



Condensed Interim Consolidated Financial Statements

(Unaudited - expressed in Canadian Dollars)  
For the three months ended March 31, 2019 and 2018

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and reviewed by the Audit Committee and Board of Directors of the Company.

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

**Silver One Resources Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
*(Unaudited - expressed in Canadian dollars)*

	Note	March 31 2019	December 31 2018
		\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash		255,365	328,714
Short-term investments	4	450,000	700,000
Receivables and prepaid expenditures	5	198,290	195,162
		903,655	1,223,876
<b>Non-current</b>			
Property and equipment	6	541,826	52,741
Mineral properties	7	12,973,073	11,382,360
Reclamation deposit		43,399	44,305
Value-added tax receivable	8	59,911	31,795
<b>Total Assets</b>		<b>14,521,864</b>	<b>12,735,077</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9	350,992	222,281
Shares to be issued	11	-	292,500
Deferred rent		33,132	35,292
Lease obligation – short-term	10	111,020	-
		495,144	550,073
<b>Non-current</b>			
Lease obligation – long-term	10	396,302	-
<b>Total Liabilities</b>		<b>891,446</b>	<b>550,073</b>
<b>Shareholders' Equity</b>			
Share capital	11(b)	19,260,002	17,240,479
Share-based payment reserve	11(c)	1,278,432	1,257,184
Accumulated other comprehensive income		310,084	535,254
Accumulated deficit		(7,218,100)	(6,847,913)
		13,630,418	12,185,004
<b>Total Liabilities and Shareholders' Equity</b>		<b>14,521,864</b>	<b>12,735,077</b>

Nature of operations and going concern – Note 1

**APPROVED BY THE DIRECTORS**

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*"Claudia Tornquist"* Director

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*"Barry Girling"* Director

**Silver One Resources Inc.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**For the three months ended March 31, 2019 and 2018**  
*(Unaudited - expressed in Canadian dollars)*

	Note	Three months ended March 31 2019	2018
		\$	\$
<b>Expenses</b>			
Administrative and office		17,909	22,429
Consulting		40,834	42,705
Depreciation		36,106	3,952
Exploration and evaluation		2,895	6,168
Filing and listing fees		12,380	12,668
Professional fees		44,465	35,490
Salaries and benefits		75,555	77,161
Share-based payments	11(c)	30,195	53,410
Shareholder communications		100,062	137,248
Travel and related costs		11,811	38,404
<b>Loss before other items</b>		<b>(372,212)</b>	<b>(429,635)</b>
Foreign exchange loss		(3,190)	(2,474)
Finance charge on leases		(10,092)	-
Income from sublease of office		29,415	-
Interest and other income		2,031	8,484
<b>Net loss for the period</b>		<b>(354,048)</b>	<b>(423,625)</b>
<b>Other comprehensive (loss) income for the period</b>			
Currency translation adjustment		(225,170)	264,397
<b>Comprehensive loss for the period</b>		<b>(579,218)</b>	<b>(159,228)</b>
<b>Loss per share</b>			
Basic and diluted		(0.00)	(0.00)
<b>Weighted average number of shares outstanding</b>			
Basic and diluted		106,110,801	96,499,080

**Silver One Resources Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2019 and 2018**  
*(Unaudited - expressed in Canadian dollars)*

	Note	Three months ended March 31	
		2019	2018
		\$	\$
<b>Cash (used in) provided by:</b>			
<b>Operating activities</b>			
Net loss for the period		(354,048)	(423,625)
Depreciation		36,106	3,952
Share-based payments	11(c)	30,195	53,410
Unrealized foreign exchange		(410)	(2,175)
Changes in working capital items			
Receivables and prepaid expenditures		(3,128)	51,238
Accounts payable and accrued liabilities		(51,046)	(301,839)
Deferred rent		(2,160)	(1,440)
		(344,491)	(620,479)
<b>Investing activities</b>			
Mineral property expenditures		(244,927)	(415,345)
Cash out of short-term investments	4	250,000	900,000
Value-added tax (incurred) recovered		(28,299)	365
		(23,226)	485,020
<b>Financing activities</b>			
Repayment of lease obligation		(34,008)	-
Issuance of shares pursuant to private placement	11(b)	331,250	-
Share issuance costs		(11,874)	-
Proceeds from exercise of options	11(c)	9,000	13,500
		294,368	13,500
<b>Decrease in cash</b>		(73,349)	(121,959)
<b>Cash - beginning of period</b>		328,714	301,030
<b>Cash - end of period</b>		255,365	179,071

Supplemental cash flow information – Note 14

**Silver One Resources Inc.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
*(Unaudited - expressed in Canadian dollars)*

	Note	Number of common shares	Share capital \$	Share-based payment reserve \$	AOCI \$	Accumulated deficit \$	Total \$
<b>Balance, December 31, 2017</b>		94,080,378	15,954,715	1,010,596	(343,879)	(5,228,095)	11,393,337
Shares issued on the Candelaria option agreement	7(a)	2,828,636	1,245,900	-	-	-	1,245,900
Shares issued to stake eastern Nevada claims	7(a)	38,235	12,944	-	-	-	12,944
Share-based payments	11(c)	-	-	53,410	-	-	53,410
Exercise of options	11(c)	270,000	26,920	(13,420)	-	-	13,500
Net loss for the period		-	-	-	-	(423,625)	(423,625)
Cumulative translation adjustment		-	-	-	264,397	-	264,397
<b>Balance, March 31, 2018</b>		97,217,249	17,240,479	1,050,586	(79,482)	(5,651,720)	12,559,863
Share-based payments	11(c)	-	-	206,598	-	-	206,598
Net loss for the period		-	-	-	614,736	-	614,736
Cumulative translation adjustment		-	-	-	-	(1,196,193)	(1,196,193)
<b>Balance, December 31, 2018</b>		97,217,249	17,240,479	1,257,184	535,254	(6,847,913)	12,185,004
<b>IFRS 16 transition adjustment on January 1, 2019</b>	16	-	-	-	-	(16,139)	(16,139)
<b>Balance, December 31, 2018 (restated)</b>		97,217,249	17,240,479	1,257,184	535,254	(6,864,052)	12,168,865
Shares issued on the Candelaria option agreement	7(a)	5,827,338	1,329,700	-	-	-	1,329,700
Shares issued from private placement	11(b)	4,158,334	623,750	-	-	-	623,750
Less: Share issue costs		-	(11,874)	-	-	-	(11,874)
Shares issued for Net Smelter Agreement	7(b)	250,000	60,000	-	-	-	60,000
Share-based payments	11(c)	-	-	30,195	-	-	30,195
Exercise of options	11(c)	180,000	17,947	(8,947)	-	-	9,000
Net loss for the period		-	-	-	-	(354,048)	(354,048)
Cumulative translation adjustment		-	-	-	(225,170)	-	(225,170)
<b>Balance, March 31, 2019</b>		107,632,921	19,260,002	1,278,432	310,084	(7,218,100)	13,630,418

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

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three months ended March 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

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#### 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 condensed interim 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 March 31, 2019, the Company had an accumulated deficit of \$7,218,100, 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 condensed interim 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 condensed interim 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 IFRS Interpretations Committee ("IFRIC"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

These condensed interim consolidated financial statements have been prepared on a historical cost basis. These condensed interim 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.

**Silver One Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2019 and 2018**  
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**2. Basis of preparation (continued)**

**Statement of compliance and functional currency (continued)**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

These condensed interim consolidated financial statements were approved by the board of directors on May 15, 2019.

**3. Accounting policies**

These condensed interim consolidated financial statements have been prepared on a basis consistent with the significant accounting policies disclosed in the annual financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 for the 2019 fiscal year that became effective January 1, 2019. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018. The adoption of this IFRS and its impact on these Financial Statements is discussed below.

**Changes in accounting policies – IFRS 16**

The Company adopted all of the requirements of IFRS 16 *Leases* (“IFRS 16”) as of January 1, 2019. IFRS 16 replaces IAS 17 *Leases* (“IAS 17”). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. Note 16 outlines the effect of adopting IFRS 16 requirements on January 1, 2019.

The following is the Company’s new accounting policy for leases under IFRS 16:

**Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company’s incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset’s useful life.



# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

### 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

	March 31 2019	December 31 2018
	\$	\$
<b>Short-term receivables</b>		
GST receivable	7,037	3,713
Other receivables <sup>1</sup>	137,709	130,820
Prepaid expenditures	53,544	60,629
	198,290	195,162

<sup>1</sup> Other receivables includes amounts due from the subleasing the Company's office space. Prepaid expenditures primarily include amounts in connection with insurance, investor relations conferences and marketing activities.

### 6. Property and equipment

	Building <sup>1</sup>	Leasehold Improvements	Office Furniture and Equipment	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance at December 31, 2017 and 2018	-	53,351	20,501	73,852
IFRS 16 transition adjustment (Note 16)	525,191	-	-	525,191
Balance at March 31, 2019	525,191	53,351	20,501	599,043
<b>Accumulated depreciation</b>				
Balance at December 31, 2017	-	(958)	(4,346)	(5,304)
Depreciation	-	(10,670)	(5,137)	(15,807)
Balance at December 31, 2018	-	(11,628)	(9,483)	(21,111)
Depreciation	(32,154)	(2,668)	(1,284)	(36,106)
Balance at March 31, 2019	(32,154)	(14,296)	(10,767)	(57,217)
<b>Net – December 31, 2018</b>	-	41,723	11,018	52,741
<b>Net – March 31, 2019</b>	493,037	39,055	9,734	541,826

<sup>1</sup>The amount disclosed above under building relates solely to a right-of-use asset from the office rental lease.

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

### 7. Mineral properties

#### a) US properties

	Balance March 31 2019 \$	Additions March 31 2019 \$	Transfers <sup>1</sup> March 31 2019 \$	Balance December 31 2018 \$
<b>Candelaria</b>				
Option payments - shares	3,908,500	1,329,700	-	2,578,800
Acquisition costs - shares	12,944	-	-	12,944
Acquisition costs - cash	13,088	-	-	13,088
Consulting fees	425,661	59,939	-	365,722
Drilling	228,911	-	-	228,911
Field supplies and other costs	64,066	3,151	-	60,915
Laboratory and analysis fees	312,642	65,425	-	247,217
Land payments	404,914	15,807	-	389,107
Staking and survey costs	100,779	-	-	100,779
Travel and accommodation	90,214	1,079	-	89,135
Currency translation	255,070	(83,139)	-	338,209
	5,816,789	1,391,962	-	4,424,827
<b>Eastern Nevada</b>				
Consulting fees	106,559	7,976	(131,797)	230,380
Field supplies and other costs	3,226	162	(3,570)	6,634
Laboratory and analysis fees	2,482	-	(5,526)	8,008
Land payments	68,706	1,722	(424,140)	491,124
Staking and survey costs	8,970	-	(125,379)	134,349
Travel and accommodation	19,886	809	(21,237)	40,314
Currency translation	11,163	(4,334)	(52,632)	68,129
	220,992	6,335	(764,281)	978,938
<b>Cherokee</b>				
Consulting fees	142,653	10,856	131,797	-
Field supplies and other costs	9,181	5,611	3,570	-
Laboratory and analysis fees	5,526	-	5,526	-
Land payments	424,140	-	424,140	-
Staking and survey costs	125,379	-	125,379	-
Travel and accommodation	22,046	809	21,237	-
Currency translation	37,090	(15,542)	52,632	-
	766,015	1,734	764,281	-
<b>USA total</b>	<b>6,803,796</b>	<b>1,400,031</b>	<b>-</b>	<b>5,403,765</b>

<sup>1</sup>The transfers above relate to the separation of Eastern Nevada costs into both Eastern Nevada and Cherokee. This was completed in order to more accurately disclose the area in which the costs were incurred.

#### 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.

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three months ended March 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

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#### 7. Mineral properties (continued)

##### a) US properties (continued)

In order to exercise the option, the Company is 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 and second year anniversary payments paid); and
- assume the reclamation bond on the property immediately prior to exercise of the option.

The Company issued 1,332,900 common shares at a fair value price of \$1.00 per share to satisfy the initial option payment of USD \$1,000,000, the Company issued 2,828,636 common shares at a fair value price of \$0.44 per share in order to satisfy the first anniversary payment of USD \$1,000,000, and the Company issued 5,827,338 common shares at a fair value of \$0.21 to satisfy the second anniversary payment of USD \$1,000,000. 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.

##### **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.

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

### 7. Mineral properties (continued)

#### b) Mexican properties

	Balance March 31 2019 \$	Additions March 31 2019 \$	Balance December 31 2018 \$
<b>La Frazada</b>			
Acquisition costs	2,086,202	-	2,086,202
Consulting fees	20,252	-	20,252
Laboratory and analysis fees	8,150	-	8,150
Land payments	13,168	3,429	9,739
Royalty payments	22,156	22,156	
Travel and accommodation fees	6,174	-	6,174
Field supplies and other costs	3,440	-	3,440
Currency translation adjustment	21,189	(44,861)	66,050
	2,180,731	(19,276)	2,200,007
<b>Peñasco Quemado</b>			
Acquisition costs	3,194,966	-	3,194,966
Consulting fees	112,970	33,131	79,839
Drilling	151,520	151,520	
Field supplies and other costs	21,511	12,605	8,906
Laboratory and analysis fees	14,978	-	14,978
Land payments	223,483	42,913	180,570
Royalty payments	37,692	37,692	
Geophysics	112,416	-	112,416
Travel and accommodation fees	33,828	7,323	26,505
Currency translation adjustment	49,540	(75,065)	124,605
	3,952,904	210,119	3,742,785
<b>Pluton</b>			
Acquisition costs	1,091,245	-	1,091,245
Consulting fees	2,167	-	2,167
Land payments	65,290	-	65,290
Royalty payments	361	361	
Warehouse and storage costs	2,994	208	2,786
Impairment	(1,069,799)	-	(1,069,799)
Currency translation adjustment	(56,616)	(730)	(55,886)
	35,642	(161)	35,803
<b>Mexico total</b>	<b>6,169,277</b>	<b>190,682</b>	<b>5,978,595</b>

#### 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. 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.

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

### 7. Mineral properties (continued)

#### c) 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, the Company's management reviewed the individual properties' CGUs for impairment indicators. As at this date, 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, 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, 2018 resulted in no impairment of the property.

At December 31, 2018, 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 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.

### 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

	March 31 2019	December 31 2018
	\$	\$
Accounts payable	325,547	173,781
Accrued liabilities	25,445	48,500
	350,992	222,281

Accounts payable include amounts owing for consulting, exploration, and general corporate expenditures. Accrued liabilities include an accrual of audit fees for the 2019 year and other administrative expenses.

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

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### 10. Lease obligation

The Company entered into an office lease in February 2018. With the adoption of IFRS 16 *Leases* (see Note 16), the Company recognized a lease obligation with regard to the lease. The terms and the outstanding balances as at March 31, 2019 and December 31, 2018 are as follows:

	March 31 2019	December 31 2018
	\$	\$
Right-of-use asset from office lease repayable in monthly instalments of \$12,688 and an interest rate of 7.71% per annum and an end date of January 2023.	507,322	-
Less: Current portion	(111,020)	-
Non-current portion	396,302	-

The following is a schedule of the Company's future minimum lease payments related to the office lease obligation:

	March 31 2019
	\$
2019	108,160
2020	152,261
2021	157,543
2022	158,023
2023	13,168
Total minimum lease payments	589,155
Less: imputed interest	(81,833)
Total present value of minimum lease payments	507,322
Less: Current portion	(111,020)
Non-current portion	396,302

The Company subleases part of their office space on a month-to-month basis to other companies. The total lease income from the subleasing of the office for the three months ended March 31, 2019 was \$29,415.

### 11. Share capital

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

#### **b) Shares issued**

Common shares: 107,632,921 (December 31, 2018 – 97,217,249).

During the period ended March 31, 2019, the Company:

- issued 4,158,334 units ("Units") at a price of \$0.15 per Unit for gross proceeds of \$623,750 as part of a private placement. 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, \$292,500 in shares to be issued was recorded as a liability related to this private placement;
- issued 5,827,338 common shares at a deemed price of USD \$1,000,000 (\$1,252,878) pursuant to the Option Agreement for the Candelaria Project (see Note 7(a));

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

### 11. Share capital (continued)

#### b) Shares issued (continued)

- issued 250,000 common shares as consideration for this reduction of the NSR agreements on the Company's Mexican properties valued at \$60,000 (see Note 7(b)); and
- issued 180,000 common shares for the exercise of options in the amount of \$9,000. A value of \$8,947 was transferred from the share-based payment reserve to share capital as a result.

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

- issued 2,828,636 common shares valued at a deemed price of USD \$1,000,000 (\$1,245,900) pursuant to the Option Agreement for the Candelaria Project (see Note 7(a));
- issued 38,235 common shares valued at \$12,944 pursuant to the acquisition of new Candelaria claims (see Note 7(a)); and
- 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.

#### Escrow shares

Pursuant to the regulatory requirements as at March 31, 2019, 326,251 issued and outstanding common shares were held in escrow under the CPC Escrow Agreement (December 31, 2018 - 652,500). 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.

The Company's share options outstanding as at March 31, 2019 and December 31, 2018 and the changes for the periods then ended are as follows:

	Number	Weighted average exercise price
<b>Balance as at December 31, 2017</b>	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
<b>Balance as at December 31, 2018</b>	7,547,496	0.22
Exercised	(180,000)	0.05
Granted – March 15, 2019	200,000	0.22
<b>Balance as at March 31, 2019</b>	7,567,496	0.22

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

### 11. Share capital (continued)

#### c) Options (continued)

The total share-based payment expense recorded during the three months ended March 31, 2019 was \$30,195 (2018: \$53,410).

The following table summarizes information about the share options as at March 31, 2019:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years)	Number of options exercisable	Expiry date
\$0.05	4,037,496	2.35	4,037,496	August 5, 2021
\$0.33	615,000	2.42	615,000	August 31, 2021
\$0.58	575,000	3.08	575,000	April 27, 2022
\$0.57	200,000	3.21	200,000	June 15, 2022
\$0.45	200,000	3.52	120,000	October 4, 2022
\$0.45	200,000	3.57	120,000	October 24, 2022
\$0.45	150,000	3.78	90,000	January 8, 2023
\$0.40	1,390,000	4.13	347,500	May 17, 2023
\$0.22	200,000	2.96	-	March 15, 2022

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 <sup>1</sup>	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
March 15, 2019	3.00	1.60%	nil	91%	\$0.11

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 March 31, 2019 and December 31, 2018 and the changes for the periods then ended are as follows:

	Number	Weighted average exercise price
		\$
Balance as at December 31, 2017 and 2018	5,375,000	0.60
Granted – January 7, 2019	2,079,167	0.20
<b>Balance as at March 31, 2019</b>	<b>7,454,167</b>	<b>0.49</b>



**Silver One Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**11. Share capital (continued)**

**d) Warrants (continued)**

The balance of warrants outstanding as at March 31, 2019 is as follows:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Remaining Life (Years)</b>	<b>Warrants Outstanding</b>
October 23, 2020	0.60	1.57	5,375,000
January 9, 2022	0.20	2.78	2,079,167

**12. 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 March 31, 2019 and December 31, 2018 is as follows:

<b>Non-current assets</b>	<b>March 31 2019</b>	<b>December 31 2018</b>
	<b>\$</b>	<b>\$</b>
Canada	541,827	57,816
USA	6,847,194	5,442,995
Mexico	6,229,188	6,010,390
<b>Total</b>	<b>13,618,209</b>	<b>11,511,201</b>

**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 three months ended March 31, 2019 and 2018:

	<b>Three months ended March 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Consulting fees	45,035	44,723
Professional fees	17,185	16,241
Salaries and benefits	63,953	63,795
Share-based payments	8,495	124,759

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 Amezcua 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.

During the three months ended March 31, 2019 the Company received lease income from a related company with common directors in the amount of \$14,708.

**Silver One Resources Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2019 and 2018**  
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**13. Related party transactions (continued)**

As at March 31, 2019, directors, officers or their related companies owed the Company \$66,302 (December 31, 2018 - \$91,619) and were owed \$37,966 (December 31, 2018 - \$30,000) 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.

**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 period ended March 31, 2019:

- The issuance of 5,827,338 common shares valued at \$1,329,700 pursuant to the Option Agreement for the Candelaria Project (see Note 7(a));
- The issuance of 250,000 common shares as consideration for this reduction of the NSR agreements on the Company's Mexican properties valued at \$60,000 (see Note 7(b)); and
- Movement of \$179,757 in mineral property exploration expenditures in accounts payable and accrued liabilities.

During the period ended March 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 7(a)); and
- The issuance of 38,235 common shares valued at \$12,944 pursuant to the acquisition of new Candelaria claims (see Note 7(a)).

The Company paid or accrued \$nil for income taxes during the period ended March 31, 2019 (2018 - \$nil).

**15. Financial instruments and capital risk management**

**Capital Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, and to explore and develop assets with a view to build a diversified mineral resource company.

to fund activities. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or sell assets

Management reviews its capital management policies on an ongoing basis. There were no changes in the Company's approach to capital management since December 31, 2018.

# Silver One Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

*(Unaudited - expressed in Canadian dollars)*

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### 15. Financial instruments and capital risk management (continued)

#### Classification of financial instruments

The Company's financial instruments consist of cash, short-term investments, reclamation deposit, accounts receivable, accounts payable and accrued liabilities, and lease obligation. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

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.

There have been no changes in any risk management policies since December 31, 2018.

### 16. Adoption of New IFRS Pronouncements

On January 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on January 1, 2019 for any differences identified, including adjustments to the opening retained earnings balance.

On the date of transition, the Company recorded a right-of-use asset of \$525,191 related to the office rent in property and equipment, and the lease obligation of \$541,330 was recorded as at January 1, 2019, discounted using the Company's incremental borrowing rate of 7.71%, and measured at an amount equal to the lease obligation as if IFRS 16 had been applied since the commencement date. The net difference between right-of-use assets and lease liabilities on the date of transition was recognized as a retained earnings adjustment of \$16,139 on January 1, 2019.