



SILVER MOUNTAIN MINES INC.

Condensed Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

Unaudited condensed interim financial statements

In accordance with National Instrument 51-102 released by the Canadian Securities administrators, the Company discloses that its auditors have not reviewed these condensed interim financial statements for the three and nine months ended September 30, 2016 and 2015.

SILVER MOUNTAIN MINES INC.
Condensed Interim Statements of Financial Position
(Unaudited)

	Note	September 30, 2016	December 31, 2015
Assets			
Current assets:			
Cash and cash equivalents		\$ 343,570	\$ 531,194
GST receivable		2,828	925
Prepaid expense		11,998	14,131
		358,396	546,250
Non-current assets:			
Property and equipment	4	61,357	63,523
Exploration and evaluation costs	5	6,049,868	6,025,763
Reclamation bond	6	27,868	27,734
		6,139,093	6,117,020
Total assets		\$6,497,489	\$6,663,270
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 2,383	\$ 12,368
Non-current liabilities:			
Deferred tax liability		448,670	489,086
Decommissioning liability	7	35,616	35,036
		484,286	524,122
Total liabilities		486,669	536,490
Shareholders' equity:			
Share capital	8(b)	4,868,823	4,868,823
Warrants	8(c)	405,857	424,900
Contributed surplus	8(e)	2,941,550	2,922,032
Deficit		(2,205,410)	(2,088,975)
Total shareholders' equity		6,010,820	6,126,780
Total liabilities and shareholders' equity		\$6,497,489	\$6,663,270
Going concern	1		
Commitments	9		

Approved on behalf of the Board:

"Steve Konopelky"

Director, President and CEO – Steve Konopelky

"Daniel Belot"

Director – Daniel Belot

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

SILVER MOUNTAIN MINES INC.
Condensed Interim Statements of Comprehensive Income (Loss)
(Unaudited)

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	2016	2015	2016	2015
Expenses					
Accretion expense	7	\$193	\$193	\$580	\$580
Advertising and promotion		-	-	-	313
Automotive		1,632	914	2,066	1,959
Consulting and management		32,260	43,085	107,369	132,394
Depreciation	4	723	722	2,166	2,813
Insurance		2,896	5,244	10,423	17,188
Licenses and listing fees		539	158	10,393	7,551
Meals and entertainment		1,224	1,010	1,728	1,704
Office and storage		3,275	2,611	11,866	10,164
Professional fees		795	1,599	7,721	8,358
Share-based compensation	8(d)	-	475	475	950
Telephone		1,250	484	2,005	1,669
Travel		131	5,194	2,477	7,834
		44,918	61,689	159,269	193,477
Interest income		706	398	2,418	3,345
Net loss before deferred tax recovery		(44,212)	(61,291)	(156,851)	(190,132)
Deferred tax recovery		11,450	14,633	40,416	51,479
Total net loss and comprehensive loss for the period attributable to common shareholders		\$(32,762)	\$(46,658)	\$(116,435)	\$(138,653)
Basic and diluted loss per share	8(f)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

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

SILVER MOUNTAIN MINES INC.
Condensed Interim Statements of Changes in Equity
(Unaudited)

	Number of Shares	Amount (net of subscriptions receivable)	Contributed Surplus	Warrants	Deficit	Total
Balance, January 1, 2015	48,251,503	\$4,793,933	\$2,589,183	\$756,324	\$(1,890,948)	\$6,248,492
Subscription receivable collected	-	74,890	-	-	-	74,890
Share-based compensation (note 8 (e))	-	-	950	-	-	950
Total net loss and comprehensive loss	-	-	-	-	(138,653)	(138,653)
Balance, September 30, 2015	48,251,503	\$4,868,823	\$2,590,133	\$756,324	\$(2,029,601)	\$6,185,679
Share-based compensation (note 8 (e))	-	-	475	-	-	475
Expiry of warrants (note 9 (c))	-	-	331,424	(331,424)	-	-
Total net loss and comprehensive loss	-	-	-	-	(59,374)	(59,374)
Balance, December 31, 2015	48,251,503	\$4,868,823	\$2,922,032	\$424,900	\$(2,088,975)	\$6,126,780
Share-based compensation (note 8 (e))	-	-	475	-	-	475
Expiry of warrants (note 9 (c))	-	-	19,043	(19,043)	-	-
Total net loss and comprehensive loss	-	-	-	-	(116,435)	(116,435)
Balance, September 30, 2016	48,251,503	\$4,868,823	\$2,941,550	\$405,857	\$(2,205,410)	\$6,010,820

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

SILVER MOUNTAIN MINES INC.

Condensed Interim Statements of Cash Flows

(Unaudited)

		For the three months ended		For the nine months ended	
		September 30,		September 30,	
	Note	2016	2015	2016	2015
Cash provided by (used in):					
Operating activities					
Total net loss and comprehensive loss		\$(32,762)	\$(46,658)	\$(116,435)	\$(138,653)
Items not involving cash:					
Depreciation	4	723	722	2,166	2,813
Accretion expense	7	193	193	580	580
Share-based compensation	8(d)	-	475	475	950
Deferred tax recovery		(11,450)	(14,633)	(40,416)	(16,712)
		(43,296)	(59,901)	(153,630)	(151,022)
Change in non-cash working capital					
GST receivable		(1,221)	(501)	(1,903)	36,732
Receivable due from related party		-	-	-	2,500
Prepaid expense		(6,192)	(4,187)	2,133	8,438
Accounts payable and accrued liabilities		(967)	41	(9,985)	(24,598)
		(8,380)	(4,647)	(9,755)	23,072
Net cash used in operating activities		(51,676)	(64,548)	(163,385)	(127,950)
Financing activities					
Issuance of flow-through units, net of share issue costs	8(b)	-	-	-	74,890
Change in non-cash working capital					
Premium liability		-	-	-	(34,767)
Net cash provided by financing activities		-	-	-	40,123
Investing activities					
Proceeds on disposition of property and equipment	4	-	-	-	1,200
Interest earned on reclamation bond	6	-	(104)	(134)	(221)
Purchase of exploration and evaluation assets	5	(22,207)	(7,699)	(24,105)	(10,666)
Net cash used in investing activities		(22,207)	(7,803)	(24,239)	(9,687)
Decrease in cash and cash equivalents		(73,883)	(72,351)	(187,624)	(97,514)
Cash and cash equivalents, beginning of the period		417,453	666,635	531,194	691,798
Cash and cash equivalents, end of the period		\$343,570	\$594,284	\$343,570	\$594,284

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

SILVER MOUNTAIN MINES INC.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

1. Nature of Operations and Continuance of Operations

Silver Mountain Mines Inc. (the "Company"), was incorporated on May 12, 2008 under the laws of Alberta and on August 13, 2008 under the laws of British Columbia. The Company's principal business activity is the exploration of mineral properties in British Columbia. The registered office of the Company is 223 Riverview Circle SE, Calgary, Alberta T2C 4K6. These financial statements were approved and authorized for issuance on November 24, 2016 by the Board of Directors.

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due. For the three and nine months ended September 30, 2016, the Company incurred a total net loss and comprehensive loss of (\$32,762) and (\$116,435), respectively. In comparison, for the three and nine months ended September 30, 2015, the Company incurred a total net loss and comprehensive loss of (\$46,658) and \$(138,653), respectively. As of September 30, 2016, the Company had an accumulated deficit of \$2,205,410 (December 31, 2015 - \$2,088,975).

The Company is in the process of exploring its mineral property interests and has not yet determined whether the project contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral properties, obtaining the necessary permits to mine, and future profitable production or proceeds from the disposition of the mineral properties. Management currently assesses the Company's ability to continue as a going concern using financial forecasts of 12 months to ensure the Company has adequate capital to meet its financial obligations.

At its annual and special meeting of shareholders on April 5, 2016, special resolutions supporting a share consolidation, Company name change and expansion of the business were passed by over 97% of the common shares voted at the meeting. With current economic and financial uncertainties in the resource sector, the Company has embarked on transforming itself into a diversified holding company to take advantage of global business opportunities. Under the new business plan, current shareholders will continue to own 100% in the Company's Ptarmigan silver project and will also be able to participate in the diversification of the Company's business going forward. All necessary paperwork will be filed with respective governing bodies concurrent with signing a definitive agreement.

As part of the overall strategy to add value to the Company, the leadership team is reviewing several business opportunities within various sectors. The Company's focus is to look at cash flowing companies and/or assets by way of purchasing all or a participating interest in assets (either in one transaction or more), a merger, recapitalization, amalgamation or any combination thereof. There are no assurances that a transaction will be undertaken or if a transaction is undertaken, as to its terms or timing.

2. Basis of Presentation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), in effect on September 30, 2016.

SILVER MOUNTAIN MINES INC.

Notes to the Condensed Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

(b) Basis of presentation and measurement

These condensed interim financial statements have been prepared using the historical cost convention, except for certain financial instruments measured at fair value through profit and loss ("FVTPL") and share-based payment transactions measured at fair value.

(c) Functional and presentation currency

The condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key areas of estimation where management has made difficult, complex or subjective assumptions, often as a result of matters inherently uncertain are as follows:

(i) Measurement of share based payments and warrant valuation (Note 8(c) and (d))

The Company uses an option-pricing model to determine the fair value of share-based payments and warrants. Inputs to the model are subject to various estimates about volatility, interest rates, dividend yields, forfeiture rates and expected life of the equity instruments issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

(ii) Income taxes

The Company follows the liability method for calculating deferred taxes. Differences between the amounts reported in the annual financial statements of the Company and their respective tax bases are applied to tax rates in effect to calculate the deferred tax asset or liability. In addition, the Company recognizes the future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(iii) Determination of fair values

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

3. Significant Accounting Policies

These condensed interim financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2015. Details outlining the Company's accounting policies are contained in the notes to the financial statements for the year ended December 31, 2015.

SILVER MOUNTAIN MINES INC.

Notes to the Condensed Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

4. Property and Equipment

	Office Equipment	Buildings	Total
Cost			
Balance, January 1, 2015	\$1,847	\$66,411	\$68,258
Disposition of assets	(1,200)	-	(1,200)
Less: Depreciation	(647)	(2,166)	(2,813)
Balance, September 30, 2015	-	64,245	64,245
Less: Depreciation	-	(722)	(722)
Balance, December 31, 2015	-	63,523	63,523
Less: Depreciation	-	(2,166)	(2,166)
Balance, September 30, 2016	\$ -	\$61,357	\$61,357

For the three and nine months ended September 30, 2016, the Company recognized a depreciation expense of \$723 and \$2,166. In comparison, for the three and nine months ended September 30, 2015 the Company recognized a depreciation expense of \$722 and \$2,813 respectively.

5. Exploration and Evaluation Costs

Cost	
Balance, January 1, 2015	\$6,010,863
Additions	10,666
Balance, September 30, 2015	\$6,021,529
Additions	4,234
Balance, December 31, 2015	\$6,025,763
Additions	24,105
Balance, September 30, 2016	\$6,049,868

For the three and nine months ended September 30, 2016, the Company capitalized \$22,207 and \$24,105 of exploration and evaluation costs, respectively. The capitalized costs for the nine months ended September 30, 2016 is comprised of costs associated with the field exploration program.

In comparison, for the nine months ended September 30, 2015 and three months ended December 31, 2015, the Company capitalized \$10,666 and \$4,234 of exploration and evaluation costs, respectively. The capitalized costs for the twelve months ended December 31, 2015 totalled \$14,900 and was comprised of costs associated with the field exploration program.

For the nine months ended September 30, 2016, the President and Chief Executive Officer's salary of \$100,845 (September 30, 2015 - \$122,008) was included in consulting and management expenses. Prior to 2015, this salary was capitalized along with the costs of the field exploration program.

SILVER MOUNTAIN MINES INC.

Notes to the Condensed Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

6. Reclamation Bond

As at:	September 30, 2016	December 31, 2015
Guaranteed investment certificate bearing interest at 0.40% maturing May 29, 2017	\$ 20,675	\$ 20,565
Guaranteed investment certificate bearing interest at 0.40% maturing August 27, 2017	7,193	7,169
Total	\$ 27,868	\$ 27,734

The reclamation bond is required by the Province of British Columbia in order to pursue drilling in the province. The cash is held in custody by the issuing bank in the form of guaranteed investment certificates and is restricted as to withdrawal or use. Interest income earned from the certificates is paid to the Company upon maturation of the deposit.

The Company will not receive the deposit back until such time that they have fulfilled their decommissioning liability with respect to their property. Accordingly, the reclamation bond has been classified as a non-current asset.

7. Decommissioning Liability

The Company's decommissioning liability is based on its net ownership in property and equipment and represents management's estimate of the costs to abandon and reclaim those assets as well as an estimate of the future timing of the costs to be incurred. Estimated cash flows have been discounted at the Company's nominal risk free rate of 2.31% and an inflation rate of 2.0%.

The total undiscounted amount of future cash flows required to settle the decommissioning liability is estimated to be \$35,700 (September 30, 2015 - \$35,000) and will be incurred in approximately twenty years from the date of these financial statements.

	2016	2015
Balance at January 1,	\$35,036	\$34,262
Accretion expense	580	580
Balance at September 30,	\$35,616	\$34,842

8. Share Capital and Reserves

(a) Authorized Share Capital

The Company has authorized an unlimited number of common shares without nominal or par value.

(b) Issued Share capital

	Number	Share Capital
Common shares		
Balance, January 1, 2015	48,251,503	\$4,793,933
Subscriptions received	-	74,890
Balance, September 30, 2015, December 31, 2015 and September 30, 2016	48,251,503	\$4,868,823

SILVER MOUNTAIN MINES INC.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

In 2014, the Company closed a private placement offering of 2,317,800 flow-through units for gross proceeds of \$115,890. At December 31, 2014, \$74,890 had been received but not yet deposited into the Company's bank account. The funds were deposited during January 2015. Each unit consisted of one flow-through common share and one half (1/2) of a purchase warrant to purchase one common share at \$0.10 expiring on December 31, 2017 (note 8 (c)). The Company recognized a premium liability of \$34,767 from the flow-through units issued for the year ended December 31, 2014. The premium liability was recognized in income for nine months ended September 30, 2015.

(c) Warrants

Warrants issued and outstanding at September 30, 2016 are as follows:

	Number	Warrant Value	Average Exercise Price	Weighted Average Remaining Life
Balance at January 1 and June 30, 2015	11,763,301	\$756,324	\$0.23	2.43
Expiry of warrants	(3,144,834)	(331,424)	\$0.40	-
Balance at December 31, 2015	8,618,467	\$424,900	\$0.18	2.29
Expiry of warrants	(291,650)	(19,043)	\$0.50	-
Balance at September 30, 2016	8,326,817	\$405,857	\$0.16	1.62

Details of the warrants outstanding at September 30, 2016 are as follows:

Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life
\$0.10	1,158,900	1.25
\$0.15	3,645,417	2.25
\$0.20	3,522,500	1.08
	8,326,817	1.62

The \$0.10 warrants issued during 2014 were valued using the Black-Scholes option-pricing model using the weighted average assumptions to estimate the fair value as follows:

As at December 31	2014
Risk-free interest rate	1.06%
Expected life	3.0 years
Expected volatility	248%
Expected dividend yield	0%
Forfeiture rate	0%

(d) Share purchase options

The Company has a share purchase option plan under which employees, directors and key consultants and/or advisors are eligible to be granted options. Under the share option plan, which was approved by the shareholders, the granted share options vest to the grantee over one year and the grantee has the right to exercise those share options for five years from the date of the granting and typically terminate 90 days following the termination of the optionee's employment or engagement. The maximum number of outstanding share options under the plan is limited to 20% of the number of common shares outstanding. The number of share options and the exercise price is set by the Company's Board of Directors based on the market value at the time of granting.

SILVER MOUNTAIN MINES INC.

Notes to the Condensed Interim Financial Statements
For the three and nine months ended September 30, 2016 and 2015

During the three and nine months ended September 30, 2016, the Company recorded share-based compensation expense of \$nil and \$475, respectively. In comparison, for the three and nine months ended September 30, 2015, the Company recorded share-based compensation expenses of \$475 and \$950, respectively.

Share options issued and outstanding at September 30, 2016 are as follows:

	Number	Weighted Average Exercise Price
Balance, January 1 and September 30, 2015	4,815,220	\$ 0.17
Expired	(540,220)	(0.09)
Granted	100,000	0.05
Balance, December 31, 2015	4,375,000	\$ 0.17
Expired	(2,500,000)	(0.25)
Balance, September 30, 2016	1,875,000	\$ 0.07

Details of the share options outstanding at September 30, 2016 are as follows:

Exercise Price	Outstanding Number of Options	Exercisable Number of Options	Weighted Average Remaining Life (years)
\$ 0.05	1,260,000	1,260,000	2.30
\$ 0.10	615,000	615,000	0.84

Options issued during 2014 and 2015 were priced using the Black-Scholes option-pricing model using the weighted average assumptions to estimate the fair value of options granted:

	2015	2014
Risk-free interest rate	0.82%	1.33% - 1.66%
Expected life - years	5.00	5.00
Expected volatility	358%	233% - 248%
Expected dividend yield	0%	0%
Expected forfeiture rate	5%	5%

(e) Contributed surplus

Balance, January 1, 2015	\$2,589,183
Share-based compensation expense	950
Balance, September 30, 2015	2,590,133
Share-based compensation expense	475
Expiry of warrants	331,424
Balance, December 31, 2015	2,922,032
Share-based compensation expense	475
Expiry of warrants	19,043
Balance, September 30, 2016	\$2,941,550

SILVER MOUNTAIN MINES INC.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(f) Loss per share

Basic loss per share amounts are calculated by dividing the total net loss and comprehensive loss for the year attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the year.

The Company's dilutive instruments consist of share purchase options and warrants.

The basic and diluted loss per share amounts are the same as the share purchase options and warrants were excluded from the dilution calculation, as they were anti-dilutive.

The weighted average number of shares outstanding for purposes of calculating basic loss per share for the three and nine months ended September 30, 2016 was 48,251,503 (September 30, 2015 – 48,251,503).

9. Commitments

The Company entered into two Net Smelter Royalty Agreements ("NSR") on May 15, 2008 with one director and two former directors of the Company. Each NSR requires the Company to pay a 3% royalty on the gross value of all products shipped from the lease to a third party smelter less allowable expenses. If the minerals are shipped to a party other than a smelter, the royalty is decreased to 2% of the value of the recoverable metals and minerals determined by a third party testing.