SILVER ONE RESOURCES INC.

Consolidated Annual Financial Statements

For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Silver One Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Silver One Resources Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Matters

The consolidated financial statements of Silver One Resources Inc. for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on April 11, 2019.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 15, 2020

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

	Note	December 31 2019	December 31 2018
		$	$
Assets			
Current			
Cash		445,384	328,714
Short-term investments	**4**	2,600,000	700,000
Receivables and prepaid expenditures	**5**	253,955	195,162
		3,299,339	1,223,876
Non-current			
Property and equipment	**6**	468,631	52,741
Mineral properties	**7**	14,373,356	11,382,360
Reclamation deposit		42,181	44,305
Value-added tax receivable	**8**	62,642	31,795
Total Assets		**18,246,149**	**12,735,077**
Liabilities			
Current			
Accounts payable and accrued liabilities	**9**	461,144	222,281
Shares to be issued		44,000	292,500
Deferred rent		26,649	35,292
Lease obligation – short-term	**10**	115,290	-
		647,083	550,073
Non-current			
Lease obligation – long-term	**10**	311,063	-
Total Liabilities		958,146	550,073
Shareholders' Equity			
Share capital	**11(b)**	24,262,551	17,240,479
Share-based payment reserve	**11(c)**	1,593,426	1,257,184
Accumulated other comprehensive income		(89,599)	535,254
Accumulated deficit		(8,478,375)	(6,847,913)
		17,288,003	12,185,004
Total Liabilities and Shareholders' Equity		**18,246,149**	**12,735,077**

Nature of operations and going concern – Note 1

APPROVED BY THE DIRECTORS

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

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

Silver One Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Note	2019	2018
		$	$
Expenses			
Administrative and office		59,242	104,800
Consulting	**14**	168,222	173,523
Depreciation		144,960	15,807
Exploration and evaluation		5,082	11,027
Filing and listing fees		55,366	26,714
Professional fees	**14**	152,917	134,643
Salaries and benefits	**14**	256,791	308,840
Share-based payments	**11(c)**	323,300	260,008
Shareholder communications		389,258	414,371
Travel and related costs		155,048	181,610
Loss before other items		(1,710,186)	(1,631,343)
Foreign exchange gain (loss)		3,585	(15,190)
Finance charge on leases		(37,283)	-
Income from sublease of office		101,558	-
Interest and other income		28,003	26,715
Net loss for the year		(1,614,323)	(1,619,818)
Other comprehensive (loss) income for the year			
Currency translation adjustment		(624,853)	879,133
Comprehensive loss for the year		(2,239,176)	(740,685)
Loss per share			
Basic and diluted		(0.01)	(0.02)
Weighted average number of shares outstanding			
Basic and diluted		126,915,707	97,040,166

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

Silver One Resources Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

	Note	2019	2018
		$	$
Cash (used in) provided by:			
Operating activities			
Net loss for the period		(1,614,323)	(1,619,818)
Depreciation		144,960	15,807
Share-based payments	**11(c)**	323,300	260,008
Unrealized foreign exchange		(2,931)	(12,221)
Changes in working capital items			
Receivables and prepaid expenditures		(58,793)	174,848
Accounts payable and accrued liabilities		344,431	(50,455)
Deferred rent		(8,643)	(7,923)
		(871,999)	(1,239,754)
Investing activities			
Reclamation deposit		-	(16,398)
Mineral property expenditures		(2,402,552)	(1,923,971)
Property and equipment expenditures		(36,315)	-
(Purchase) cash out of short-term investments	**4**	(1,900,000)	2,900,000
Value-added tax (incurred) recovered		(31,123)	1,807
		(4,369,990)	961,438
Financing activities			
Repayment of lease obligation		(114,977)	-
Issuance of shares pursuant to private placement	**11(b)**	5,307,250	-
Cash share issuance costs		(144,508)	-
Shares to be issued		44,000	292,500
Proceeds from exercise of options	**11(c)**	236,020	13,500
Proceeds from exercise of warrants	**11(d)**	30,874	-
		5,358,659	306,000
Increase in cash		116,670	27,684
Cash - beginning of year		328,714	301,030
Cash - end of year		445,384	328,714

Supplemental cash flow information – Note 15

Subsequent events – Note 19

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

	Note	Number of common shares	Share capital	Share-based payment reserve	AOCI	Accumulated deficit	Total
			$	$	$	$	$
Balance, December 31, 2017		94,080,378	15,954,715	1,010,596	(343,879)	(5,228,095)	11,393,337
Shares issued on the Candelaria option agreement	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)	-	-	260,008	-	-	260,008
Exercise of options	11(c)	270,000	26,920	(13,420)	-	-	13,500
Net loss for the year		-	-	-	-	(1,619,818)	(1,619,818)
Cumulative translation adjustment		-	-	-	879,133	-	879,133
Balance, December 31, 2018		97,217,249	17,240,479	1,257,184	535,254	(6,847,913)	12,185,004
IFRS 16 transition adjustment on January 1, 2019	18	-	-	-	-	(16,139)	(16,139)
Balance, December 31, 2018 (restated)		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	1,252,878	-	-	-	1,252,878
Shares issued from private placement	11(b)	44,182,334	5,626,750	-	-	-	5,626,750
Less: Share issue costs		-	(215,723)	44,215	-	-	(171,508)
Shares issued for Net Smelter Agreement	7(b)	250,000	60,000	-	-	-	60,000
Share-based payments	11(c)	-	-	323,300	-	-	323,300
Exercise of options	11(c)	617,499	61,566	(30,692)	-	-	30,874
Exercise of warrants	11(d)	1,180,102	236,601	(581)	-	-	236,020
Net loss for the year		-	-	-	-	(1,614,323)	(1,614,323)
Cumulative translation adjustment		-	-	-	(624,853)	-	(624,853)
Balance, December 31, 2019		149,274,522	24,262,551	1,593,426	(89,599)	(8,478,375)	17,288,003

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

1. Nature of operations and going concern

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

The Company's principal activities include the acquisition, exploration and development of mineral properties. The Company has an option agreement to acquire a 100% interest in the Candelaria Silver project (the "Candelaria Project") located in Nevada and has claims staked in eastern Nevada, including the Cherokee project ("Cherokee Project"). The Company also holds three Mexican silver projects: Peñasco Quemado in the state of Sonora, La Frazada in the state of Nayarit, and Pluton in the state of Durango.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. As at December 31, 2019, the Company had an accumulated deficit of $8,478,375, and expects to incur further losses in the development of the business. 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. The Company anticipates it has sufficient working capital to maintain its activities for the upcoming year. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

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

Silver One is a public company listed on the TSX-V under the symbol "SVE", on the OTCQB Marketplace under the symbol "SLVRF", and on the Frankfurt Stock Exchange under the symbol "BRK1".

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

2. Basis of preparation

Statement of compliance and functional currency

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB') and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2019.

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

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

(Expressed in Canadian dollars)

2. Basis of preparation (continued)

Statement of compliance and functional currency (continued)

The Company's principal subsidiaries are as follows:

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

These consolidated financial statements were approved by the board of directors on April 15, 2020.

3. Accounting policies

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

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 18 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.

3. Accounting policies (continued)

Financial assets and liabilities

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

b) Measurement

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

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

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

c) Impairment of financial assets at amortized cost

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

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

3. Accounting policies (continued)

Financial assets and liabilities (continued)

d) Derecognition

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

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

Property and equipment

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

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

Mineral properties

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

Impairment of non-financial assets

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

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

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

3. Accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Under the guidance of IFRS 10, *Consolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquiror's returns. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Reclamation provision

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

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

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

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

Share-based payments

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

The Company has a stock option plan (Note 11(c)), whereby stock options are granted in accordance with the policies of regulatory authorities. The Company records a compensation cost attributable to all share purchase options granted at fair value at the grant date using the Black-Scholes valuation model and the fair value of all share purchase options are expensed over their vesting period with a corresponding increase to share-based payment reserve. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in share-based payment reserve, is recorded as an increase to share capital.

Share capital

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

3. Accounting policies (continued)

Income taxes

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

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

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

Loss per share

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

Segment reporting

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

Critical judgments in applying accounting policies

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

a) Functional currency

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

b) Impairment of mineral properties

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

3. Accounting policies (continued)

Critical judgments in applying accounting policies (continued)

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

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

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

Key sources of estimation uncertainty

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

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

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

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

(Expressed in Canadian dollars)

3. Accounting policies (continued)

Key sources of estimation uncertainty (continued)

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

4. Short-term investments

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

5. Receivables and prepaid expenditures

	December 31 2019	December 31 2018
	$	$
Short-term receivables		
GST receivable	18,622	3,713
Other receivables[1]	160,142	130,820
Prepaid expenditures	75,191	60,629
	253,955	195,162

[1] 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[1]	Leasehold Improvements	Office Furniture and Equipment	Total
	$	$	$	$
Cost				
Balance at December 31, 2017 and 2018	-	53,351	20,501	73,852
IFRS 16 transition adjustment (Note 18)	525,191	-	-	525,191
Additions	-	-	36,315	36,315
Foreign exchange	-	-	(656)	(656)
Balance at December 31, 2019	525,191	53,351	56,160	634,702
Accumulated depreciation				
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	(128,618)	(10,670)	(5,672)	(144,960)
Balance at December 31, 2019	(128,618)	(22,298)	(15,155)	(166,071)
Net – December 31, 2018	**-**	**41,723**	**11,018**	**52,741**
Net – December 31, 2019	**396,573**	**31,053**	**41,005**	**468,631**

[1]The amount disclosed above under building relates solely to a right-of-use asset from the office rental lease.

(Expressed in Canadian dollars)

7. Mineral properties

a) US properties

	Balance December 31 2019	Additions December 31 2019	Transfers[1] December 31 2019	Balance December 31 2018	Additions December 31 2018	Balance December 31 2017
	$	$	$	$		
Candelaria						
Option payments - shares	3,831,678	1,252,878	-	2,578,800	1,245,900	1,332,900
Acquisition costs - shares	12,944	-	-	12,944	12,944	-
Acquisition costs - cash	13,088	-	-	13,088	13,088	-
Consulting fees	704,931	339,209	-	365,722	247,579	118,143
Drilling	810,683	581,772	-	228,911	9,169	219,742
Field supplies and other costs	104,652	43,737	-	60,915	17,526	43,389
Laboratory and analysis fees	344,708	97,491	-	247,217	228,257	18,960
Land payments	602,008	212,901	-	389,107	257,267	131,840
Staking and survey costs	122,103	21,324	-	100,779	63,697	37,082
Travel and accommodation fees	125,990	36,855	-	89,135	37,315	51,820
Currency translation adjustment	72,319	(265,890)	-	338,209	338,209	-
	6,745,104	2,320,277	-	4,424,827	2,470,951	1,953,876
Cherokee						
Consulting fees	377,519	245,722	131,797	-	-	-
Field supplies and other costs	14,673	11,103	3,570	-	-	-
Laboratory and analysis fees	16,718	11,192	5,526	-	-	-
Land payments	635,123	210,983	424,140	-	-	-
Staking and survey costs	125,379	-	125,379	-	-	-
Travel and accommodation fees	87,165	65,928	21,237	-	-	-
Currency translation adjustment	6,935	(45,697)	52,632	-	-	-
	1,263,512	499,231	764,281	-	-	-
Eastern Nevada						
Consulting fees	136,638	38,055	(131,797)	230,380	175,988	54,392
Field supplies and other costs	4,597	1,533	(3,570)	6,634	5,963	671
Laboratory and analysis fees	2,482	-	(5,526)	8,008	8,008	-
Land payments	113,647	46,663	(424,140)	491,124	364,741	126,383
Staking and survey costs	8,970	-	(125,379)	134,349	44,526	89,823
Travel and accommodation fees	25,112	6,035	(21,237)	40,314	30,323	9,991
Currency translation adjustment	3,482	(12,015)	(52,632)	68,129	68,129	-
	294,928	80,271	(764,281)	978,938	697,678	281,260
USA total	**8,303,544**	**2,899,779**	**-**	**5,403,765**	**3,168,629**	**2,235,136**

[1]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.

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 USD $2,000,000 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 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 $0.215 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.

On July 25, 2019, the Company amended the Candelaria Option Agreement ("Amended Agreement"). The Amended Agreement deferred the assumption of the USD $2,000,000 bond obligation by the Company until January 2023. On April 1, 2020, the Company further amended the Candelaria Option Agreement in order to reduce its payment obligation. See note 19.

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 share (total of USD $10,000).

In November 2019, the Company acquired an additional three patented claims, located within the company's claims. Consideration for these patents consisted of USD $75,000 cash and USD $5,000 in shares, subject to a 2% NSR that can be purchased for USD $50,000 plus USD $ 5,000 in Silver One's shares issued at market price on the date of the issuance.

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 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 USD $23,125 upon execution of the agreement (paid), USD $34,688 on the first anniversary (paid) and USD $34,687 on the second anniversary. This will provide Silver One with a 100% interest in all patented claims. Castelton will also receive a payment of USD $100,000 for every 7.5 million silver equivalent ounces of mineral resources calculated on the property, subject to a maximum of USD $1,000,000.

(Expressed in Canadian dollars)

7. Mineral properties (continued)

b) Mexican properties

	Balance December 31 2019	Additions December 31 2019	Balance December 31 2018	Additions December 31 2018	Balance December 31 2017
	$	$	$	$	$
Peñasco Quemado					
Acquisition costs	3,194,966	-	3,194,966	-	3,194,966
Consulting fees	121,890	42,051	79,839	24,249	55,590
Drilling	151,520	151,520	-	-	-
Field supplies and other costs	25,036	16,130	8,906	-	8,906
Laboratory and analysis fees	21,586	6,608	14,978	-	14,978
Land payments	266,411	85,841	180,570	107,278	73,292
Royalty payments	37,692	37,692	-	-	-
Geophysics	112,416	-	112,416	7,923	104,493
Travel and accommodation fees	33,828	7,323	26,505	2,798	23,707
Currency translation adjustment	(62,635)	(187,240)	124,605	296,560	(171,955)
	3,902,710	159,925	3,742,785	438,808	3,303,977
La Frazada					
Acquisition costs	2,086,202	-	2,086,202	-	2,086,202
Consulting fees	27,709	7,457	20,252	2,887	17,365
Laboratory and analysis fees	8,150	-	8,150	-	8,150
Land payments	16,596	6,857	9,739	6,414	3,325
Royalty payments	22,156	22,156	-	-	-
Travel and accommodation	7,140	966	6,174	-	6,174
Field supplies and other costs	3,473	33	3,440	-	3,440
Currency translation adjustment	(40,219)	(106,269)	66,050	176,660	(110,610)
	2,131,207	(68,800)	2,200,007	185,961	2,014,046
Pluton					
Acquisition costs	1,091,245	-	1,091,245	-	1,091,245
Consulting fees	2,517	350	2,167	659	1,508
Land payments	65,290	-	65,290	-	65,290
Royalty payments	361	361	-	-	-
Warehouse and storage costs	3,922	1,136	2,786	1,349	1,437
Impairment	(1,069,799)	-	(1,069,799)	-	(1,069,799)
Currency translation adjustment	(57,641)	(1,755)	(55,886)	2,795	(58,681)
	35,895	92	35,803	4,803	31,000
Mexico total	**6,069,812**	**91,217**	**5,978,595**	**629,572**	**5,349,023**

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 $ 1,000,000 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 at a value of $60,000 as consideration for this reduction of the NSR agreements.

(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

	December 31 2019	December 31 2018
	$	$
Accounts payable	428,644	173,781
Accrued liabilities	32,500	48,500
	461,144	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.

(Expressed in Canadian dollars)

10. Lease obligation

The Company entered into an office lease in February 2018. With the adoption of IFRS 16 *Leases* (see Note 18), the Company recognized a lease obligation with regard to the lease. The terms and the outstanding balances as at December 31, 2019 and December 31, 2018 are as follows:

	December 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.	426,353	-
Less: Current portion	(115,290)	-
Non-current portion	311,063	-

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

	June 30 2019
	$
2020	152,261
2021	157,543
2022	158,023
2023	13,169
Total minimum lease payments	480,995
Less: imputed interest	(54,642)
Total present value of minimum lease payments	426,353
Less: Current portion	(115,290)
Non-current portion	311,063

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 year ended December 31, 2019 was $101,558 (2018 - $nil).

11. Share capital

a) Authorized: Unlimited common shares without par value.

b) Shares issued

Common shares: 149,274,522 (December 31, 2018 – 97,217,249).

During the year ended December 31, 2019, the Company:

- Issued 39,808,000 units ("Units") at a price of $0.125 per unit for gross proceeds of $4,976,000 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. Under the financing, the Company paid finders' fees totaling $46,290, 216,000 shares ($27,000) and 502,320 warrants ($44,215);

11. Share capital (continued)

b) Shares issued (continued)

- 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 valued at USD $1,000,000 ($1,252,878) pursuant to the Option Agreement for the Candelaria Project (see Note 7(a));
- 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));
- issued 617,499 common shares for the exercise of options in the amount of $30,874. A value of $30,692 was transferred from the share-based payment reserve to share capital as a result; and
- Issued 1,180,102 common shares for the exercise of warrants in the amount of $236,020. A value of $581 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 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 December 31, 2019, nil 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.

(Expressed in Canadian dollars)

11. Share capital (continued)

c) Options (continued)

The Company's share options outstanding as at December 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	6,692,496	0.19
Exercised	(270,000)	0.05
Granted – January 8, 2018	150,000	0.45
Granted – May 17, 2018	1,390,000	0.40
Forfeited – January 15, 2018	(415,000)	0.59
Balance as at December 31, 2018	7,547,496	0.22
Exercised	(617,499)	0.05
Granted – March 15, 2019	200,000	0.22
Granted – July 19, 2019	2,435,000	0.26
Granted – October 15, 2019	150,000	0.30
Forfeited – May 29, 2019	(275,000)	0.45
Balance as at December 31, 2019	9,439,997	0.24

The total share-based payment expense recorded during the year ended December 31, 2019 was $323,300 (2018: $260,008).

The following table summarizes information about the share options as at December 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	3,599,997	1.60	3,599,997	August 5, 2021
$0.33	615,000	1.67	615,000	August 31, 2021
$0.22	200,000	2.21	200,000	March 15, 2022
$0.58	575,000	2.32	575,000	April 27, 2022
$0.57	200,000	2.46	200,000	June 15, 2022
$0.45	200,000	2.82	200,000	October 24, 2022
$0.45	150,000	3.02	150,000	January 8, 2023
$0.40	1,315,000	3.38	1,315,000	May 17, 2023
$0.26	2,435,000	4.55	-	July 19, 2024
$0.30	150,000	4.79	-	October 15, 2024

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

Issue date	Expected Option life (years)	Risk free interest rate	Dividend yield	Expected volatility[1]	Weighted average fair value
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	1.61%	nil	80%	$0.08
July 19, 2019	5.00	1.36%	nil	87%	$0.21
October 15, 2019	5.00	1.56%	nil	89%	$0.18

Note 1: In the prior year, as the Company did not have a sufficient history of past share prices, the expected volatility for grants that occurred in 2018 was calculated by taking the average volatility of seven peer companies. The Company's own volatility was used for grants that occurred in 2019.

(Expressed in Canadian dollars)

11. Share capital (continued)

d) Warrants

The Company's warrants outstanding as at December 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	5,375,001	0.60
Granted – January 7, 2019	2,079,170	0.20
Granted – July 10, 2019	19,904,000	0.20
Granted (finders' warrants) – July 10, 2019	502,320	0.20
Exercised	(1,180,102)	0.20
Balance as at December 31, 2019	26,680,389	0.28

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

Expiry Date	Exercise Price $	Remaining Life (Years)	Warrants Outstanding
October 23, 2020	0.60	0.81	5,375,001
January 7, 2022	0.20	2.03	1,155,668
July 10, 2022	0.20	2.53	20,149,720

The fair value of finders' warrants 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	Weighted average fair value
July 10, 2019	3.00	1.80%	nil	86%	$0.09

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 December 31, 2019 and December 31, 2018 is as follows:

Non-current assets	December 31 2019	December 31 2018
	$	$
Canada	434,149	57,816
USA	8,380,207	5,442,995
Mexico	6,132,454	6,010,390
Total	14,946,810	11,511,201

(Expressed in Canadian dollars)

13. Income taxes

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

	2019	2018
	$	$
Loss for the year before income tax recovery	(1,614,323)	(1,619,818)
Average statutory rate	27.00%	27.00%
Recovery of income taxes based on statutory rates	(436,000)	(437,000)
Increase (decrease) in income tax recovery resulting from:		
Change in statutory, foreign tax rate, foreign exchange rates and other	(33,000)	-
Expiry of non-capital losses	70,000	-
Share issue cost	(45,000)	-
True-up of opening temporary differences	(115,000)	102,000
Other non-deductible expenses	91,000	80,000
Change in non-recognized deferred tax assets	468,000	255,000
Income tax recovery	-	-

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at December 31, 2019, the Company has not recognized the benefit of the following deductible temporary differences:

	December 31 2019	December 31 2018
	$	$
Deferred tax assets		
Losses carried forward	3,802,000	3,314,000
Mineral properties	7,000	7,000
Equipment	5,000	6,000
Undeducted financing costs and other	43,000	62,000
Unrecognized deferred tax assets	(3,857,000)	(3,389,000)
Total deferred tax assets	-	-

As at December 31, 2019, the Company has estimated non-capital losses for Canadian income tax purposes of $10,481,000 (2018 - $9,168,000) that may be carried forward to reduce taxable income derived in future years. The Canadian non-capital losses expire from 2026-2039 (2018 - 2026-2038).

As at December 31, 2019, the Company’s Mexican subsidiary had approximately $3,203,000 (2018 - $3,270,000) in losses which expire from 2020-2030 (2018 - 2017-2028).

As at December 31, 2019, the Company’s United States subsidiary had approximately $55,000 (2018 - $2,846,000) in losses that do not expire.

(Expressed in Canadian dollars)

14. Related party transactions

The Company's related parties consist of the Company's directors and officers, and any companies associated with them. The Company incurred the following charges during the years ended December 31, 2019 and 2018:

	2019	2018
	$	$
Consulting fees	180,038	179,265
Professional fees	50,711	44,861
Salaries and benefits	243,953	243,795
Share-based payments	132,158	69,220

Consulting fees include amounts paid to Raul Diaz, a director of the Company, for geological consulting services. Included in the amounts above is $124,642 in consulting fees for the year ended December 31, 2019 that was capitalized to mineral properties (2018 - $119,412).

Professional fees include amounts paid to Malaspina Consultants Inc., a company in which the CFO, Carmen Amezquita Hernandez, is an associate.

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

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

During the year ended December 31, 2019 the Company received lease income from a related company with common directors in the amount of $23,526.

As at December 31, 2019, directors, officers or their related companies owed the Company $79,133 (December 31, 2018 - $91,619) and were owed $17,937 (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.

15. Supplemental cash flow information

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

During the year ended December 31, 2019:

- The issuance of 5,827,338 common shares valued at $1,252,878 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 $105,568 in mineral property exploration expenditures in accounts payable and accrued liabilities;
- The issuance of 216,000 common shares valued at $27,000 and 502,320 warrants valued at $44,215 as part of the finders' fees paid in the July 10, 2019 private placement. During 2019, 6,600 finders' warrants were exercised and a value of $581 was transferred from the share-based payment reserve to share capital as a result; and
- The issuance of $292,500 shares pursuant to a private placement from subscription proceeds received in the previous fiscal year.

(Expressed in Canadian dollars)

15. Supplemental cash flow information (continued)

During the year ended December 31, 2018:

- The issuance of 2,828,636 common shares valued at $1,245,900 pursuant to the Option Agreement for the Candelaria Project (see Note 7(a));
- The issuance of 38,235 common shares valued at $12,944 pursuant to the acquisition of new Candelaria claims (see Note 7(a)); and
- Movement of $266,967 in mineral property exploration expenditures in accounts payable and accrued liabilities.

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

16. Financial instruments

Classification of financial instruments

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

The classification of the financial instruments as well as their carrying values as at December 31, 2019 and December 31, 2018 is shown in the table below

At December 31, 2019	Amortized cost (Financial Assets)	Amortized cost (Financial Liabilities)	Total
	$	$	$
Financial assets			
Cash	445,384	-	445,384
Short-term investments	2,600,000	-	2,600,000
Receivables	178,764	-	178,764
Total financial assets	3,224,148	-	3,224,148
Financial liabilities			
Accounts payable and accrued liabilities	-	461,144	461,144
Leases payable	-	426,353	426,353
Total financial liabilities	-	887,497	887,497

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

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

16. Financial instruments (continued)

Financial instruments risk management

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

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

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

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

As at December 31, 2019, the Company is exposed to currency risk on the following financial assets and liabilities denominated in USD and MXN. The sensitivity of the Company's net earnings due to changes in the exchange rate between the USD and MXN against the Canadian dollar is included in the table below in Canadian dollar equivalents:

	USD amount	MXN amount	Total
	$	$	$
Cash	289,285	9,055	298,340
Accounts payable and accrued liabilities	(360,898)	(4,973)	(365,871)
Net exposure	(71,613)	4,082	(67,531)
Effect of +/- 10% change in currency	(7,161)	408	

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

c) Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions as well as accounts receivables from the Company's sublease of the office space (Note 18). The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company considers credit risk with respect to its cash to be immaterial as cash is mainly held through large Canadian financial institutions. The Company considers credit risk with respect to its accounts receivables to be immaterial as amounts are due from companies with management that are well-known to the Company.

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

17. Management of capital

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

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

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

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

Management reviews its capital management policies on an ongoing basis. There were no changes in the Company's approach to capital management during the year ended December 31, 2019.

18. 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 accumulated deficit 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 an accumulated deficit adjustment of $16,139 on January 1, 2019.

19. Subsequent events

a) Private placement

On January 13, 2020 and January 20, 2020, the Company closed a private placement by issuing a total of 20,820,000 ("Units") at a price of $0.25 per Unit for gross proceeds of $5,205,000. 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 $0.40 per share for a period of three years from the date of the issue of the Warrants.

b) Amendment of Candelaria Option Agreement

On April 1, 2020, the Company agreed with each of SSR Mining Inc. ("SSR Mining") and Maverix Metals Inc. ("Maverix") whereby the Company will reduce its payment obligation under its Candelaria Option Agreement with SSR Mining and, in consideration of which, assume a future production payment due to Maverix.

19. Subsequent events (continued)

b) Amendment of Candelaria Option Agreement (continued)

Under the terms agreed in principle with SSR Mining and Maverix:

- The Company has agreed to assume the obligation to pay Maverix US$1,000,000 upon Candelaria achieving commercial production of not less than 2,500,000 ounces of silver per annum (the "Production Payment");
- In consideration of the Company assuming the Production Payment, SSR Mining has agreed to relinquish the option payment of US$1,000,000 in shares of Silver One and instead will receive US$100,000 in units of Silver One;
- In consideration of Maverix agreeing to the Company's assumption of the Production Payment, Maverix will receive US $100,000 in units of Silver One (issued); and
- Maverix has agreed to amend the Production Payment so that the Company may satisfy it with US$500,000 cash and $500,000 in shares of the Company on the first anniversary after commencement of commercial production at Candelaria.

Each unit will be comprised of one share and one-half of one share purchase warrant (each a "Warrant") with each whole warrant entitling the holder to purchase one additional share at a price of $0.40 per share for a period of three years from the date of issue.

c) Phoenix Silver Acquisition

On February 4, 2020 the Company entered into an agreement (the "Agreement") with Granite-Solid LLC (the "Optionor") whereby the Company has the option to acquire a 100% interest in the Phoenix Silver property. The Phoenix Silver property consists of 86 unpatented lode claims and 2 unpatented placer claims, located in Gila County, Arizona.

The Company may exercise the option by making the following cash payments and share issuances:

- paying the Optionor US $350,000 within five days of TSX Venture Exchange acceptance of the Agreement (the "Effective Date") (paid); and
- issuing the Optionor: (i) 500,000 shares on the date that is six (6) months from the Effective Date; (ii) 1,000,000 shares on the date that is twelve months from the Effective Date; (iii) 2,500,000 shares on the date that is twenty-four months from the Effective Date; (iv) 3,000,000 shares on the date that is thirty-six months from the Effective Date; and (v) 3,000,000 shares on the date that is forty-eight months from the Effective Date.

The Agreement is subject to a five-mile area of interest. Further, after two years of the Effective Date, Silver One has the right to require the Optionor to include other unpatented placer claims under this Agreement for no additional consideration.

The Phoenix Silver property is subject to an underlying 2% Net Smelter Royalty ("NSR") to the original prospectors of the project. Each 1% NSR may be purchased for US $500,000 resulting in a total of US $1,000,000 for the entire underlying NSR.

d) Exercise of warrants

Subsequent to year end, 1,178,000 warrants of the Company were exercised for gross proceeds of $235,600.

e) COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.