

# Silver One Resources Inc.

## Management's Discussion and Analysis for the year ended December 31, 2019

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This Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2019, prepared as of April 16, 2020, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019 of Silver One Resources Inc. (the "Company" or "Silver One"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts included in this MD&A are expressed in Canadian dollars unless otherwise indicated.

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

### COMPANY OVERVIEW

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

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 a 100% interest in the Phoenix Silver property in Arizona as well as 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.

### COMPANY HIGHLIGHTS

Current highlights (including subsequent events up to April 16, 2020) include:

#### Subsequent Events

##### January 2020 Financing

On January 13, 2020 and January 20, 2020, the Company closed an oversubscribed two-tranche 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.

Further, Eric Sprott ("Sprott"), through 2176423 Ontario Ltd., a company which is beneficially owned by Sprott, subscribed for an additional \$500,000 under the final tranche of the Financing resulting in a total investment of \$1,500,000 under the entire Financing. As a result, Sprott continues to be the largest shareholder of Silver One and holds 12.9% of the issued and outstanding shares ("Common Share") of Silver One.

##### 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.

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 the first anniversary of 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 this Production Payment, SSR Mining has agreed to relinquish the final 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

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- 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.

### 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 payment 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.

### Silver One Achieves Top 10 Ranking in the Mining Sector on the TSXV 2020 Venture 50

On Feb 24, 2020, Silver One announced that it was selected as one of the top 10 performers in the mining sector on the TSXV 2020 Venture 50. The Venture 50 show cases the top 10 companies listed on the TSX-V in each of five major industry sectors – energy and energy services, clean technology and life sciences, mining, diversified industries and technology – based on a ranking formula with equal weighting given to market cap growth, trading volume amount and share price appreciation. December 31, 2019 was the cutoff date for the data used to calculate the rankings.

### Silver One Announces Initial Drill Results at Candelaria

On March 2, 2020, the Company announced drill results from the initial 5 diamond drill holes completed in the area around the historic open-pits at Candelaria, Nevada. Drilling results confirmed the down-dip continuation of silver mineralization and also encountered high-grade intercepts below the existing pit limits. One high-grade down-dip intercept in hole SO-C-19 047 returned 1,129 gm/t silver over 8 m true width, within a 27.62 meter interval that averaged 350 gm/t silver.

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### 2019 Events

#### January 2019 Financing

On January 7, 2019, the Company closed a private placement by issuing 4,158,334 units ("Units") at a price of \$0.15 per Unit for gross proceeds of \$623,750. 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.

#### Issuance of shares under Option Agreement with Candelaria Mining Company

On January 21, 2019, The Company issued a total of 5,827,338 shares at a deemed price of USD \$1,000,000 (\$1,252,878) to SSR Mining as part of the required payments under the Candelaria Option Agreement.

#### Drilling at Peñasco Quemado

In February 2019, the Company announced the commencement of a 1,000 meter diamond drill program at Peñasco Quemado, Mexico to test various targets outlined by previous soil geochemical and geophysical surveys. Results were reported on May 21, 2019. The drilling at Peñasco Quemado illustrates that the mineralized silver-manganese system extends beyond the area of the historic resource. Also, low to moderate zinc and lead values were encountered in drill holes to the southeast of the historic drill area. However, the limited drill program was not sufficient to fully test all anomalous areas.

#### Investor Relations Agreement

On March 15, 2019, the Company entered into an investor relations agreement with Strata-Star Group, LLC ("Strata-Star"). Strata-Star will provide investor relations services to Silver One under an investor relations agreement. The agreement is for a term of one year, which may be extended by written agreement of the parties.

Under the terms of the agreement, Silver One has agreed to pay a monthly consulting fee of USD \$7,500 and to grant options to purchase 200,000 common shares of Silver One at a price of \$0.22 per share (granted March 15, 2019). The options are subject to the vesting provisions and the terms and conditions of Silver One's stock option plan.

#### Silver One Commenced Trading on OTCQB

On May 31, 2019 Silver One's common shares commenced trading on the more senior OTCQB Marketplace Exchange under the symbol "SLVRF".

The OTCQB offers transparent trading in entrepreneurial and development stage companies that have met a minimum bid price test, are current in their financial reporting and have undergone an annual verification and management certification process. These standards provide a strong baseline of transparency, as well as the technology and regulation to improve the information and trading experience for investors.

Investors in the U.S. can now obtain Real-Time quotes and market information for the Company at [www.otcm Markets.com](http://www.otcm Markets.com) as well as access the most current company news and developments. US Investors will now have greater access to information via the OTC Disclosure and News Service, and transparent prices through full depth of book with Real Time Level 2 quotes.

#### July 2019 Financing

On July 10, 2019, the Company closed a private placement by issuing 39,808,000 units at a price of \$0.125 per unit for gross proceeds of \$4,976,000. 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 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.

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Eric Sprott ("Sprott"), through 2176423 Ontario Ltd., a company which is beneficially owned by Sprott, subscribed for \$2,000,000 of the Financing. As a result, Sprott is now the largest shareholder of Silver One and holds 10.9% of the issued and outstanding shares ("Common Share") of Silver One.

Under the financing, the Company paid finders' fees totaling \$46,290, 216,000 shares and 502,320 warrants.

### **Silver One and SSR Mining Amend Candelaria Agreement**

On July 25, 2019, Silver One and SSR entered into an Amendment Agreement in reference to the assumption of the USD \$2,000,000 bond obligation to be taken on by Silver One upon completion of the "Option Agreement" in January 2020. The Amendment Agreement has deferred the assumption of the USD \$2,000,000 bond obligation by Silver One until January 2023.

This Amendment Agreement highlights the strong working relationship between Silver One and SSR Mining. By deferring the bond obligation, Silver One can focus its financial and technical resources on the advancement of the Candelaria project and completing its economic studies on potentially bringing the historic heaps back into production. This will also allow for a potential enhancement of shareholder value and be of longer-term benefit to all stakeholders.

### **Silver One Initiates Exploration on its Cherokee Silver-gold-copper Prospect, Eastern Nevada**

On Sept. 3, 2019, the Company commenced a surface mapping and sampling program on its high-grade silver-gold-copper Cherokee prospect in eastern Nevada. Preliminary sampling in 2018 outlined 2 major northwest trending vein systems that were traced for over 12 km along strike. Sampling in the Cherokee Mine area returned select surface samples as high as 985 gm/t silver and 4.8% copper. Select surface sampling in the Hidden Treasure area, located 7 km south of the historic Cherokee Mine, returned values as high as 1,895 gm/t silver and 2 gm/t gold. The Company also planned for an airborne gradient magnetometer survey to be completed over the entire property. None of the vein systems have ever been drilled.

Results of the airborne magnetometer survey were announced on Nov. 11, 2019. Several new targets were outlined by this survey, which were tested by ongoing surface sampling programs. Results are pending.

### **Silver One Commences Drilling at Candelaria, Outlines New Targets through Airborne Geophysical Surveys, and expands landholdings at Candelaria, Nevada.**

On Nov 7, 2019, the Company announced the commencement of a diamond drill program at Candelaria. This drill program will potentially allow for the updating of the historic 43-101 resource estimate completed in 2001-02 by Silver Standard. Having a current 43-101 resource will greatly increase the confidence with respect to the quantity and quality of mineralization at Candelaria. The drilling will also test the continuity of higher-grade mineralization down-dip from the two historic pits. Additional information that will be gleaned from this program include potential continuity of the mineralization outside the open-pits and the larger core size will provide sufficient samples for metallurgical testing of the in-situ hard rock mineralization.

On Nov18, 2019, the Company announced the results of the airborne gradient magnetometer survey over the Candelaria property. The geophysical survey was very successful in identifying several new targets as well as in mapping structures that may be important controls to the silver mineralization. Preliminary results illustrate that mineralized structures present at Diablo, Northern Belle and Georgine mines, continue for at least 4 km farther to the east and west of the Diablo and Georgine pits respectively. Results also reveal a large magnetic high with a geophysical signature consistent with IOCG deposits. This feature constitutes a major target 5 km long and 1.5 km wide located north and west of Georgine, Northern Belle and Diablo pits. These new exploration targets will be the focus of further testing in 2020.

On the same date, the company announced that it staked an additional 710.7 hectares of new unpatented claims and acquired 14.6 acres in three patented claims. The unpatented claims cover new exploration targets and the purchase of the patented claims gives the opportunity to consolidate the land within the company's property.

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### MINERAL PROPERTIES

#### USA

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

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

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

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

Silver One entered into a 3-year option agreement with SSR (announced on January 17 and 23, 2017) whereby Silver One issued 1,332,900 Silver One common shares worth USD \$1,000,000 upon TSX-V approval of the option agreement (January 23, 2017). On January 24, 2018, the Company announced the completion its first anniversary payment to SSR Mining by issuing 2,828,636 shares at a deemed value of USD \$1,000,000. On January 28, 2019, the Company announced the completion its second anniversary payment to SSR Mining by issuing 5,827,338 shares at a deemed value of USD \$1,000,000. It is further obligated to issue an additional USD \$1,000,000 worth of Silver One shares in January 2020. 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.

Upon completion of the option agreement, Silver One will have earned 100% of SSR's interest in the property, subject to a 3% net smelter returns royalty payable to Teck Resources USA on production from a certain claims group of the property and a charge of \$0.01 per ton payable for waste rock dumped on certain claims.

Silver One's goal is to re-evaluate all of the resources, including potential reprocessing of silver from the historic leach pads. It will also explore for potential down-dip, high-grade extensions to the system. Drilling completed by SSR partially delineated some of these deeper targets, but the testing of their full potential has not been completed. Additionally, as indicated by historic workings throughout the area, Silver One will examine the potential for increasing the extent of the mineralized system along strike in both directions from the historic open-pits.

On January 3, 2018, the Company announced the completion of a 1,110 meter sonic drilling program on the historic heaps, stock piles and waste dumps.

Assay results were reported in a news release of April 19, 2018. The results are encouraging as the head grade of the leach pads, estimated at 43 g/t, is over 3 times greater than the head grades currently being mined at the Rochester Mine held by Coeur Mining approximately 220 kilometres north of Candelaria. Further, an average cyanide soluble silver content of 56% for leach pad material and 64% for fresh material in stockpiles, combined with their respective silver grades reported, provide a promising outlook for the project.

Historic silver recoveries at Candelaria ranged from 42% to 51% of the total silver through the heap leaching

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ores crushed at sizes below 1 inch. Silver One believes that such recoveries may be improved by milling or the use of high-pressure grinding rolls ("HPGR") prior to leaching. HPGR is being employed at numerous mines throughout Nevada, including Coeur's Rochester Mine, with resultant improved silver/gold recoveries and reduced operating costs.

The Company prepared various composite samples from the heaps and stockpiles which were sent to McClelland Laboratories, Inc. in Reno, Nevada for ongoing metallurgical testing. The metallurgical results will assist in determining the best methods to potentially recover silver from the heap leach pads, stockpiles and dumps.

Preliminary metallurgical test results were announced on June 28, 2018. These results indicate that the average cyanide soluble silver content remaining in the two heap leach pads averages 56%. These results are very encouraging, considering the heaps were partially leached by Kinross and others during previous operations.

The Company is continuing its metallurgical testing to determine the most cost-effective means of potentially extracting the remaining silver from the historic leach pads. Samples were more recently sent to Kappes Cassiday in Reno, Nevada for column leach testing using HPGR. Additionally, samples were sent to a silver producing mine to test very fine milling and cyanide recovery of silver using microbubble technology. Results were published in the company's May 21 news release. In light of the positive results of both HPGR and fine milling tests, the company will continue its testing to investigate optimization alternatives.

Silver One commenced a drilling program in the area of the historic open-pits. Duplicate holes to the historic drilling will be used to verify silver grades and potentially update the historic 43-101 resource to current. Additionally, down-dip testing of high-grade intercepts encountered by Silver Standard's drilling between 1999 and 2000, will be undertaken. Diamond drilling was conducted as opposed to less expensive reverse circulation drilling in order to better understand the geological and structural controls on the mineralization.

Surface exploration to assess the mineral potential along-strike outside the areas of the old pits continues. The Company has also undertaken the process of claim consolidation through acquisitions and staking.

### ***Cherokee, Nevada, United States***

In July 2018 Silver One announced that it has expanded its portfolio of high-quality silver projects with the staking of 636 lode claims (approximately 13,000 acres or 5,200 hectares) covering a 12-kilometre long by 4-kilometre wide, structurally controlled, silver-copper-gold system in Lincoln County, Nevada. The property, known as Cherokee, hosts a series of epithermal-style veins, along with several large areas of strong silicification and associated jasperoids. Similar epithermal systems to those at Cherokee are known to host numerous gold and silver mines throughout Nevada. A total of 125 samples were collected across the property in Q2 2018, with individual values as high as 1,162 ppm silver, 2.9% copper and over 2 ppm gold being returned from select surface dump, rock grab and rock chip samples taken along the exposed areas of these vein systems. Additional sampling at Cherokee returned select sample results as high as 954 g/t silver and 4.8% copper.

The Company also announced that it entered into a Lease/Purchase Agreement with Castelton Park LLC of Sparks, Nevada to acquire five patented claims covering 83.5 acres along the Cherokee vein system in July 2018.

Further sampling results, along the 12+ kilometre long structures were announced October 2018. A new zone called Hidden Treasure was identified in the southeastern portion of the property. Hidden Treasure lies east-southeast of the Johnnie Mine and hosts some of the highest gold values collected to date on the Cherokee property. It occurs where the high-grade Cherokee and Mojoto vein systems are interpreted to merge. This intersection area of two major regional scale vein systems could be a very favourable structural host for the localization of epithermal style mineralization.

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rCherokee is an emerging silver exploration target located approximately 75 kilometres south of the historic Pioche mining district. From 1869 to present, there have been over 6 million tons mined in the Pioche area producing in excess of 1 million ounces of gold, 20 million ounces of silver, 7 million pounds of copper, 350 million pounds of lead and 700 million pounds of zinc. Production was initially from gold-silver-copper veins and later from underlying carbonate-hosted replacement-type mineralized bodies. Mineralization at Cherokee is best characterized as epithermal in nature and is hosted in sedimentary and volcanic rocks, which is geologically similar to the past producing mineralized systems at Pioche.

Silver One's near-term objective is to continue surface exploration, including additional mapping and sampling to evaluate large areas of this property that remain untested. Results of the geophysical survey, announced on November 11, 2019, reveal new structural and geological features potentially associated to metallic mineralization, as well as expanded linear features that contain known mineralized systems at Cherokee, Mojoto, Johnny and Hidden Treasure vein-structures.

The medium-term goal will be to prioritize drill targets to potentially extend known mineralized areas both at depth and along-strike from the exposed veins.

### ***Phoenix Silver Project, Arizona, United States***

On Feb 5, 2020, Silver One entered into an agreement to acquire an 100% interest in a very high-grade native silver prospect in Arizona. The property, to be called Phoenix Silver, lies within the "Arizona Silver Belt", immediately adjacent to the prolific copper producing area of Globe, Arizona. Multiple surface vein fragments, interpreted to have been transported short distances downslope from partially exposed vein structures, have been found in numerous areas throughout the property. Some of the larger fragments have returned the following:

A 417-pound native silver vein fragment was found buried beneath the overburden in a dry creek bed immediately downslope from prospective vein targets. Specific gravity measurements indicate a high-grade silver content (possibly up to 70% silver). No assay was performed due to the desire to preserve the specimen nature of this sample.

An 18.7 lb (8.5 kg) native silver vein fragment assayed 459,000 gm/tonne (14,688 oz/ton) silver, as determined by a concentrate assay performed at Skyline Assayers and Laboratories, Tucson, Arizona (ISO: 17025:2005).

The above grab samples are selected samples and are not necessarily representative of the mineralization hosted on the property

The extremely high-grade nature of the vein fragments discovered on this largely overburden covered property makes for a highly prospective exploration target. This will become a focus for Silver One's exploration efforts in 2020.

### **Mexico**

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

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

A 2006 drilling program outlined a historical measured and indicated resource of 2.57 million tonnes at a grade of 117 g/t Ag for a silver resource of 9.63 million ounces (Technical Report filed on SEDAR on Jan. 9, 2017). The silver mineralization is associated with manganese oxides and barite in a near surface shallow westerly dipping zone of polymictic conglomerate in the northern part of the deposit and in stockwork quartz and manganese oxides in a rhyolite dome in the southern part of the deposit. See "Cautionary Note on Historical Resource Estimates". The historical resource has been traced along a 450m strike length and drilling to date

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

The Company has also completed a controlled-source audio-frequency magnetotellurics ("CSAMT") geophysical survey over the property. Results were announced on April 12, 2018. Four main CSAMT's low resistivity anomalies have been delineated, which significantly expand the exploration potential within and outside the historic resource area previously outlined by Micon International for Silvermex Resources Ltd. in 2006. This geophysical survey was very successful in identifying potential for down-dip, westward extensions to the historic resource area that have never been drilled. It also outlined new areas of low resistivity that are associated with strong to moderate zinc, lead and/or copper in soil geochemical signatures. The CSAMT further identified deep zones of low resistivity which suggest wide channelways for potential mineralizing solutions.

In February 2019, the Company announced the commencement of a 1,000 meter diamond drill program at Peñasco Quemado to test various targets outlined by previous soil geochemical and geophysical surveys. The program has been completed. Results were published in the company's May 21<sup>st</sup> news release.

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

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

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

A property wide soil sampling program was completed in late 2016, with results announced on March 1, 2017. The results reveal lead-zinc-copper and antimony anomalies that correlate with known mineralized veins. Portions of the veins however, do not show contrast with background values. The tropical weather of Frazada has leached silver and to some extent other elements such as zinc and copper that are more easily detectable in dry weather. Thus, the vein is not easily visible with the soil geochemistry. Despite such limitations, certain elements are useful to identify the veins and delineate extensions of the mineralized trends. Antimony, for example, roughly correlates with the Jabalina East vein. Lead, zinc and copper roughly correlate with the Frazada vein in the eastern part of the property and indicate that the vein extends an additional 300 meters to the west.

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

At December 31, 2018 and 2017, impairment indicator tests were performed by reviewing the individual property for impairment indicators. The impairment tests performed determined that the recoverable amount exceeded the carrying amount of the property as at December 31, 2018 and 2017, and that no impairment was required.

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

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

At December 31, 2018 and 2017, impairment indicator tests were performed. The impairment indicator test as at December 31, 2018 determined that no impairment was required. As at December 31, 2017, an impairment indicator test was performed by reviewing the individual property for impairment indicators. It was identified that there were indicators of impairment and that an impairment test was required on Pluton, primarily as a result of low historical exploration expenditures and lack of budgeted or planned expenditures. The impairment tests resulted in the carrying value at December 31, 2017 exceeding the recoverable amount of \$31,000. This resulted in a writedown on the property of \$1,069,799.

The company is currently seeking partners to advance or acquire the Property. Exploration targets at Pluton are silver-lead-zinc carbonate replacement deposits, which may lie beneath the shallow alluvial cover. Geological, geophysical and geochemical surveys carried throughout the property delineate five main target areas. Limited drilling conducted in 2011 partially tested some of the targets intersecting narrow structures between 0.5m to 1.2 meters wide, with up to 6.5% Zn, 3% Pb, 0.47 g/t Au and 23 g/t Ag in clastic and hornfels rock formations that overlay favourable limestones. Deeper holes are warranted to test potential high-grade silver manto-chimney deposits in limestones at depth.

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

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

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

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

*Silvermex Resources Limited reported in a technical report titled "Updated NI 43-101 Technical Report and Resource Estimate for the Peñasco Quemado Silver Property" dated March 9, 2007 (filed on SEDAR on March 16, 2007), prepared by William J. Lewis and James A. McCrea, the above historical mineral resource estimate. The historical mineral resource estimate used "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", which are categories set out in NI 43-101. Accordingly, the Company considers these historical estimates reliable as well as relevant as it represents a target for exploration work by the Company. The data base for the historical resource estimate consisted of 24 reverse circulation holes from a 1981/82 program, 17 reverse circulation holes from a 2006 program and 8 diamond drill holes from a 2006 drill program. Assay data was available for all 49 of the drill holes and 12 trenches. The mineral resource estimate used a kriging estimation method to establish ore zones with a cut-off grade of 30 g/t Ag and assays capped at 700 g/t Ag. Resource blocks were estimated by ordinary kriging with samples within a search radius of 25 meters classified as a measured mineral resource, within 47 meters classified as an indicated mineral resource and within 70 meters classified as an inferred mineral resource. As required by NI 43-101, CIM definitions (August, 2004) were used to classify mineral resources with the classification of each kriged ore block dependent upon the number of penetrating holes. An in-situ block density of 2.50 t/cu meter was assigned the ore blocks. The qualified person has not done sufficient work to classify the historical estimate as a current mineral resource therefore the Company is treating these historical estimates as relevant but not current mineral resources.*

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### Historical Resource Estimate on La Frazada Property

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

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

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

### Historical Resource Estimate on Candelaria Project

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

Candelaria Project							
Historical Resource Estimate							
Area/Type	Classification	Tons	Factored Ag Grade (opt Ag <sub>total</sub> )	Sol. Au Grade (opt Au <sub>soluble</sub> )	AqEq Grade (opt AgEq <sub>total</sub> )	Ag Ounces (Ag <sub>total</sub> )	Aq Equiv. Ounces (AqEq <sub>total</sub> )
Mount Diablo	Measured	3,391,000	4.44	0.004	4.67	15,054,000	15,838,000
	Indicated	10,231,185	2.84	0.003	3.01	29,005,000	30,796,000
	Subtot. M + Ind	13,623,000	3.23	0.003	3.42	44,060,000	46,633,000
Mount Diablo	Inferred	5,191,000	2.12	0.003	2.30	11,015,000	11,939,000
Northern Belle		9,162,000	2.26	0.002	2.37	20,661,000	21,714,000

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Leach Pads		37,328,000	1.29	---	1.29	48,153,000	48,153,000
L.G. Stockpiles		4,000,000	0.75	---	0.75	3,000,000	3,000,000
	Subtot. Inf.	55,681,000	1.49	0.002	1.52	82,829,000	84,806,000

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

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

- (1) on the Mount Diablo Deposit consisted of 538 drill holes by previous owners and 10 drill holes by SSR. For drill holes that were twinned, the author used the lower of the two values assigned to the original holes. The mineral resource estimate used a kriging estimation method to establish ore zones with a cut-off grade of 0.5 opt Ag. Ordinary kriging was used to interpolate grades in the block model. The block models were set up with block dimensions of 25 feet by 25 feet in plan and 10 feet in height. The maximum search range used in the higher-grade zone was 235 feet, in the lower grade zone it was 1,000 feet and in the background zone it was 350 feet. Block models more than 300 feet from the nearest composite only constituted 3 percent of the total number of estimated blocks and were assigned to an inferred category,
- (2) on the Northern Belle Deposit consisted of 226 drill holes by previous owners, of which a portion of these holes were duplicated for the Mount Diablo Deposit database. The mineral resource estimate used a kriging estimation method to establish ore zones with a cut-off grade of 0.5 opt Ag. The mineral resource estimate used multiple indicator kriging to interpolate grades in the block model. Block models were set up with block dimensions of 50 feet by 50 feet in plan and 20 feet in height. The maximum search range used in the higher-grade zone was 85 feet, in the intermediate-grade zone was 120 feet and the lower-grade zone was 140 feet and in the lower undifferentiated material below the current pit topography was 260 feet. Block models more than 300 feet from the nearest composite only constituted 3 percent of the total number of estimated blocks and were assigned to an inferred category;
- (3) on the Leach Pads consisted of 24,633,000 tons located on Leach Pad 1 and 12,695,000 on Leach Pad 2. The estimate for Leach Pad 1 is based on the fact that silver production indicates 51.5% of total silver was recovered by heap leaching operation, while 81.2% of the soluble silver content was recovered. Further, the estimate for Leach Pad 2 is based on the fact that silver production indicates 42.4% of total silver was recovered by heap leaching operation, while 71.3% of the soluble silver content was recovered;
- (4) on the Low Grade Stockpile is based on limited and incomplete data and documentation. Material placed on the on the stock piles ranged from 0.5 to 0.65 opt Ag,

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

# Silver One Resources Inc.

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### SELECTED ANNUAL INFORMATION

The following is a summary of selected audited financial information of the Company for each of the last three fiscal years:

	2019	2018	2017
	\$	\$	\$
Total revenues	-	-	-
Net loss	(1,614,323)	(1,619,818)	(3,062,646)
Net loss per share (basic and diluted) <sup>1</sup>	(0.01)	(0.02)	(0.04)
Total assets	18,246,149	12,735,077	11,976,255
Total liabilities	958,146	550,073	582,918

<sup>1</sup> The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

### SUMMARY OF QUARTERLY RESULTS

Three months ended (\$)	December 31 2019	September 30 2019 <sup>1</sup>	June 30 2019	March 31 2019 <sup>2</sup>
Revenues	-	-	-	-
Net loss	(594,263)	(369,524)	(296,488)	(354,048)
Net loss per share – (basic and diluted) <sup>3</sup>	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	18,246,149	18,682,427	14,780,576	14,521,864

Three months ended (\$)	December 31 2018	September 30 2018	June 30 2018	March 31 2018
Revenues	-	-	-	-
Net loss	(345,689)	(365,748)	(484,756)	(423,625)
Net loss per share - (basic and diluted) <sup>3</sup>	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	12,735,077	12,081,911	12,578,925	12,839,502

<sup>1</sup> The increase in total assets is mostly due to the private placement during the quarter raising gross proceeds of \$4,976,000.

<sup>2</sup> The increase in total assets is mostly due to the issuance of 5,827,338 shares in accordance with the Candelaria Agreement with a value of \$1,252,878 as well as the IFRS 16 transition adjustment of \$521,191 from the capitalization of the right-of-use asset arising from the office rental lease.

<sup>3</sup> The basic and diluted loss per share calculation results in the same value as there is an anti-dilutive effect of outstanding options and warrants due to the net loss.

### RESULTS OF OPERATIONS

#### Three months ended December 31, 2019

During the three months ended December 31, 2019, the Company reported a net loss of \$594,263 or \$0.00 per share compared to a loss of \$345,689 or \$0.00 per share for the three months ended December 31, 2018. The most significant expenses of variance to the prior year period are as follows:

#### Depreciation of \$36,869 (2018 – \$3,952)

The increase in depreciation during the three months ended December 31, 2019 is the result of the adoption of the new IFRS 16 accounting standard, which resulted in a transition adjustment of \$525,191 capitalized to property and equipment related to the right-of-use asset in the office rental lease. Whereas the office rent was previously recorded under administrative and office expense on the Company's financial statements, the cost associated with the office rent is now shown as depreciation of the right-of-use asset. Due to this adoption of IFRS 16, the administration and office expense has also decreased as rent expense was included within that line item in 2018.

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## Management's Discussion and Analysis for the year ended December 31, 2019

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### **Share-based payments of \$222,087 (2018 - \$54,657)**

The increase in share-based payments is the result of more options being granted during 2019 that had vesting charges over the three months ended December 31, 2019.

### **Shareholder communications of \$130,029 (2018 - \$56,318)**

The increase in shareholder communications is the result of increased marketing and promotional activities of the Company as it prepared for the financing subsequent to year end in January of 2020.

### **Income from sublease of office of \$21,364 (2018 - \$nil)**

Upon the adoption of the new IFRS 16 accounting standard for leases, the income from the sublease of the office is shown as a separate line on the financial statements. In the prior year quarter, the income from the sublease of the office was shown net against the administrative and office expense line.

### **Year ended December 31, 2019**

During the year ended December 31, 2019, the Company reported a net loss of \$1,614,323 or \$0.01 per share compared to a loss of \$1,619,818 or \$0.02 per share for the year ended December 31, 2018. The most significant expenses of variance to the prior year are as follows:

### **Depreciation of \$144,960 (2018 – \$15,807)**

The increase in depreciation during the year ended December 31, 2019 is the result of the adoption of the new IFRS 16 accounting standard, which resulted in a transition adjustment of \$525,191 capitalized to property and equipment related to the right-of-use asset in the office rental lease on January 1, 2019. Whereas the office rent was previously recorded under administrative and office expense on the Company's financial statements, the cost associated with the office rent is now shown as depreciation of the right-of-use asset. Due to this adoption of IFRS 16, the administration and office expense has also decreased as rent expense was included within that line item in 2018.

### **Salaries and benefits of \$256,791 (2018 - \$308,840)**

During the year ended December 31, 2018, salaries and benefits includes fees paid to the Company's President and CEO as well as to an investor relations employee. The investor relations employee left the Company, resulting in a decrease to salaries and benefits expense.

### **Share-based payments of \$323,300 (2018 - \$260,008)**

The increase in share-based payments is the result of more options being granted during 2019 that had vesting charges over the year ended December 31, 2019.

### **Shareholder communications of \$389,258 (2018 - \$414,371)**

The decrease in shareholder communications is the result of increased marketing and promotional activities of the Company in 2018. There were less marketing and promotional activities in the first half of 2019, with an increase in this activity during the last half of 2019.

### **Travel and related costs of \$155,048 (2018 - \$181,610)**

Travel and related costs decreased during the period due to a decrease in travel to the Company's properties during the year ended December 31, 2019.

### **Income from sublease of office of \$101,558 (2018 - \$nil)**

Upon the adoption of the new IFRS 16 accounting standard for leases, the income from the sublease of the office is shown as a separate line on the financial statements. In the prior year quarter, the income from the sublease of the office was shown net against the administrative and office expense line.

# Silver One Resources Inc.

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### FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

#### Net working capital including cash

As at December 31, 2019, the Company had \$445,384 in cash, \$2,600,000 in short-term investments, and working capital of \$2,652,256, compared to cash of \$328,714, short-term investments of \$700,000, and working capital of \$673,803 at December 31, 2018. The increase in working capital of \$1,978,453 was primarily due to the private placements during the year for net proceeds of \$5,455,242, offset by the Company's net loss of \$1,614,323 and mineral property expenditures of \$2,017,069. Along with these items, the Company recognized a lease obligation upon the adoption of the new IFRS 16 accounting standard, which resulted in a transition adjustment of a \$111,020 short-term lease obligation on January 1, 2019.

#### Operating activities

Cash used in operating activities for the year ended December 31, 2019 was \$871,999 compared to cash used of \$1,239,754 in the year ended December 31, 2018. This change relates to the decrease in net loss during the year as well as lower changes in working capital items compared to the prior year.

#### Investing activities

Cash used in investing activities for the year ended December 31, 2019 was \$4,369,990 compared to cash provided of \$961,438 in the year ended December 31, 2018. The cash provided by investing activities in the prior year was due mostly to the cash out of short-term investments of \$2,900,000, partially offset by the increase in mineral property expenditures incurred during the year. During the year ended December 31, 2019, a net amount of \$1,900,000 was invested into short-term GIC investments.

#### Financing activities

Cash provided by financing activities for the year ended December 31, 2019 was \$5,358,659 compared to cash provided of \$306,000 in the year ended December 31, 2018. The increase in cash provided by financing activities related mostly to the private placements during 2019 with gross proceeds of \$5,307,250 (\$292,500 of the January 2019 private placement was received during 2018).

#### Capital expenditures

The capital expenditures of the Company during the year ended December 31, 2019 included cash mineral property expenditures of \$1,970,503 (2018 - \$1,503,447) on the Company's properties in the US, and \$326,481 on the Company's Mexican properties (2018 - \$153,557), plus a \$105,568 change in mineral property expenditures included in accounts payable (December 31, 2018 - \$266,967).

#### Liquidity and capital resources

As at December 31, 2019, the Company had a working capital of \$2,652,256. The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets, by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

#### OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

# Silver One Resources Inc.

## Management's Discussion and Analysis for the year ended December 31, 2019

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### 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 Amezcua 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.

### FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

#### 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.

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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:

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

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

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

**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.

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## Management's Discussion and Analysis for the year ended December 31, 2019

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)
<b>Net exposure</b>	<b>(71,613)</b>	<b>4,082</b>	<b>(67,531)</b>
<b>Effect of +/- 10% change in currency</b>	<b>(7,161)</b>	<b>408</b>	

### 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. 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.

### Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, and to explore and develop assets with a view to build a diversified mineral resource company.

to fund activities. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or sell assets

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

### 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 judgements 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.

#### 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 the Company's 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

# Silver One Resources Inc.

## Management's Discussion and Analysis for the year ended December 31, 2019

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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 profit 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.

### **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 the Company's management. Should these estimates prove to be incorrect, this could result in material differences in the Company's impairment testing and conclusions reached therein.

## **CHANGES IN 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, and determined that an adjustment would be made at the date of transition. At January 1, 2019, the Company recognized a right-of-use asset of \$525,191 related to the office rent in property and equipment, and a lease obligation of \$541,330, 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 a retained earnings adjustment of \$16,139 on January 1, 2019.

# Silver One Resources Inc.

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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.

### SECURITIES OUTSTANDING

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

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Issued and Outstanding Common Shares as at April 16, 2020 172,491,572

	<u>Expiry date</u>	<u>Exercise Price</u>	<u>Number</u>
Options	August 5, 2021	\$0.05	3,599,997
	August 31, 2021	\$0.33	615,000
	March 15, 2022	\$0.22	200,000
	April 27, 2022	\$0.58	575,000
	June 15, 2022	\$0.57	200,000
	October 24, 2022	\$0.45	200,000
	January 8, 2023	\$0.45	150,000
	May 17, 2023	\$0.40	1,390,000
	July 19, 2024	\$0.26	2,435,000
	October 15, 2024	\$0.30	150,000
Warrants	October 23, 2020	\$0.60	5,375,001
	January 7, 2022	\$0.20	1,155,668
	July 10, 2022	\$0.20	18,649,720
	January 13, 2023	\$0.20	5,650,000
	January 17, 2023	\$0.20	4,916,000
	April 14, 2023	\$0.40	435,500

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Fully Diluted 218,188,458

### 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

# Silver One Resources Inc.

## Management's Discussion and Analysis for the year ended December 31, 2019

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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.

### DISCLOSURE OF CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended December 31, 2019 and this accompanying MD&A (together, the "Annual Filings").

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

### RISKS AND UNCERTAINTIES

#### Financing risks

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

#### Exploration and development

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

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

#### Title of mineral properties

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

#### Option agreements

The Company is currently earning some of its interests in its mineral properties through option agreements and acquisition of title to the property is only completed when the option conditions have been met. These conditions generally include making option payments and incurring exploration expenditures on the properties. If the Company does not satisfactorily complete its option conditions in the time frame laid out in the option

# Silver One Resources Inc.

## Management's Discussion and Analysis for the year ended December 31, 2019

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agreement, the Company's title to the mineral property will not vest and the Company will have to write-down the previously capitalized costs related to that property.

### Unknown environmental risks for past activities

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

### Political regulatory risks

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

### FORWARD-LOOKING INFORMATION

The Company's consolidated financial statements for the years ended December 31, 2019, and this accompanying MD&A, contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations up to the date of the MD&A.

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

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

# **Silver One Resources Inc.**

## **Management's Discussion and Analysis for the year ended December 31, 2019**

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forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **OUTLOOK**

Silver One's aim is to become a premier silver exploration and development company. The Company has an option agreement with SSR to acquire 100% of their interest in the past silver producing Candelaria Mine in Nevada. In 2017, the company initiated a regional exploration program in eastern Nevada. Work conducted to date has identified several highly-prospective target areas, four of which have been staked, and in July 2018, Silver one also entered into a Lease/Purchase Agreement to acquire five patented claims at its Cherokee project in eastern Nevada. In addition to the Nevada properties, the company also holds three high-quality Mexican silver projects acquired from First Mining Finance. These properties include Peñasco Quemado in the state of Sonora, La Frazada in the state of Nayarit, and Pluton in the state of Durango.

Ultimately, the Company's goal is to add shareholder value through identifying, acquiring, and exploring silver properties. In 2019, the Company intends to grow through further potential acquisitions of companies and/or properties, and organically through the continued exploration of its current mineral property holdings.

### **QUALIFIED PERSONS**

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

# Silver One Resources Inc.

Management's Discussion and Analysis for the year ended December 31, 2019

## OTHER INFORMATION

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

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

### US properties

	Balance December 31 2019	Additions December 31 2019	Transfers <sup>1</sup> December 31 2019	Balance December 31 2018	Additions December 31 2018	Balance December 31 2017
	\$	\$	\$	\$	\$	\$
<b>Candelaria</b>						
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
<b>Cherokee</b>						
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	-	-	-
<b>Eastern Nevada</b>						
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
<b>USA total</b>	<b>8,303,544</b>	<b>2,899,779</b>	<b>-</b>	<b>5,403,765</b>	<b>3,168,629</b>	<b>2,235,136</b>

<sup>1</sup>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.

# Silver One Resources Inc.

## Management's Discussion and Analysis for the year ended December 31, 2019

### Mexican properties

	Balance December 31 2019 \$	Additions December 31 2019 \$	Balance December 31 2018 \$	Additions December 31 2018 \$	Balance December 31 2017 \$
<b>Peñasco Quemado</b>					
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	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
<b>La Frazada</b>					
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
<b>Pluton</b>					
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
<b>Mexico total</b>	<b>6,069,812</b>		<b>5,978,595</b>	<b>629,572</b>	<b>5,349,023</b>