Silver Mountain
Mines Inc.

SILVER MOUNTAIN MINES INC.

Condensed Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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 months ended March 31, 2015 and 2014.

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

	Note	March 31, 2015	December 31, 2014
Assets			
Current assets:			
Cash and cash equivalents		$684,071	$691,798
GST receivable		41,093	39,405
Receivable due from related party		-	2,500
Prepaid expense		15,819	22,011
		740,983	755,714
Non-current assets:			
Property and equipment	4	65,872	68,258
Exploration and evaluation costs	5	6,012,949	6,010,863
Reclamation bond	6	27,631	27,514
		6,106,452	6,106,635
Total assets		6,847,435	6,862,349
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		13,193	29,033
Premium liability	8(b)	-	34,767
		13,193	63,800
Non-current liabilities:			
Deferred tax liability		527,918	515,795
Decommissioning liability	7	34,455	34,262
		562,373	550,057
Total liabilities		575,566	613,857
Shareholders' equity:			
Share capital	8(b)	4,868,823	4,868,823
Subscriptions receivable	8(b)	-	(74,890)
Warrants	8(c)	756,324	756,324
Contributed surplus	8(e)	2,589,570	2,589,183
Deficit		(1,942,848)	(1,890,948)
Total shareholders' equity		6,271,869	6,248,492
Total liabilities and shareholders' equity		$6,847,435	$6,862,349
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 March 31, 2015	2014
Expenses			
Accretion expense		$193	$193
Advertising and promotion		313	15,000
Automotive		632	597
Consulting and management		43,526	11,374
Depreciation	4	1,186	1,241
Insurance		6,284	5,532
Licenses and listing fees		7,393	8,766
Meals and entertainment		470	1,748
Office		5,351	15,142
Professional fees		6,759	2,093
Share-based compensation	8(d)	387	4,907
Telephone		774	1,200
Travel		2,640	4,123
		75,908	71,916
Interest income		1,364	2,233
Net loss before deferred income tax recovery		(74,544)	(69,683)
Deferred income tax recovery		22,644	193,903
Total comprehensive income (loss) for the period attributable to common shareholders		$(51,900)	$124,220
Basic and diluted income (loss) per share	8(f)	$(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, 2014	45,933,703	$4,656,775	$2,021,162	$1,259,335	$(1,819,511)	$6,117,761
Shares issued for cash, net of share issue costs	-	169,400	-	-	-	169,400
Share-based compensation	-	-	4,907	-	-	4,907
Total comprehensive income	-	-	-	-	124,220	124,220
Balance, March 31, 2014	45,933,703	$4,826,175	$2,026,069	$1,259,335	$(1,695,291)	$6,416,288
Shares issued for cash, net of share issue costs	2,137,800	(32,242)	-	38,475		6,233
Share-based compensation	-	-	21,628	-		21,628
Expiry of warrants	-	-	541,486	(541,486)		-
Total comprehensive loss	-	-	-	-	(195,657)	(195,657)
Balance, December 31, 2014	48,251,503	$4,793,933	$2,589,183	$756,324	$(1,890,948)	$6,248,492
Shares issued for cash, net of share issue costs	-	74,890	-	-	-	74,890
Share-based compensation	-	-	387	-	-	387
Total comprehensive loss	-	-	-	-	(51,900)	(51,900)
Balance, March 31, 2015	48,251,503	$4,868,823	$2,589,570	$756,324	$(1,942,848)	$6,271,869

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 March 31, 2015	2014
Cash provided by (used in):			
Operations			
Total comprehensive income (loss)		$(51,900)	$124,220
Items not involving cash:			
Depreciation	4	1,186	1,241
Accretion expense		193	193
Share-based compensation	8(d)	387	4,907
Deferred income tax		12,123	24,822
		(38,011)	155,383
Change in non-cash working capital:			
Interest and GST receivable		812	(1,918)
Prepaid expense		6,192	(5,450)
Accounts payable and accrued liabilities		(15,840)	(75,119)
		(8,836)	(82,487)
Net cash provided by (used in) operations		(46,847)	72,896
Financing			
Issuance of flow-through units, net of share issue costs	8(b)	74,890	169,400
Change in non-cash working capital:			
Premium liability		(34,767)	(218,725)
Net cash provided by (used in) financing activities		40,123	(49,325)
Investing			
Proceeds on disposition of property and equipment	4	1,200	-
Interest adjustment on reclamation bond	6	(117)	-
Purchase of exploration and evaluation assets	5	(2,086)	(44,758)
Net cash used in investing activities		(1,003)	(44,758)
Decrease in cash and cash equivalents		(7,727)	(21,187)
Cash and cash equivalents, beginning of the period		691,798	1,426,291
Cash and cash equivalents, end of the period		$684,071	$1,405,104

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"), formerly Rupestris Mines Inc., 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 4H6. These financial statements were approved and authorized for issuance on May 13, 2015 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 months ended March 31, 2015, the Company incurred a total comprehensive loss of $(51,900). In comparison, for the three months ended March 31, 2014, the Company had total comprehensive income of $124,220. As of March 31, 2015, the Company had an accumulated deficit of $1,942,848 (December 31, 2014 - $1,890,948).

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.

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 March 31, 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, 2014. Details outlining the Company's accounting policies are contained in the notes to the financial statements for the year ended December 31, 2014.

4. Property and Equipment

	Office Equipment	Buildings	Total
Net book value			
Balance, January 1, 2014	$4,336	$69,298	$73,634
Less: Depreciation	(520)	(721)	(1,241)
Balance, March 31, 2014	**3,816**	**68,577**	**72,394**
Disposition of assets	(630)	-	(630)
Less: Depreciation	(1,339)	(2,166)	(3,505)
Balance, December 31, 2014	1,847	66,411	68,258
Disposition of assets	(1,200)	-	(1,200)
Less: Depreciation	(464)	(722)	(1,186)
Balance, March 31, 2015	**$183**	**$65,689**	**$65,872**

For the three months ended March 31, 2015, the Company recognized a depreciation expense of $1,186 (March 31, 2014 - $1,241). During the three months ended March 31, 2015, the Company disposed of office equipment for proceeds of $1,200 (March 31, 2014 - $nil), which was the net book value of the equipment at the time.

5. Exploration and Evaluation Costs

Cost	
Balance, January 1, 2014	$5,297,784
Additions	44,758
Balance, March 31, 2014	**$5,342,542**
Additions	668,321
Balance, December 31, 2014	$6,010,863
Additions	2,086
Balance, March 31, 2015	**$6,012,949**

For the three months ended March 31, 2015, the Company capitalized $2,086 of exploration and evaluation costs. The capitalized costs for the three months ended March 31, 2015 is comprised of costs associated with the 2014 field exploration program.

In comparison, for the three months ended March 31, 2014 and nine months ended December 31, 2014, the Company capitalized $44,758 and $668,321 of exploration and evaluation costs, respectively. The capitalized costs for the twelve months ended December 31, 2014 totalled $713,079 and was comprised of the following: President and Chief Executive Officer's salary was $158,864 and costs associated with the field exploration program were $554,215. For the three months ended March 31, 2015, exploration expenses were minimal and the President and Chief Executive Officer's salary of $42,317 was included in consulting and management expenses.

6. Reclamation Bond

As at:	**March 31, 2015**	December 31, 2014
Guaranteed investment certificate bearing interest at 0.80% maturing May 29, 2015	**$20,489**	$20,402
Guaranteed investment certificate bearing interest at 0.80% maturing August 28, 2015	**7,142**	7,112
Total	**$27,631**	$27,514

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 $35,000 (2014 - $35,000) and will be incurred in approximately twenty years from the date of these financial statements.

	2015	2014
Balance at January 1,	**$34,262**	$33,488
Accretion expense	**193**	193
Balance at March 31,	**$34,455**	$33,681

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, and March 31, 2014	45,933,703	$4,826,175
Private placement offering - flow-through	2,317,800	(32,242)
Balance, December 31, 2014	48,251,503	$4,793,933
Subscriptions received	-	74,890
Balance, March 31, 2015	**48,251,503**	**$4,868,823**

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 three months ended March 31, 2015.

(c) Warrants

Warrants issued and outstanding at March 31, 2015 are as follows:

	Number	Warrant Value	Average Exercise Price	Weighted Average Remaining Life
Balance at January 1, 2015	11,763,301	$756,324	$0.23	2.68
Balance at March 31, 2015	**11,763,301**	**$756,324**	**$0.23**	**2.43**

Details of the warrants outstanding at March 31, 2105 are as follows:

Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life
$0.10	1,158,900	2.75
$0.15	3,645,417	3.75
$0.20	3,522,500	2.58
$0.25	1,300,000	0.74
$0.50	2,136,484	0.77
	11,763,301	2.43

The warrants 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.

Share options issued and outstanding at March 31, 2015 are as follows:

	Number	Weighted Average Exercise Price
Balance at January 1, and March 31, 2015	4,815,220	$0.17

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

	November 2013	January 2014	September 2014
Risk-free interest rate	1.51%	1.33%	1.66%
Expected life	5.0 years	5.0 years	5.0 years
Expected volatility	181%	248%	233%
Weighted average grant date share price	$0.03	$0.04	$0.04
Expected dividend yield	0%	0%	0%

(e) Contributed surplus

Balance, January 1, 2014	$2,021,162
Share-based compensation expense	4,907
Balance, March 31, 2014	**2,026,069**
Share-based compensation expense	21,628
Expiry of warrants	541,486
Balance, December 31, 2014	2,589,183
Share-based compensation expense	387
Balance at March 31, 2015	**$2,589,570**

(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 months ended March 31, 2015 was 48,251,503 (March 31, 2014 – 45,933,703).

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.