (purchase of) short-term investments	**4**	2,900,000	(3,600,000)
Value-added tax incurred		1,807	-
		961,438	(4,585,687)
Financing activities			
Issuance of shares pursuant to private placement	**9(b)**	-	4,300,000
Share issuance costs		-	(42,894)
Shares to be issued	**17**	292,500	-
Proceeds from exercise of options	**9(c)**	13,500	6,625
		306,000	4,263,731
Increase (decrease) in cash		27,684	(2,122,304)
Cash - beginning of year		301,030	2,423,334
Cash - end of year		328,714	301,030

Supplemental cash flow information – Note 13

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, 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	**6,9(b)**	1,332,900	1,332,900	-	-	-	1,332,900
Shares issued from private placement	**9(b)**	10,750,001	4,300,000	-	-	-	4,300,000
Less: Share issue costs		-	(42,894)	-	-	-	(42,894)
Share-based payments	**9(c)**	-	-	380,784	-	-	380,784
Exercise of options	**9(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
Shares issued on the Candelaria option agreement	**6,9(b)**	2,828,636	1,245,900	-	-	-	1,245,900
Shares issued to stake eastern Nevada claims	**6,9(b)**	38,235	12,944	-	-	-	12,944
Share-based payments	**9(c)**	-	-	260,008	-	-	260,008
Exercise of options	**9(c)**	270,000	26,920	(13,420)	-	-	13,500
Net loss for the year		-	-	-	-	(1,619,818)	(1,619,818)
Cumulative translation adjustment		-	-	-	879,133	-	879,133
Balance, December 31, 2018		97,217,249	17,240,479	1,257,184	535,254	(6,847,913)	12,185,004

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

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. The Company has an option agreement to acquire a 100% interest in the Candelaria Silver project (the "Candelaria Project") located in Nevada and has claims staked in eastern Nevada, including the Cherokee project ("Cherokee Project"). The Company also 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. The Company also entered into an option agreement to acquire a 100% interest in the Candelaria Silver project (the "Candelaria Project") located in Nevada and has also staked claims in eastern Nevada.

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, 2018, the Company had an accumulated deficit of $6,847,913, 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 the 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 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

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, 2018.

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.

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(Expressed in Canadian dollars)

2. Basis of preparation (continued)

Statement of compliance and functional currency (continued)

These consolidated financial statements were approved by the board of directors on April 10, 2019.

3. Accounting policies

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

Changes in accounting policies – IFRS 9

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Financial assets and liabilities

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	**New classification IFRS 9**
Cash	Amortized Cost	Amortized Cost
Short-term investments	Amortized Cost	Amortized Cost
Receivables	Amortized Cost	Amortized Cost
Reclamation deposit	Amortized Cost	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

3. Accounting policies (continued)

Financial assets and liabilities (continued)

b) Measurement

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

d) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

3. Accounting policies (continued)

Changes in accounting policies – IFRS 15

In May 2015, the IASB issued IFRS 15, *Revenue from contracts with customers*. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The Company adopted this standard on January 1, 2018, using the modified retrospective approach. The adoption of IFRS 15 did not have an impact on the Company's consolidated financial statements and there was no transitional adjustment recorded on adoption.

Property and equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company. Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Depreciation is recognized in profit or loss and is provided on a straight-line basis over 3 years for office equipment and computer hardware, and 5 years for leasehold improvements. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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 the consolidated statements of loss and comprehensive 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.

3. Accounting policies (continued)

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. 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.

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 the consolidated statements of loss and comprehensive 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 9(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
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)

Critical judgments in applying accounting policies (continued)

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 profits will be available against which the deductible temporary differences can be utilized.

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.

(Expressed in Canadian dollars)

3. Accounting policies (continued)

Key sources of estimation uncertainty (continued)

c) Impairment of mineral properties
The Company applies significant estimates when performing impairment tests on mineral properties. The significant estimates applied in determining the recoverable amount of La Frazada includes estimates of consideration that could be received for the La Frazada property based on historical negotiations with potential purchasers and market observations made by the Company's management. Should these estimates prove to be incorrect, this could result in material differences in the Company's impairment testing and conclusions reached therein.

Accounting standards issued but not yet effective

The following new standard has been issued but not yet applied:

a) IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, *Leases* and its associated interpretive guidance–, ("IFRS 16") which will replace IAS 17, *Leases*. The 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. Lessor accounting remains similar to current accounting practice. The standard will be effective for annual periods beginning on or after January 1, 2019 and either a full retrospective or a modified retrospective approach can be applied.

Upon adoption of IFRS 16, the Company will record a right-of-use asset, with an associated lease liability, on the consolidated statement of financial position as at January 1, 2019. The right-of-use asset and liability will be unwound over the term of the lease giving rise to an interest expense and depreciation charge, respectively. Currently the Company's operating lease relates to the rental of office space (Note 16 – Commitments).

4. Short-term investments

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

5. Receivables and prepaid expenditures

	December 31 2018	December 31 2017
	$	$
GST receivable	3,713	2,645
Other receivables	130,820	122,066
Prepaid expenditures	60,629	245,299
	195,162	370,010

Other receivables include amounts due from subleasing the Company's office space. Prepaid expenditures primarily include amounts in connection with insurance, investor relations conferences and marketing activities.

(Expressed in Canadian dollars)

6. Mineral properties

	Balance December 31, 2018	Additions December 31, 2018	Balance December 31, 2017
	$	$	$
USA			
Candelaria			
Option payments - shares	2,578,800	1,245,900	1,332,900
Acquisition costs - shares	12,944	12,944	-
Acquisition costs - cash	13,088	13,088	-
Consulting fees	365,722	247,579	118,143
Drilling	228,911	9,169	219,742
Field supplies and other costs	60,915	17,526	43,389
Laboratory and analysis fees	247,217	228,257	18,960
Land payments	389,107	257,267	131,840
Staking and survey costs	100,779	63,697	37,082
Travel and accommodation fees	89,135	37,315	51,820
Currency translation adjustment	338,209	338,209	-
	4,424,827	2,470,951	1,953,876
Eastern Nevada			
Consulting fees	230,380	175,988	54,392
Field supplies and other costs	6,634	5,963	671
Laboratory and analysis fees	8,008	8,008	-
Land payments	491,124	364,741	126,383
Staking and survey costs	134,349	44,526	89,823
Travel and accommodation fees	40,314	30,323	9,991
Currency translation adjustment	68,129	68,129	-
	978,938	697,678	281,260
USA total	5,403,765	3,168,629	2,235,136
Mexico			
La Frazada			
Acquisition costs	2,086,202	-	2,086,202
Consulting fees	20,252	2,887	17,365
Laboratory and analysis fees	8,150	-	8,150
Land payments	9,739	6,414	3,325
Travel and accommodation fees	6,174	-	6,174
Field supplies and other costs	3,440	-	3,440
Currency translation adjustment	66,050	176,660	(110,610)
	2,200,007	185,961	2,014,046
Peñasco Quemado			
Acquisition costs	3,194,966	-	3,194,966
Consulting fees	79,839	24,249	55,590
Field supplies and other costs	8,906	-	8,906
Laboratory and analysis fees	14,978	-	14,978
Land payments	180,570	107,278	73,292
Geophysics	112,416	7,923	104,493
Travel and accommodation fees	26,505	2,798	23,707
Currency translation adjustment	124,605	296,560	(171,955)
	3,742,785	438,808	3,303,977
Pluton			
Acquisition costs	1,091,245	-	1,091,245
Consulting fees	2,167	659	1,508
Land payments	65,290	-	65,290
Warehouse and storage costs	2,786	1,349	1,437
Impairment	(1,069,799)	-	(1,069,799)
Currency translation adjustment	(55,886)	2,795	(58,681)
	35,803	4,803	31,000
Mexico total	5,978,595	629,572	5,349,023
Mineral properties total	11,382,360	3,798,201	7,584,159

6. Mineral properties (continued)

Candelaria Option Agreement
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 paid / second anniversary payment paid subsequent to year end); 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, and in order to satisfy the first anniversary payment of USD $1,000,000, the Company issued 2,828,636 common shares at a fair value price of $0.44 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.

Subsequent to year end, the Company issued 5,827,338 common shares at a fair value price of $0.21 per share, in order to satisfy the second anniversary payment of USD $1,000,000.

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 USD $10,000 plus the issuance of 38,235 common shares at a fair value of $0.34 per shares (total of USD $10,000).

Signing of lease/purchase agreement on five patented claims at the Cherokee Project in eastern Nevada
In July 2018, the Company entered into a lease/purchase agreement with Castelton Park LLC ("Castelton") of Sparks, Nevada to acquire five patented claims constituting 83.5 acres (34 hectares) at its Cherokee Project. These patents lie within the Company's Cherokee claim holdings in Lincoln County located in eastern Nevada.

The terms of the Lease/Purchase Agreement include three payments over a 2-year lease, consisting of a payment for US$23,125 upon execution of the agreement (paid), US$34,688 on the first anniversary and US$34,687 on the second anniversary. This will provide Silver One with a 100% interest in all patented claims. The Mill Claim, comprising 3.5 acres (1.4 hectares) and located 2.4 kilometres to the north of the Cherokee project, requires title verification before the final transfer to Silver One. The sum of US$10,000 will be withheld from the second anniversary payment until title transfer to Silver One is finalized. Castelton will also receive a payment of US$100,000 for every 7.5 million silver equivalent ounces of mineral resources calculated on the property, subject to a maximum of US$1,000,000.

Restructure of net smelter return agreements on Mexican properties
On December 17, 2018, The Company entered into agreements with First Mining Gold Corp. ("First Mining") regarding the restructuring of the Net Smelter Return ("NSR") agreements associated with the Peñasco Quemado, La Frazada and Pluton properties that were acquired from First Mining in 2016. The original NSR agreements granted to First Mining were a 2.5% NSR on each property, with a buyback of up to 1.5% for USD $ 1.0 million per property. The new NSR agreements grant a 1.5% NSR per property with a buyback of 1% for USD $500,000. Subsequent to year end, on January 16, 2019, Silver One issued 250,000 common shares in the capital of Silver One as consideration for this reduction of the NSR agreements.

(Expressed in Canadian dollars)

6. Mineral properties (continued)

Impairment of mineral properties

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. 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.

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, 2018 and 2017, the Company's management reviewed the individual properties' CGUs for impairment indicators. As at both of these dates, it was identified that there were indicators of impairment for the La Frazada and Pluton properties, primarily as a result of low historical exploration expenditures and lack of budgeted or planned expenditures and thus an impairment test was required for both properties.

At December 31, 2018 and 2017, the recoverable amount of Pluton was estimated based on the cost approach, using historical value-added costs to the property. The impairment test as at December 31, 2017 resulted in the carrying value of Pluton exceeding the recoverable amount and the Company accordingly recorded an impairment of $1,069,799. The impairment test as at December 31, 2018 resulted in no further impairment of the property.

At December 31, 2018 and 2017, the recoverable amount of La Frazada was calculated based on the market approach by considering historical negotiations with potential purchasers and market observations by the Company's management. Significant assumptions were applied in determining the recoverable amount of La Frazada. Management's impairment test did not result in the identification of an impairment loss on the La Frazada property as at December 31, 2018 or 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.

7. 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.

8. Accounts payable and accrued liabilities

	December 31 2018	December 31 2017
	$	$
Accounts payable	173,781	514,703
Accrued liabilities	48,500	25,000
	222,281	539,703

Accounts payable include amounts owing for consulting, exploration, and general corporate expenditures. Accrued liabilities include an accrual of audit fees for the 2018 year and other administrative expenses.

9. Share capital

a) Authorized: Unlimited common shares without par value.

b) Shares issued

Common shares: 97,217,249 (December 31, 2017 – 94,080,378).

During the year ended December 31, 2018, the Company:

- issued 2,828,636 common shares valued at $1,245,900 pursuant to the Option Agreement for the Candelaria Project (see Note 6);
- issued 38,235 common shares valued at $12,944 pursuant to the acquisition of new Candelaria claims (see Note 6);
- issued 270,000 common shares for the exercise of options in the amount of $13,500. A value of $13,420 was transferred from the share-based payment reserve to share capital as a result.

During the year 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 6);
- 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.

Escrow shares
Pursuant to the regulatory requirements as at December 31, 2018, 652,500 issued and outstanding common shares were held in escrow under the CPC Escrow Agreement (December 31, 2017 - 1,305,000). Under the CPC Escrow Agreement, 2,175,000 shares were to be held in escrow, with 10% of the shares released on the issuance of the Final Exchange Bulletin on August 4, 2016 (the "Initial Release"), and an additional 15% to 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.

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.

(Expressed in Canadian dollars)

9. Share capital (continued)

c) Options (continued)

The Company's share options outstanding as at December 31, 2017 and 2018 and the changes for the periods then ended are as follows:

	Number	Weighted average exercise price
		$
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
Exercised	(270,000)	0.05
Granted – January 8, 2018	150,000	0.45
Granted – May 17, 2018	1,390,000	0.40
Forfeited – January 15, 2018	(415,000)	0.59
Balance as at December 31, 2018	7,547,496	0.22

The total share-based payment expense recorded during the year ended December 31, 2018 was $260,008 (2017: $380,784).

The following table summarizes information about the share options as at December 31, 2018:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years) options outstanding	Number of options exercisable	Expiry date
$0.05	4,217,496	2.60	4,217,496	August 5, 2021
$0.33	615,000	2.67	615,000	August 31, 2021
$0.58	575,000	3.32	575,000	April 27, 2022
$0.57	200,000	3.46	200,000	June 15, 2022
$0.45	200,000	3.76	120,000	October 4, 2022
$0.45	200,000	3.82	120,000	October 24, 2022
$0.45	150,000	4.02	37,500	January 8, 2023
$0.40	1,390,000	4.38	347,500	May 17, 2023

(Expressed in Canadian dollars)

9. Share capital (continued)

c) Options (continued)

The fair value of options recognized in the period has been estimated using the Black-Scholes Pricing Model with the following assumptions on the grant date of the options:

Issue date	Expected Option life (years)	Risk free interest rate	Dividend yield	Expected volatility[1]	Weighted average fair value
April 27, 2017	5.00	1.13%	nil	118%	$0.45
June 6, 2017	5.00	1.13%	nil	118%	$0.49
June 15, 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
January 8, 2018	5.00	1.60%	nil	116%	$0.35
May 17, 2018	5.00	1.60%	nil	116%	$0.19

Note 1: As the Company does not have a sufficient history of past share prices, the expected volatility was calculated by taking the average volatility of seven peer companies.

d) Warrants

The Company's warrants outstanding as at December 31, 2017 and 2018 and the changes for the periods then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at December 31, 2016	**-**	**-**
Granted – October 23, 2017	5,375,000	0.60
Balance as at December 31, 2017 and 2018	5,375,000	0.60

The balance of warrants outstanding as at December 31, 2018 is as follows:

Expiry Date	Exercise Price $	Remaining Life (Years)	Warrants Outstanding
October 23, 2020	0.60	1.81	5,375,000

10. 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, 2018 and 2017 is as follows:

Non-current assets	December 31 2018	December 31 2017
	$	$
Canada	57,816	68,548
USA	5,442,995	2,260,798
Mexico	6,010,390	5,375,869
Total	11,511,201	7,705,215

(Expressed in Canadian dollars)

11. Income taxes

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

	2018	2017
	$	$
Loss for the year before income tax recovery	(1,619,818)	(3,062,648)
Average statutory rate	27.00%	26.00%
Recovery of income taxes based on statutory rates	(437,000)	(796,000)
Increase (decrease) in income tax recovery resulting from:		
Change in tax rate	-	(81,000)
True-up of opening temporary differences	102,000	(457,000)
Other non-deductible expenses	80,000	408,000
Change in non-recognized deferred tax assets	255,000	926,000
Income tax recovery	-	-

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, 2018, the Company has not recognized the benefit of the following deductible temporary differences:

	December 31 2018	December 31 2017
	$	$
Deferred tax assets		
Losses carried forward	3,314,000	2,787,000
Mineral properties	7,000	127,000
Equipment	6,000	6,000
Undeducted financing costs and other	62,000	107,000
Unrecognized deferred tax assets	(3,389,000)	(3,027,000)
Total deferred tax assets	-	-

As at December 31, 2018, the Company has estimated non-capital losses for Canadian income tax purposes of $9,168,000 (2017 - $7,657,000) that may be carried forward to reduce taxable income derived in future years. The Canadian non-capital losses expire from 2026-2038 (2017 - 2026-2037).

As at December 31, 2018, the Company's Mexican subsidiary had approximately $3,270,000 (2017 - $3,062,000) in losses which expire from 2018-2028 (2017 - 2017-2027).

(Expressed in Canadian dollars)

12. 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, 2018 and 2017:

	2018	2017
	$	$
Consulting fees	179,265	158,208
Professional fees	44,861	51,803
Salaries and benefits	243,795	243,735
Share-based payments	69,220	-

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 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.

Share-based payments include options granted to officers and directors.

As at December 31, 2018, directors, officers or their related companies owed the Company $91,619 (December 31, 2017 - $34,385) and were owed $30,000 (December 31, 2017 - $31,818) 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.

13. 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 year ended December 31, 2018:

- The issuance of 2,828,636 common shares valued at $1,245,900 pursuant to the Option Agreement for the Candelaria Project (see Note 6);
- The issuance of 38,235 common shares valued at $12,944 pursuant to the acquisition of new Candelaria claims (see Note 6); and
- Movement of $266,967 in mineral property exploration expenditures in accounts payable and accrued liabilities.

During the year 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 6); and
- Movement of $337,970 in mineral property exploration expenditures in accounts payable and accrued liabilities.

The Company paid or accrued $nil for income taxes during the year ended December 31, 2018 (2017 - $nil).

(Expressed in Canadian dollars)

14. Financial instruments

Classification of financial instruments

The Company's financial instruments consist of cash, short-term investments, receivables, accounts payable and accrued liabilities. The Company classifies its cash, short-term investments and receivables as financial assets at amortized cost. The Company classifies its accounts payable and accrued liabilities as financial liabilities at amortized cost.

The classification of the financial instruments as well as their carrying values as at December 31, 2018 and December 31, 2017 is shown in the table below

At December 31, 2018	Amortized cost (Financial Assets)	Amortized cost (Financial Liabilities)	Total
	$	$	$
Financial assets			
Cash	328,714	-	328,714
Short-term investments	700,000	-	700,000
Receivables	130,820		130,820
Total financial assets	1,159,534	-	1,159,534
Financial liabilities			
Accounts payable and accrued liabilities	-	222,281	222,281
Total financial liabilities	-	222,281	222,281

At December 31, 2017	Amortized cost (Financial Assets)	Amortized cost (Financial Liabilities)	Total
	$	$	$
Financial assets			
Cash	301,030	-	301,030
Short-term investments	3,600,000	-	3,600,000
Receivables	122,066		122,066
Total financial assets	4,023,096	-	4,023,096
Financial liabilities			
Accounts payable and accrued liabilities	-	539,703	539,703
Total financial liabilities	-	539,703	539,703

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

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.

14. Financial instruments (continued)

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, 2018, 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	17,878	5,147	23,025
Accounts payable and accrued liabilities	(82,646)	(2,986)	(85,632)
Net exposure	(64,768)	2,161	(62,607)
Effect of +/- 10% change in currency	(6,477)	216	

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 as well as accounts receivables from the Company's sublease of the office space (Note 16). 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. The Company considers credit risk with respect to its accounts receivables to be immaterial as amounts are due from companies with management that are well-known to the Company.

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.

15. 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 year ended December 31, 2018.

16. Commitments

The Company entered into an office lease agreement for office space beginning February 1, 2018 and expiring January 31, 2023. The payments are $12,556 per month in years 1-3, and $13,039 per month in years 4-5. The amount of the total lease payments committed is $150,672 for each of the fiscal years ended December 31, 2019, and 2020, $155,985 for the year ended December 31, 2021, $156,468 for the year ended December 31, 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 per month in years 1-3, and $8,697 per month in years 4-5. The amount of the total sublet rent to be collected is $100,501 for each of the fiscal years ended December 31, 2019, and 2020, $104,042 for the year ended December 31, 2021, and $104,364 for the year ended December 31, 2022, and $8,697 for the year ended December 31, 2023.

17. Subsequent events

a) Private placement

On January 7, 2019, the Company closed a private placement by issuing 4,158,334 units ("Units") at a price of $0.15 per Unit for gross proceeds of $623,750. Under the private placement, each Unit consists of one common share in the capital of the Company and one-half of one share purchase warrant (each whole warrant being a "Warrant" of the Company). Each whole Warrant will entitle the holder to purchase one share at an exercise price of $0.20 per share for a period of three years from the date of the issue of the Warrants.

As at December 31, 2018, the Company had $292,500 in subscriptions received.

b) Issuance of shares under Option Agreement with Candelaria

On January 21, 2019, the Company issued a total of 5,827,338 shares at a deemed price of USD $1,000,000 ($1,252,878) as part of the required payments under the Option Agreement with Candelaria (see note 6).

17. Subsequent events (continued)

c) Hiring of investor relations firm

On March 15, 2019, the Company entered into an investor relations agreement with Strata-Star Group, LLC ("Strata-Star"). Strata-Star will provide investor relations services to Silver One under an investor relations agreement (the "Investor Relations Agreement"). The Investor Relations Agreement is for a term of one year, which may be extended by written agreement of the parties.

Under the terms of the Investor Relations Agreement, Silver One has agreed to pay a monthly consulting fee of USD $7,500 and will grant options to purchase 200,000 common shares of Silver One at a price of $0.22 per share. The options are subject to the vesting provisions and the terms and conditions of Silver One's stock option plan. Further, Silver One may grant an option to purchase an additional 200,000 common shares of Silver One at the market price plus $0.02 per share in the next three months. The Investor Relations Agreement is subject to the acceptance of the TSX-V.