SILVER MOUNTAIN MINES INC.

Condensed Interim Financial Statements

For the three and nine months ended September 30, 2018 and 2017

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, 2018 and 2017.

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

	Note	September 30, 2018	December 31, 2017
Assets			
Current assets:			
Cash and cash equivalents		$ 38,343	$ 83,222
GST and other receivables		5,159	3,440
Prepaid expenses		8,176	11,808
		51,678	98,470
Non-current assets:			
Property and equipment	4	55,583	57,749
Exploration and evaluation costs	5	6,084,685	6,083,970
Reclamation bond	6	28,360	27,990
		6,168,628	6,169,709
Total assets		$6,220,306	$6,268,179
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 3,262	$ 25,289
Non-current liabilities:			
Deferred tax liability		386,164	393,271
Decommissioning liability	7	37,164	36,584
		423,328	429,855
Total liabilities		426,590	455,144
Shareholders' equity:			
Share capital	8(b)	4,868,823	4,868,823
Warrants	8(c)	109,362	109,362
Contributed surplus	8(e)	3,238,045	3,238,045
Deficit		(2,422,514)	(2,403,195)
Total shareholders' equity		5,793,716	5,813,035
Total liabilities and shareholders' equity		$6,220,306	$6,268,179
Going concern	1		
Commitments	9		

Approved on behalf of the Board:

"Steve Konopelky"	*"Daniel Belot"*
Director, President and CEO – Steve Konopelky	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)

	Note	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
Expenses					
Accretion expense	7	$193	$ 193	$580	$ 580
Automotive		300	1,302	900	2,561
Consulting and management		430	30,914	2,455	97,331
Depreciation	4	722	722	2,166	2,166
Insurance		2,183	2,183	6,548	6,548
Licenses and listing fees		1,862	246	8,015	10,314
Meals and entertainment		-	348	-	1,865
Office and storage		403	1,848	1,018	12,021
Professional fees		2,334	2,616	4,178	6,458
Telephone		300	931	900	3,038
Travel		-	-	-	692
		8,727	41,303	26,760	143,574
Interest income		278	28	334	331
Net loss before deferred tax recovery		(8,449)	(41,275)	(26,426)	(143,243)
Deferred tax recovery		2,253	11,097	7,107	38,424
Total net loss and comprehensive loss for the period attributable to common shareholders		$(6,196)	$(30,178)	$(19,319)	$(104,819)
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	Contributed Surplus	Warrants	Deficit	Total
Balances at January 1, 2017	48,251,503	$4,868,823	$3,093,894	$253,513	$(2,260,324)	$5,955,906
Total net loss and comprehensive loss	-	-	-	-	(104,819)	(104,819)
Balances at September 30, 2017	48,251,503	$4,868,823	$3,093,894	$253,513	$(2,365,143)	$5,851,087
Expiry of warrants (note 8 (c))	-	-	144,151	(144,151)	-	-
Total net loss and comprehensive loss	-	-	-	-	(38,052)	(38,052)
Balances at December 31, 2017	48,251,503	$4,868,823	$3,238,045	$109,362	$(2,403,195)	$5,813,035
Total net loss and comprehensive loss	-	-	-	-	(19,319)	(19,319)
Balances at September 30, 2018	48,251,503	$4,868,823	$3,238,045	$109,362	$(2,422,514)	$5,793,716

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

SILVER MOUNTAIN MINES INC.
Condensed Interim Statements of Cash Flows
(Unaudited)

	Note	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the six months ended September 30, 2018	For the six months ended September 30, 2017
Cash provided by (used in):					
Operating activities					
Total net loss and comprehensive loss		$(6,196)	$(30,178)	$(19,319)	$(104,819)
Items not involving cash:					
Depreciation	4	722	722	2,166	2,166
Accretion expense	7	193	193	580	580
Deferred tax recovery		(2,253)	(11,097)	(7,107)	(38,424)
		(7,534)	(40,360)	(23,680)	(140,497)
Changes in non-cash working capital:					
GST and other receivables		(4,079)	(1,785)	(1,719)	678
Prepaid expenses		(1,209)	(834)	3,632	4,757
Accounts payable and accrued liabilities		262	(670)	(22,027)	(5,960)
		(5,026)	(3,289)	(20,114)	(525)
Net cash used in operating activities		(12,560)	(43,649)	(43,794)	(141,022)
Investing activities					
Interest earned on reclamation bond	6	(370)	(41)	(370)	(123)
Purchase of exploration and evaluation assets	5	(238)	(27,337)	(715)	(31,287)
Net cash used in investing activities		(608)	(27,378)	(1,085)	(31,410)
Decrease in cash and cash equivalents		(13,168)	(71,027)	(44,879)	(172,432)
Cash and cash equivalents, beginning of the period		51,511	196,138	83,222	297,543
Cash and cash equivalents, end of the period		$38,343	$125,111	$38,343	$125,111

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

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 28, 2018 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, 2018, the Company incurred a total net loss and comprehensive loss of ($6,196) and ($19,319), respectively. In comparison, for the three and nine months ended September 30, 2017, the Company incurred a total net loss and comprehensive loss of ($30,178) and $(104,819), respectively. As of September 30, 2018, the Company had an accumulated deficit of $2,422,514 (December 31, 2017 - $2,403,195).

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 June 29, 2017, a special resolution was approved cancelling all prior consolidation resolutions and allowing a consolidation of the issued and outstanding common shares on the basis of one (1) post-consolidation common share for up to thirty (30) pre-consolidation common shares. No such consolidation has taken place as at September 30, 2018.

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, 2018.

(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 warrants and share-based payments (Note 8(c) and (d))

The Company uses an option-pricing model to determine the fair value of warrants and share-based payments. 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, 2017. Details outlining the Company's accounting policies are contained in the notes to the financial statements for the year ended December 31, 2017.

4. Property and Equipment

	Buildings	Total
Net book value		
Balances at January 1, 2017	$60,636	$60,636
Less: Depreciation	(2,166)	(2,166)
Balances at September 30, 2017	**58,470**	**58,470**
Less: Depreciation	(721)	(721)
Balances at December 31, 2017	57,749	57,749
Less: Depreciation	(2,166)	(2,166)
Balances at September 30, 2018	**$55,583**	**$55,583**

For the three and nine months ended September 30, 2018, the Company recognized a depreciation expense of $722 and $2,166, respectively. In comparison, for the three and nine months ended September 30, 2017, the Company recognized a depreciation expense of $722 and $2,166, respectively.

5. Exploration and Evaluation Costs

Cost	
Balance at January 1, 2017	$6,051,601
Additions	31,287
Balance at September 30, 2017	**$6,082,888**
Additions	1,082
Balance at December 31, 2017	$6,083,970
Additions	715
Balance at September 30, 2018	**$6,084,685**

For the three and nine months ended September 30, 2018, the Company capitalized $238 and $715 of exploration and evaluation costs, respectively. The capitalized costs for the six months ended September 30, 2018 is comprised of costs associated with the field exploration program.

In comparison, for the nine months ended September 30, 2017 and three months ended December 31, 2017, the Company capitalized $31,287 and $1,082 of exploration and evaluation costs, respectively. The capitalized costs for the twelve months ended December 31, 2017 totalled $32,369 and was comprised of costs associated with the field exploration program.

6. Reclamation Bond

As at:	September 30, 2018	December 31, 2017
Guaranteed investment certificate bearing interest at 1.95% maturing November 23, 2019	**$ 21,104**	$ 20,764
Guaranteed investment certificate bearing interest at 0.50% maturing August 29, 2019	**7,256**	7,226
Total	**$ 28,360**	$ 27,990

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 $37,300 (September 30, 2017 - $36,600) and will be incurred in approximately twenty years from the date of these financial statements.

	2018	2017
Balances at January 1,	**$36,584**	$35,810
Accretion expense	**580**	580
Balances at September 30,	**$37,164**	**$36,390**

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		
Balances at January 1, 2017, September 30, 2017, December 31, 2017 and September 30, 2018	**48,251,503**	**$4,868,823**

(c) Warrants

Warrants issued and outstanding at September 30, 2018 are as follows:

	Number	Warrant Value	Average Exercise Price	Weighted Average Remaining Life
Balance at January 1, 2017	8,326,817	$253,513	$0.16	1.36
Expiry of warrants	-	-	-	-
Balance at September 30, 2017	8,326,817	$253,513	$0.16	0.62
Expiry of warrants	(4,681,400)	(144,151)	0.18	-
Balances at December 31, 2017 and September 30, 2018	**3,645,417**	**$109,362**	**$0.15**	**0.25**

Details of the warrants outstanding at September 30, 2018 are as follows:

Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life
$0.15	3,645,417	0.25

(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.

During the three and nine months ended September 30, 2018, the Company recorded share-based compensation expense of $Nil and $Nil, respectively (September 30, 2017 - $Nil and $Nil).

Share options issued and outstanding at September 30, 2018 are as follows:

	Number	Weighted Average Exercise Price
Balances at January 1, 2017	1,875,000	$ 0.07
Expired	(615,000)	(0.10)
Balances at September 30, 2017	1,260,000	$ 0.05
Expired	(315,000)	(0.05)
Balances at December 31, 2017 and September 30, 2018	**945,000**	**$ 0.05**

Details of the share options outstanding at September 30, 2018 are as follows:

Exercise Price	Outstanding Number of Options	Exercisable Number of Options	Weighted Average Remaining Life (years)
$ 0.05	945,000	945,000	0.29

(e) Contributed surplus

Balance at January 1, and September 30, 2017	$3,093,894
Expiry of warrants	144,151
Balances at December 31, 2017 and September 30, 2018	**$3,238,045**

(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, 2018 was 48,251,503 (September 30, 2017 – 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.