

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

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This Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2017, prepared as of May 24, 2017, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2017 of Silver One Resources Inc. (the "Company" or "Silver One"), together with the audited financial statements of the Company for the fourteen months ended December 31, 2016, as well as the accompanying MD&A for the period then ended (the "Annual MD&A").

The referenced unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts included in this MD&A are expressed in Canadian dollars unless otherwise indicated.

The Company's critical accounting estimates, significant accounting policies and risk factors as disclosed in the Annual MD&A have remained substantially unchanged and are still applicable to the Company unless otherwise indicated.

These documents and other information relevant to the Company's activities are available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.silverone.com](http://www.silverone.com).

### COMPANY OVERVIEW

Silver One was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on June 8, 2007 and completed its initial public offering as a Capital Pool Company ("CPC") on February 29, 2008. As a CPC, the Company's only business had been to identify and evaluate businesses or assets with a view of completing a Qualifying Transaction ("QT").

On July 27, 2016, the Company completed an option agreement with Anstag Mining Ltd. ("Anstag"), constituting its QT under the applicable policies of the TSX Venture Exchange ("TSX-V"). Upon completion of the QT, the Company became a Tier 2 mining issuer on the TSX-V under the symbol "BRV". The Company's name was changed to Silver One Resources Inc. on September 1, 2016, and the trading symbol was changed to "SVE".

Effective September 1, 2016, the Company completed a forward stock split of the common shares by way of a stock dividend on a basis of 3 post-split common share for 1 pre-split common share (the "Split"). On the stock split date, the number of pre-split common shares was 21,641,659. The Split resulted in the number of post-split common shares being 64,924,977.

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

### COMPANY HIGHLIGHTS

Current highlights (including subsequent events up to May 24, 2017) include:

#### **Option agreement with Silver Standard Resources Inc. to acquire 100% interest in the Candelaria Mine Project, Nevada**

On January 17, 2017, the Company entered into an Option Agreement ("Option Agreement") with a subsidiary of Silver Standard Resources Inc. ("Silver Standard") to acquire a 100% interest in the Candelaria Project located in Nevada.

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

---

In order to exercise the option, Silver One will be required to:

- issue USD \$1,000,000 in shares to Silver Standard 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; 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 price of \$1.00 per share.

Upon satisfying the terms set forth above, the Company will have earned a 100% interest in the property subject to a 3% net smelter returns royalty payable to Teck Resources USA on production from a certain claims group of the property and a charge of \$0.01 per ton payable for waste rock dumped on certain claims.

### MINERAL PROPERTIES

#### USA

##### *Candelaria, Nevada, United States*

The Candelaria Mine is located in central west Nevada just off the paved Highway 95, which connects Las Vegas with Reno. The past producing mine site is serviced by paved road, power and water. Reclamation of the Candelaria Mine has been ongoing since 1998. The mine dumps were re-contoured and seeded, and the heap leach piles were rinsed with fresh water and seeded. Other infrastructure has been removed, and the substantial reclamation work meets all state and federal guidelines.

The project lies within the Candelaria Mining District, historically the richest silver mining district in Nevada. Estimated production from the late 1880's to 1954 was 22 million ounces of silver. From 1874 to 1883, the Northern Belle Deposit alone produced high grade lodes averaging 1,700 – 2,000 g/t (50 – 60 oz/t) silver. Open pit mining between 1980 and 1999 resulted in the production of 47 million ounces of silver, with Kinross Gold producing approximately 13 million ounces of that between 1994 and 1999.

Silver Standard Resources Inc. acquired the project in 2001, completed a large drilling program and commissioned a technical resource report titled "Candelaria Project Technical Report" dated May 24, 2001 (filed on SEDAR on June 20, 2002), prepared by Pincock Allen & Holt. Historical resources as outlined in the report amount to approximately 44 million ounces of silver in the Measured and Indicated categories with an additional 82.8 million ounces of silver Inferred. See section titled "Cautionary Note on Historical Resource Estimates".

Silver One entered into a 3-year option agreement with Silver Standard (announced on Jan. 17 and 23, 2017) whereby Silver One issued US\$1.0 million worth of Silver One shares upon TSX-V approval of the option agreement (January 23, 2017), is obligated to issue an additional US\$ 1.0 million worth of Silver One shares upon each of the subsequent 3 anniversaries and assume the reclamation bond on the property immediately prior to exercise of the option. Upon completion of the option agreement, Silver One will have earned 100% of Silver Standard's 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.

Silver One's goal is to re-evaluate all of the resources and to explore for potential down-dip, high-grade extensions to the system. Drilling completed by Silver Standard partially delineated some of these deeper targets, but the testing of their full potential has not been completed.

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

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### Mexico

#### ***Peñasco Quemado, Sonora, Mexico***

Peñasco Quemado, is located in northern Sonora, 60 km south of the town of Sasabe on the US-Mexican border and comprises 3,746 hectares in seven concessions.

A 2006 drilling program outlined a historical measured and indicated resource of 2.57 million tonnes at a grade of 117 g/t Ag for a silver resource of 9.63 million ounces (Technical Report filed on SEDAR on Jan. 9, 2017). The silver mineralization is associated with manganese and barite oxides in a near surface shallow westerly dipping zone of polymictic conglomerate in the northern part of the deposit and in stockwork quartz and manganese oxides in a rhyolite dome in the southern part of the deposit. See "Cautionary Note on Historical Resource Estimates".

The historical resource has been traced along a 450m strike length and drilling to date has been relatively shallow, less than 100m deep, mainly focused on the silver-bearing conglomerate. Soil sampling over the entire property was conducted in late 2016 with results announced on March 1, 2017. Highly anomalous soil values in manganese and barium along with lead and zinc are associated with the historic resource area and extend the potentially mineralized system for an additional 2.6 km to the southeast. As well, a second large anomalous area was outlined by the soil program in the western area of the property, an exploration target area that has never been systematically explored.

The geochemical results at Peñasco Quemado are very encouraging as they put in perspective a much larger upside potential to the property than was previously understood. These two standout exploration targets defined by highly anomalous zinc, lead, barium and manganese values not only extend the prospective strike length of the mineralized system from the 450 meters associated with the Historic Resource to over 3,000 meters, but the association with strongly elevated zinc and lead values suggests the possible presence of other buried zinc and lead +/- silver bearing mineralized systems at depth. This geochemical signature bears strong similarities to the silver-manganese oxide and deeper zinc-lead-silver sulphide deposits currently being successfully evaluated by Arizona Mines at their Hermosa and Taylor projects in Arizona. Further exploration is clearly warranted.

#### ***La Frazada, Nayarit, Mexico***

La Frazada is located approximately 300 km northwest of Guadalajara and hosts silver rich epithermal veins with base metals. The 299-hectare exploration concession lies within the western foothills of the Sierra Madre Occidental. Access is good, being only a few kilometers from the main coastal highway with average elevations less than 200m above sea level.

La Frazada was mined in the late 1890's by an English company, with the Mexican revolution effectively stopping all activity by 1910. A small ornate smelter stack is all that remains of that early historical production. Two parallel quartz veins with galena and sphalerite have been traced for over 1800m along strike and host mineralization in three known mineralized shoots. A 2008 NI 43-101 Technical Report (filed on SEDAR on Jan. 9, 2017) calculated a historical measured and indicated resource totaling 583,000 tonnes at 250 g/t Ag, 0.87% Pb, and 2.44% Zn; historical inferred resources are an additional 534,000 tonnes at 225 g/t Ag, 0.92% Pb, and 2.62% Zn. These resources are near surface and within the existing mine workings. See "Cautionary Note on Historical Resource Estimates".

A property wide soil sampling program was completed in late 2016, with results announced on March 1, 2017. The results reveal lead-zinc-copper and antimony anomalies that correlate with known mineralized veins. Portions of the veins however, do not show contrast with background values. The tropical weather of Frazada has leached silver and to some extent other elements such as zinc and copper that are more easily detectable in dry weather. Thus, the vein is not easily visible with the soil geochemistry. Despite such limitations, certain elements are useful to identify the veins and delineate extensions of the mineralized

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

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trends. Antimony, for example, roughly correlates with the Jabalina East vein. Lead, zinc and copper roughly correlate with the Frazada vein in the eastern part of the property and indicate that the vein extends an additional 300 meters to the west.

A drilling program targeting deeper levels of the projected ore shoots has never been undertaken, but could appreciably add to the resource. Additional resources could also exist along strike, outside the areas of the underground workings. For more detailed information, please review the NI 43-101 report.

### **Pluton, Durango, Mexico**

Pluton is a 6,534-hectare property comprised of 3 contiguous exploration concessions. It is strategically located within the historic "Ojuela-Mapimi Mining District" and lies along the eastern front of the Sierra Madre Oriental in northern Durango.

Exploration targets at Pluton are silver-lead-zinc carbonate replacement deposits, which may lie beneath the shallow alluvial cover. The property lies adjacent to and just north of the famous Mapimi Mining District, and west of Excellon's (TSX: EXN) Platosa mine, an active silver producer with grades greater than 1000 g/t AgEq. Aeromag and ZTEM surveys show that Pluton, Platosa and the Mapimi districts all lie on the edge of a 40km wide buried intrusion, which does not outcrop.

These geophysical surveys, along with geochemistry and IP, resulted in a 3900 m diamond drill program in 2011 aimed at testing for high grade carbonate replacement mineralization in the favourable limestone horizon marginal to the intrusives. All holes encountered silver-lead-zinc mineralization in veins in a shale hornfels overlying the carbonate horizon, but none of the holes passed into the host carbonate rocks. This vein mineralization is interpreted as leakage into the nonreactive hornfels from the intrusion and/or carbonates below. The high-grade target of silver-rich massive sulfides could lie at the contact of the limestone and the downward projection of the mineralized fractures seen in the hornfels.

An ancillary advantage to the district is that the Peñoles Torreon smelter is only 50km away, and transport and power infrastructure is excellent.

### **Cautionary Note on Historical Resource Estimates**

#### ***Historical Resource Estimate on Peñasco Quemado***

Silvermex completed a NI 43-101 Technical report outlining the following historical resource estimate as set forth below.

<b>Resource Category (Underground)</b>	<b>Mineral Type</b>	<b>Tonnes (Mt)</b>	<b>Ag (g/t)</b>	<b>Ag (Moz)</b>
Measured	Oxides	0.12	152	0.60
Indicated	Oxides	2.44	115	9.03
Total M + I	Oxides	2.57	117	9.63
Inferred	Oxides	0.10	41	0.13

*Silvermex Resources Limited reported in a technical report titled "Updated NI 43-101 Technical Report and Resource Estimate for the Peñasco Quemado Silver Property" dated March 9, 2007 (filed on SEDAR on March 16, 2007), prepared by William J. Lewis and James A. McCrea, the above historical mineral resource estimate. The historical mineral resource estimate used "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", which are categories set out in NI 43-101. Accordingly, the Company considers these historical estimates reliable as well as relevant as it represents a target for exploration work by the Company. The data base for the historical resource estimate consisted of 24 reverse circulation holes from a*

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

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1981/82 program, 17 reverse circulation holes from a 2006 program and 8 diamond drill holes from a 2006 drill program. Assay data was available for all 49 of the drill holes and 12 trenches. The mineral resource estimate used a kriging estimation method to establish ore zones with a cut-off grade of 30 g/t Ag and assay's capped at 700 g/t Ag. Resource blocks were estimated by ordinary kriging with samples within a search radius of 25 meters classified as a measured mineral resource, within 47 meters classified as an indicated mineral resource and within 70 meters classified as an inferred mineral resource. As required by NI 43-101, CIM definitions (August, 2004) were used to classify mineral resources with the classification of each kriged ore block dependent upon the number of penetrating holes. An in-situ block density of 2.50 t/cu meter was assigned the ore blocks. The qualified person has not done sufficient work to classify the historical estimate as a current mineral resource therefore the Company is treating these historical estimates as relevant but not current mineral resources.

### **Historical Resource Estimate on La Frazada Property**

A NI 43-101 Technical Report prepared for Silvermex Resources Ltd. ("Silvermex") outlined a historical measured resource comprised of 2.54 million ounces, averaging 260 g/t silver, a historical indicated resource comprised of 2.16 million ounces, averaging 241 g/t silver, and a historical inferred resource comprised of 3.86 million ounces of silver, averaging 225 g/t silver.

<b>Resource Category</b>	<b>Tonnes (Mt)</b>	<b>Ag (g/t)</b>	<b>Au (g/t)</b>	<b>Pb (%)</b>	<b>Zn (%)</b>	<b>Ag (Moz)</b>	<b>Au (oz)</b>	<b>Pb (Mlb)</b>	<b>Zn (Mlb)</b>	<b>Cu (Mlb)</b>
Measured	0.30	260	0.20	0.88	2.36	2.54	1,900	5.86	15.78	0.63
Indicated	0.28	241	0.14	0.86	2.52	2.16	1,300	5.30	15.50	0.55
Total M+ I	0.58	251	0.17	0.87	2.44	4.70	3,200	11.16	31.28	1.18
Inferred	0.53	225	0.17	0.92	2.62	3.86	3,100	10.86	30.77	1.05

Silvermex Resources Limited reported in a technical report titled "Technical Report and Preliminary Resource Estimate for the La Frazada Silver Property, El Zopilote Mining District, Nayarit, Mexico) dated November 24, 2008 (amended January 19, 2009) (filed on SEDAR on February 18, 2009), prepared by William J. Lewis, the above historical mineral resource estimate. The historical mineral resource estimate used "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", which are categories set out in NI 43-101. Accordingly, the Company considers these historical estimates reliable as well as relevant as it represents a target for exploration work by the Company. The data base for the historical resource estimate consisted of 729 samples; 233 belonging to the La Jabalina West vein, 384 to the La Frazada vein and 112 samples corresponding to the La Jabalina East-Tiro Real vein. The mineral resource estimate used a block model method with a cut-off grade of 80 g/t Ag, 0.75% Pb and 1% Zn. The qualified person has not done sufficient work to classify the historical estimate as a current mineral resource therefore the Company is treating these historical estimates as relevant but not current mineral resources.

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

### Historical Resource Estimate on Candelaria Project

Silver Standard reported in a technical report titled "Candelaria Project Technical Report" dated May 24, 2001 (filed on SEDAR on June 20, 2002), prepared by Mark G. Stevens, P.G., of Pincock Allen & Holt, the historical mineral resource estimate shown in the table below.

Candelaria Project							
Historical Resource Estimate							
Area/Type	Classification	Tons	Factored Ag Grade (opt Ag <sub>total</sub> )	Sol. Au Grade (opt AU <sub>soluble</sub> )	AqEq Grade (opt AgEq <sub>total</sub> )	Ag Ounces (Ag <sub>total</sub> )	Aq Equiv. Ounces (AqEq <sub>total</sub> )
Mount Diablo	Measured	3,391,000	4.44	0.004	4.67	15,054,000	15,838,000
	Indicated	10,231,185	2.84	0.003	3.01	29,005,000	30,796,000
	Subtot. M + Ind	13,623,000	3.23	0.003	3.42	44,060,000	46,633,000
Mount Diablo	Inferred	5,191,000	2.12	0.003	2.30	11,015,000	11,939,000
Northern Belle		9,162,000	2.26	0.002	2.37	20,661,000	21,714,000
Leach Pads		37,328,000	1.29	---	1.29	48,153,000	48,153,000
L.G. Stockpiles		4,000,000	0.75	---	0.75	3,000,000	3,000,000
	Subtot. Inf.	55,681,000	1.49	0.002	1.52	82,829,000	84,806,000

- Notes
- 1) Lode resources tabulated at a 0.5 opt Ag<sub>soluble</sub> cut-off grades, with only Ag<sub>total</sub> shown in this table.
  - 2) Leach pads and low grade stockpile resources tabulated for entire accumulation of material.
  - 3) Total silver grades factored from soluble silver grades using regression formulas developed by Snowden.
  - 4) Silver equivalent grade includes the contribution from the gold grade (soluble) using an Ag: Au equivalency ratio of 57.8:1.

The historical mineral resource estimate used "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", which are categories set out in NI 43-101. Accordingly, Silver One considers these historical estimates reliable as well as relevant as it represents key targets for exploration work by Silver One. The data base for the historical resource estimate:

- (1) on the Mount Diablo Deposit consisted of 538 drill holes by previous owners and 10 drill holes by Silver Standard Resources Inc. For drill holes that were twinned, the author used the lower of the two values assigned to the original holes. The mineral resource estimate used a kriging estimation method to establish ore zones with a cut-off grade of 0.5 opt Ag. Ordinary kriging was used to interpolate grades in the block model. The block models were set up with block dimensions of 25 feet by 25 feet in plan and 10 feet in height. The maximum search range used in the higher-grade zone was 235 feet, in the lower grade zone it was 1,000 feet and in the background zone it was 350 feet. Block models more than 300 feet from the nearest composite only constituted 3 percent of the total number of estimated blocks and were assigned to an inferred category,
- (2) on the Northern Belle Deposit consisted of 226 drill holes by previous owners, of which a portion of these holes were duplicated for the Mount Diablo Deposit database. The mineral resource estimate used a kriging estimation method to establish ore zones with a cut-off grade of 0.5 opt Ag. The mineral resource estimate used multiple indicator kriging to interpolate grades in the block model. Block models were set up with block dimensions of 50 feet by 50 feet in plan and 20 feet in height. The maximum search range used in the higher-grade zone was 85 feet, in the intermediate-grade zone was 120 feet and the lower-grade zone was 140 feet and in the lower undifferentiated material below the

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

- current pit topography was 260 feet. Block models more than 300 feet from the nearest composite only constituted 3 percent of the total number of estimated blocks and were assigned to an inferred category;
- (3) on the Leach Pads consisted of 24,633,000 tons located on Leach Pad 1 and 12,695,000 on Leach Pad 2. The estimate for Leach Pad 1 is based on the fact that silver production indicates 51.5% of total silver was recovered by heap leaching operation, while 81.2% of the soluble silver content was recovered. Further, the estimate for Leach Pad 2 is based on the fact that silver production indicates 42.4% of total silver was recovered by heap leaching operation, while 71.3% of the soluble silver content was recovered;
- (4) on the Low Grade Stockpile is based on limited and incomplete data and documentation. Material placed on the on the stock piles ranged from 0.5 to 0.65 opt Ag,

To the knowledge of Silver One, there is no new data available since the calculation of the above historical resource estimate and no additional work has been done to upgrade or verify the historical resource estimate. The qualified person has not done sufficient work to classify the historical estimate as a current mineral resource therefore Silver One is treating these historical estimates as relevant but not current mineral resources.

### SUMMARY OF QUARTERLY RESULTS

Three months ended (\$)	March 31, 2017 <sup>1</sup>	December 31 2016 <sup>2</sup>	October 31 2016 <sup>3</sup>	July 31 2016
Revenues	-	-	-	-
Net loss	(337,348)	(172,498)	(849,607)	(56,654)
Net loss per share – (basic and diluted) <sup>6</sup>	(0.00)	(0.00)	(0.02)	(0.00)
Total assets <sup>4</sup>	10,001,652	8,980,178	9,197,158	363,354

Three months ended (\$)	April 30 2016	January 31 2016	October 31 2015 <sup>5</sup>	July 31 2015
Revenues	-	-	-	-
Net (loss) income per share	(18,348)	(5,314)	3,095	(7,039)
Net (loss) income per share - (basic and diluted) <sup>6</sup>	(0.00)	(0.00)	0.00	(0.00)
Total assets	8,144	28,800	32,128	35,470

1 The net loss for the quarter ended March 31, 2017 results from an increase in corporate activities in connection with the acquisition of KCP and Option Agreement on the Candelaria Project.

2 The December 31, 2016 period is a two-month stub period from November 1, 2016 – December 31, 2016.

3 Net loss for the quarter ended October 31, 2016 is mostly the result of a share-based payment charge as well as an increase in expenses due to the Company's increased activity.

4 Total assets as at October 31, 2016 increased significantly due to the acquisition of KCP and the mineral properties acquired as part of this acquisition.

5 Net income for the quarter ended October 31, 2015 is the result of the CRA reaching a final resolution with the Company and allowing \$9,144 of GST / HST Input Tax Credits for the 2009 and 2010 fiscal years.

6 The basic and diluted loss per share calculation results in the same value due to the net loss, and resulting anti-dilutive effect of outstanding options, or due to there being no options outstanding.

### RESULTS OF OPERATIONS

#### Three months ended March 31, 2017

During the three months ended March 31, 2017, the Company reported a net loss of \$337,348 or \$0.00 per share compared to \$18,348 or \$0.00 per share for the three months ended April 30, 2016. The increased loss was primarily due to an increase in corporate activities after the acquisition of KCP and Option Agreement on the Candelaria Project, and the resulting increase in office and administrative expenses. The most significant expenses of variance to prior periods are as follows:

#### Consulting of \$33,236 (2016 - \$nil)

The increase in consulting is the result of the Company's increased activities on the mineral properties, and the resulting geological consulting required to perform this work.

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

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### **Listing fees of \$44,631 (2016 - \$8,243)**

The increase in listing fees is the result of the Company's increased activity on the TSX-V after the completion of the QT in the third quarter of 2016.

### **Professional fees of \$36,322 (2016 - \$10,055)**

The increase in professional fees is the result of the Company receiving legal assistance for general corporate and regulatory matters resulting from the Company's increased activity, as well as an increase in accounting fees during the period.

### **Salaries and benefits of \$63,536 (2016 - \$nil)**

Salaries and benefits expense includes fees paid to the Company's President and CEO appointed to the position in August of 2016.

### **Share-based payments of \$32,565 (2016 - \$nil)**

The increase in share-based payments relates to options issued at the end of 2016 that had a vesting charge during the three months ended March 31, 2017. There were no options outstanding during the three months ended April 30, 2016.

### **Shareholder communications of \$66,832 (2016 - \$nil)**

The increase in shareholder communications is the result of increased marketing and promotional activities following the QT in the third quarter of 2016.

### **Travel and related costs of \$39,846 (2016 - \$nil)**

Travel and related costs increased due to the increased marketing and promotional roadshows as well as travel to the newly-acquired properties.

## **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

### **Net working capital including cash**

As at March 31, 2017, the Company had \$2,023,429 in cash and working capital of \$1,981,162, compared to cash of \$2,423,334 and working capital of \$2,408,684 at December 31, 2016. The decrease in working capital of \$427,522 was primarily due to the net loss during the three months ended March 31, 2017.

### **Operating activities**

Cash used in operating activities for the three months ended March 31, 2017 was \$301,754 compared to cash used of \$21,489 in the three months ended April 30, 2016. The cash used in operating activities related mostly to an increase in corporate activities in connection with the increased corporate activity after the acquisition of KCP and the Option Agreement on the Candelaria Project.

### **Investing activities**

Cash used in investing activities for the three months ended March 31, 2017 was \$99,151 compared to \$nil in the three months ended April 30, 2016. The cash used in investing activities increased due mostly to the \$97,484 of cash mineral property expenditures incurred during the period.

### **Financing activities**

Cash provided by financing activities during the three months ended March 31, 2017 was \$1,000 compared to \$nil in the three months ended April 30, 2016. The cash provided by financing activities during the three months ended March 31, 2017 was due to the options exercised during the period.

### **Capital expenditures**

The capital expenditures of the Company during the three months ended March 31, 2017 included cash mineral property expenditures of \$72,295 (2016 - \$nil) on the Company's Mexican properties and \$25,189 (2016 - \$nil) on the Candelaria Project.



# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

### Liquidity and capital resources

As at March 31, 2017, the Company has a working capital of \$1,981,162. The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets, by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

### OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

### 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, 2017 and April 30, 2016:

Service or item	Three months ended	Three months ended
	March 31 2017	April 30 2016
	\$	\$
Consulting fees	13,560	-
Professional fees	13,150	2,305
Salaries and benefits	63,735	-
Share-based payments	-	-

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

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

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

As at December 31, 2016, directors, officers or their related companies were owed \$18,314 (December 31, 2016 - \$12,665) in respect of services. The amounts due to related parties are unsecured, non-interest-bearing and due on demand.

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

### FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities. Cash and other receivables are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities, which are also measured at amortized cost. The carrying values of cash, other receivables, and accounts payable and

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

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accrued liabilities approximate their fair values due to the short-term nature of these instruments. The risks associated with financial assets and liabilities have not changed since December 31, 2016.

### ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

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

#### IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* (“IFRS 9”) bringing together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7, *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and the de-recognition of financial instruments. The mandatory effective date of IFRS 9 will be annual periods beginning on or after January 1, 2018, with early adoption permitted.

#### IFRS 15 - Revenue from Contracts with Customers

The new IFRS 15, *Revenue from Contracts with Customers* standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. This amendment will be mandatory for reporting periods beginning on or after January 1, 2018.

#### IFRS 16 – Leases. IFRS 16 Leases will replace IAS 17 Leases

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019.

### SECURITIES OUTSTANDING

Authorized share capital: The Company can issue an unlimited number of common shares with no par value.

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Issued and Outstanding Common Shares as at May 24, 2017	83,217,877
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	<u>Expiry date</u>	<u>Exercise Price</u>	<u>Number</u>
Options	August 5, 2021	\$0.05	4,599,996
	August 31, 2021	\$0.33	930,000
	December 2, 2021	\$0.85	100,000
	April 27, 2022	\$0.58	575,000

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Fully Diluted	89,422,873
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#### Escrow shares

Pursuant to the regulatory requirements as at March 31, 2017, 1,631,251 issued and outstanding post-split common shares were held in escrow under the CPC Escrow Agreement (December 31, 2016 - 1,957,500). Under the CPC Escrow Agreement 10% of the shares were released on the issuance of the Final Exchange Bulletin on August 4, 2016 (the “Initial Release”). An additional 15% will be released every 6 months following the Initial Release.

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

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### DISCLOSURE OF CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the three months ended March 31, 2017 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109 the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at [www.sedar.com](http://www.sedar.com).

### RISKS AND UNCERTAINTIES

#### Financing risks

The Company has incurred significant losses since inception. The continued operations of the Company are dependent on its ability to generate future cash flow and obtain additional financing. The Company has traditionally financed its cash requirements through the issuance of common shares. If the Company is unable to generate cash from operations or obtain additional financing its ability to continue as a going concern could be impeded.

#### Exploration and development

Resource exploration is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Company's mineral properties and there is no certainty that the expenditures made by the Company in the exploration of its mineral properties or otherwise will result in discoveries of commercially recoverable quantities of minerals. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

There is no assurance that the Company's mineral properties possess commercially mineable bodies of ore. The Company's mineral properties are in the exploration stage as opposed to the development stage and has no known body of economic mineralization. The known mineralization of the properties has not been determined to be economic ore and there can be no assurance that a commercially mineable ore body exists on the properties. Such assurance will require completion of final comprehensive feasibility studies and, possibly, further associated exploration and other work that concludes a potential mine is likely to be economic. In order to carry out exploration and development programs of any economic ore body and place it into commercial production, the Company may be required to raise substantial additional funding.

#### Title of mineral properties

There is no assurance that the Company's title to its properties will not be challenged. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to its properties, it may be subject to prior unregistered agreements or transfers or indigenous land claims to which title may be affected. Consequently, the boundaries may be disputed.

#### Option agreements

The Company is currently earning some of its interests in its mineral properties through option agreements and acquisition of title to the property is only completed when the option conditions have been met. These conditions generally include making option payments and incurring exploration expenditures on the properties. If the Company does not satisfactorily complete its option conditions in the time frame laid out in the option agreement, the Company's title to the mineral property will not vest and the Company will have to write-down the previously capitalized costs related to that property.

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

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### Unknown environmental risks for past activities

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

### Political regulatory risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

### FORWARD-LOOKING INFORMATION

The Company's condensed interim consolidated financial statements for the three months ended March 31, 2017, and this accompanying MD&A, contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations up to the date of the MD&A.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms acceptable to the Company and the ability of third-party service providers to deliver services in a timely manner. Some of these risks and uncertainties are identified under the heading "**RISKS AND UNCERTAINTIES**" as disclosed elsewhere in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise except as required by securities law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially

# **Silver One Resources Inc.**

## **Management's Discussion and Analysis for the three months ended March 31, 2017**

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from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **OUTLOOK**

Silver One's aim is to become a premier silver exploration and development company. The Company has an option agreement with Silver Standards Resource Inc. to acquire 100% of their interest in the past silver producing Candelaria Mine in Nevada. The company also holds three high-quality Mexican silver projects acquired from First Mining Finance. These properties include Peñasco Quemado in the state of Sonora, La Frazada in the state of Nayarit, and Pluton in the state of Durango. Ultimately, the Company's goal is to focus on identifying, acquiring, and exploring silver properties.

As the Company incurs additional retention and exploration expenditures, the Company will likely need to access additional capital. On September 27, 2016, the Company completed a non-brokered private placement by issuing 10,000,000 post-split common shares at a price of \$0.25 per common share for gross proceeds of \$2,500,000. In 2017, the Company intends to add shareholder value through further potential acquisitions of companies and/or properties and organically through the continued exploration of its current mineral property holdings.

### **QUALIFIED PERSONS**

Greg Crowe, P. Geo, President, CEO and Director of the Company, is a Qualified Person as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects, and is responsible for the review of technical information in the MD&A.

### **OTHER INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.silverone.com](http://www.silverone.com).

# Silver One Resources Inc.

## Management's Discussion and Analysis for the three months ended March 31, 2017

### ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE – MINERAL PROPERTY EXPENDITURES

As at March 31, 2017 and December 31, 2016, the Company has capitalized the following acquisition and exploration costs on its mineral properties:

	Balance March 31, 2017	Three months ended March 31, 2017	Balance December 31, 2016
	\$	\$	\$
<b><u>Mexico</u></b>			
La Frazada			
Acquisition costs	2,086,202	-	2,086,202
Consulting fees	7,844	5,523	2,321
Laboratory and analysis fees	6,156	6,156	-
Land payments	1,175	1,175	-
Travel and accommodation fees	4,167	1,008	3,159
Field supplies and other costs	2,360	2,250	110
Currency translation adjustment	15,149	(14,914)	30,063
Total	2,123,053	1,198	2,121,855
Peñasco Quemado			
Acquisition costs	3,194,966	-	3,194,966
Consulting fees	4,637	1,726	2,911
Laboratory and analysis fees	5,974	4,564	1,410
Land payments	25,885	25,885	-
Travel and accommodation fees	4,429	135	4,294
Field supplies and other costs	3,385	229	3,156
Currency translation adjustment	25,763	(20,275)	46,038
Total	3,265,039	12,264	3,252,775
Pluton			
Acquisition costs	1,091,245	-	1,091,245
Consulting fees	363	363	-
Land payments	23,059	23,059	-
Warehouse and storage costs	421	222	199
Currency translation adjustment	12,970	(2,754)	15,724
Total	1,128,058	20,890	1,107,168
Mexico total	6,516,150	34,352	6,481,798
<b><u>USA</u></b>			
Candelaria			
Option payments - shares	1,332,900	1,332,900	-
Consulting fees	7,704	7,704	-
Travel and accommodation fees	1,961	1,961	-
Field supplies and other costs	15,524	15,524	-
Total	1,358,089	1,358,089	-
USA total	1,358,089	1,358,089	-
<b>Mineral properties total</b>	<b>7,874,239</b>	<b>1,392,441</b>	<b>6,481,798</b>