

SILVER VIPER MINERALS CORP.

**Consolidated Financial statements
(Expressed in Canadian Dollars)**

December 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Silver Viper Minerals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Silver Viper Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had incurred a loss of \$3,303,621 for the year ended December 31, 2018 and accumulated losses of \$4,318,306 as of December 31, 2018. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

April 17, 2019

SILVER VIPER MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at
(Expressed in Canadian Dollars)

	December 31, 2018	December 31, 2017
ASSETS		
Current		
Cash	\$ 1,711,902	\$ 4,305,574
Taxes receivable	21,436	15,782
Prepaid expenses	45,113	39,859
	<u>1,778,451</u>	<u>4,361,215</u>
Taxes receivable	253,299	43,413
Exploration and evaluation assets (Note 4)	<u>-</u>	<u>261,500</u>
	<u>\$ 2,031,750</u>	<u>\$ 4,666,128</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ <u>322,491</u>	\$ <u>198,724</u>
Shareholders' equity		
Share capital (Note 5)	5,482,089	5,482,089
Reserves	545,476	-
Deficit	<u>(4,318,306)</u>	<u>(1,014,685)</u>
	<u>1,709,259</u>	<u>4,467,404</u>
	<u>\$ 2,031,750</u>	<u>\$ 4,666,128</u>

Nature and continuance of operations (Note 1)

Approved and authorized on behalf of the board on April 17, 2019:

<u>/s/ Art Freeze</u>	Director	<u>/s/ Ross Wilmot</u>	Director
Art Freeze		Ross Wilmot	

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

SILVER VIPER MINERALS CORP.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

	Year ended December 31, 2018	Year ended December 31, 2017
EXPLORATION EXPENSES		
Drilling	\$ 847,923	\$ 192,181
General exploration	676,922	249,030
Geological (Note 8)	308,466	166,323
Assay	153,372	-
	<u>1,986,683</u>	<u>607,534</u>
GENERAL EXPENSES		
Consulting fees	-	94,000
Filing fees	6,988	65,061
Foreign exchange loss (gain)	(24,091)	8,294
Investor relations (Note 8)	130,529	25,339
Management fees (Note 8)	160,344	61,285
Office and administration (Note 8)	221,158	71,276
Professional fees	69,046	79,099
Share-based compensation (Note 5 and 8)	545,476	-
	<u>1,109,450</u>	<u>404,354</u>
Loss before other income (expenses)	(3,096,133)	(1,011,888)
Clemente project write-off (Note 4)	(261,500)	-
Interest income	54,012	19,003
	<u>(3,303,621)</u>	<u>(992,885)</u>
Loss and comprehensive loss for the year	\$ (3,303,621)	\$ (992,885)
Basic and diluted loss per common share	\$ (0.08)	\$ (0.03)
Weighted average number of common shares outstanding	42,710,301	33,673,006

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

SILVER VIPER MINERALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
Balance, December 31, 2016	30,447,801	\$ 2,631,901	\$ -	\$ (21,800)	\$ 2,610,101
Initial public offering	12,262,500	3,065,625	-	-	3,065,625
Share issuance costs	-	(215,437)	-	-	(215,437)
Loss and comprehensive loss	-	-	-	(992,885)	(992,885)
Balance, December 31, 2017	42,710,301	5,482,089	-	(1,014,685)	4,467,404
Share based compensation	-	-	545,476	-	545,476
Loss and comprehensive loss	-	-	-	(3,303,621)	(3,303,621)
Balance, December 31, 2018	42,710,301	\$ 5,482,089	\$ 545,476	\$ (4,318,306)	\$ 1,709,259

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

SILVER VIPER MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the year ended December 31, 2018	For the year ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (3,303,621)	\$ (992,885)
Items not involving cash:		
Clemente project write-off (Note 4)	261,500	-
Share-based compensation (Note 5)	545,476	-
Changes in non-cash working capital items:		
Receivables	(215,540)	(57,221)
Accounts payable and accrued liabilities	123,767	197,585
Prepaid expenses	(5,254)	(39,859)
Cash used in operating activities	<u>(2,593,672)</u>	<u>(892,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	<u>-</u>	<u>(50,000)</u>
Cash used in investing activities	<u>-</u>	<u>(50,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net of share issue costs	<u>-</u>	<u>2,850,188</u>
Cash provided by financing activities	<u>-</u>	<u>2,850,188</u>
(Decrease) / increase in cash during the year	(2,593,672)	1,907,808
Cash, beginning of year	<u>4,305,574</u>	<u>2,397,766</u>
Cash, end of year	\$ <u>1,711,902</u>	\$ <u>4,305,574</u>

Supplemental disclosure with respect to cash flows (Note 7)

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

SILVER VIPER MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Silver Viper Minerals Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on April 26, 2016. The Company completed an Initial Public Offering (“IPO”) on September 27, 2017 and the Company’s common shares were listed for trading on the TSV Venture Exchange (“TSV-V”). The Company’s principal business activities include the acquisition and exploration of mineral properties in Mexico.

The head office of the Company is located at Suite 1130 - 1055 West Hastings Street, Vancouver, BC, Canada, V6C 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8.

These financial statements were authorized for issue by the Company’s Board of Directors on April 17, 2019.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has been successful in raising funds from incorporation to date, but will require additional funding for continued exploration and working capital purposes in future periods. The Company had incurred a loss of \$3,303,621 for the year ended December 31, 2018 and accumulated losses of \$4,318,306 as of December 31, 2018. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis, except financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Critical Accounting Estimates and Judgements

The preparation of these financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- a) The recoverability of receivables. The Company considers collectability and historical collection rates in estimating the recoverable amount of receivables. If the recoverable amount of receivables is estimated to be less than the carrying amount, the carrying amount of receivables is reduced to the recoverable amount and an impairment loss is recognized in profit or loss for the period.

2. BASIS OF PREPARATION (cont'd...)

Critical Accounting Estimates and Judgements (cont'd...)

- b) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the carrying value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- c) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.
- d) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- e) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries (Note 8). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany balances and transactions have been eliminated upon consolidation.

Exploration and evaluation assets

The Company is currently in the exploration stage with its mineral property interest. Exploration and evaluation assets include the costs of acquiring concessions, and the fair value, upon acquisition, of mineral properties acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area will be recognized in the statement of loss and comprehensive loss.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale.

SILVER VIPER MINERALS CORP.
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YEAR ENDED DECEMBER 31, 2018
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Taxes receivable

Current taxes receivable consists of Goods and Services Tax receivables generated on the purchase of supplies and services, and are refundable from the Canadian government. Non-current taxes receivable consists of Value Added Tax ("VAT") receivables generated on the purchase of supplies and services and are receivable from the Mexican government. The Company classified the VAT receivables as non-current as it does not expect collection to occur within the next year. The VAT refund process in Mexico requires a significant amount of information and follow-up and the timing of collection of VAT receivables is uncertain. The Company believes that taxes receivable balances are fully recoverable and has not provided an allowance.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The Company has no material restoration, rehabilitation and environmental provisions for the periods presented.

Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact to the Corporation's financial statements as a result of transitioning to IFRS 9 effective January 1, 2018.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

a) Classification and measurement of financial assets and liabilities

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial assets. However, it eliminated the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets depends on the purpose for which the financial assets were acquired. The Corporation's financial assets, which consist primarily of cash classified as FVTPL, and receivables classified at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit and loss: This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

b) **Impairment of financial assets**

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Corporation's financial assets are measured at amortized cost and subject to the ECL model. The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets on the transition date given that receivables are current and have minimal level of default.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the corporate group is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options granted to directors, officers, employees and consultants is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as expense, with a corresponding increase in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

SILVER VIPER MINERALS CORP.
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YEAR ENDED DECEMBER 31, 2018
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive instruments are used to repurchase common shares at the average market price during the period. In periods where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in shareholders' equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

SILVER VIPER MINERALS CORP.
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New standards not yet adopted

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 leases, which will replace IAS 17 Leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard is effective for annual reporting periods beginning on or after January 1, 2019. The Company intends to adopt IFRS 16 for the annual reporting period beginning on January 1, 2019 and apply the following practical expedients on initial application:

- a) Application only to contracts that were previously identified as leases, and;
- b) Electing to not recognize leases for which the underlying asset is of low value or considered to be a short-term lease.

The application of IFRS 16 will not have any impact on the amounts recognised in our financial statements for finance leases.

4. EXPLORATION AND EVALUATION ASSETS

Clemente Project

On August 23, 2016, the Company signed a letter of intent (“LOI”) with Riverside Resources Inc. (“Riverside”) which was superseded by a definitive agreement (the “Agreement”) on September 30, 2016 and amended on December 2, 2016 (“Execution date”), with respect to Riverside’s Clemente project (the “Property”) in Sonora, Mexico. The Company had the right to earn 100% undivided interest in the Property.

Commitments under the Agreement were as follows:

Time/Date	Cash Commitment	Cash Paid	Common Shares Commitment	Value of Common Shares Issued	Annual Work Commitment
LOI	\$ 15,000	\$ 15,000	-	-	\$ -
Execution date of Agreement	25,000	25,000	1,000,000 (issued)	\$ 125,000	-
Execution date Year 1 anniversary	50,000	50,000	-	-	350,000 (incurred)
Execution date Year 2 anniversary	75,000	-	-	-	500,000
Execution date Year 3 anniversary	100,000	-	-	-	750,000
Execution date Year 4 anniversary	150,000	-	250,000	-	1,000,000
Execution date Year 5 anniversary	335,000	-	750,000	-	1,400,000
Total	\$ 750,000	\$ 90,000	2,000,000	\$ 125,000	\$ 4,000,000

On execution of the Agreement, the Company also made a one-time payment of \$46,500 for concession taxes owing on the Property. This amount was capitalized as part of the Company’s acquisition costs relating to the Property.

The Agreement also stipulated a requirement for the Company to complete minimum drilling on the Property of 2,500 meters by the Year 2 anniversary of the Execution date. Further, Riverside retained a 2.0% net smelter return (“NSR”) royalty, 100% of which could be purchased by the Company for \$4,000,000 at any time before the Year 5 anniversary

SILVER VIPER MINERALS CORP.
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of the Execution date or 50% for \$3,000,000 after the Year 5 anniversary but before the Year 8 anniversary of the Execution date.

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Clemente Project (cont'd...)

The Company has decided that it will not be meeting its second anniversary cash or work commitment and has returned the Clemente Project to Riverside. The Company wrote-off capitalized acquisition costs of \$261,500 during the year ended December 31, 2018 (2017 - \$Nil).

Rubi-Esperanza Claims, La Virginia

On June 25, 2018 the Company entered into option agreements (the "Option Agreements") to acquire the Rubi-Esperanza group of mineral concessions in Sonora, Mexico. The Option Agreements grant the Company the right to acquire 100% ownership of three prospective claims. The Company will make the following cash payments over the next four anniversaries of the date of the Option Agreements starting on June 25, 2019 as follows:

- a) US\$190,000 on the first anniversary
- b) US\$500,000 on the second anniversary
- c) US\$1,000,000 on the third anniversary
- d) US\$2,800,000 on the fourth anniversary

Claim owners will retain a 2% net smelter return royalty, which may be purchased by the Company for US\$2,000,000 within five years of the effective date of the option agreement, or for US\$3,000,000 after the fifth anniversary. The option agreement does not specify a work commitment.

5. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Issued

During the year ended December 31, 2017 the Company completed the following financings:

On September 27, 2017, the Company completed IPO and issued a total of 12,262,500 common shares at a price of \$0.25 per share, for total proceeds of \$3,065,625. The Company recognized share issuance costs totalling \$215,437 in connection with the IPO.

There were no financings during the year ended December 31, 2018.

As at December 31, 2018 there were 7,308,001 common shares held in escrow. These common shares are being released from escrow in tranches over 36 months from completion of the IPO.

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5. SHARE CAPITAL AND RESERVES (cont'd)

Stock options

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the board of directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are granted with a term of up to ten years and are exercisable at a price that is not less than the market price on the date granted.

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of twelve months with no more than one-quarter of the options vesting in any three-month period.

There were no options granted during the year ended December 31, 2017. During the year ended December 31, 2018, the Company granted 3,940,000 to employees, consultants, officers, and directors with a fair value of \$545,476 in share-based compensation for the options vesting during the period. The weighted average fair value of options granted is \$0.14 per option.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	December 31, 2018
Risk free interest rate	2.08%
Expected dividend yield	0%
Annualized stock price volatility	100%
Expected life of options	5 years
Expected forfeiture rate	0%

The following stock options were outstanding as of December 31, 2018:

Number of Options	Exercise Price	Expiry Date
3,820,000*	\$0.25	February 9, 2023
100,000	\$0.15	September 20, 2023
3,920,000		

*Subsequent to December 31, 2018, 100,000 options were forfeited.

Stock option transactions are summarized as follows:

	Number	Weighted average exercise price
Outstanding, December 31, 2017	-	-
Granted	3,940,000	\$0.25
Forfeited	(20,000)	\$0.25
Outstanding, December 31, 2018	3,920,000	\$0.25
Exercisable, December 31, 2018	3,920,000	\$0.25

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6. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended December 31, 2018.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company's management has been successful in raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions during the year ended December 31, 2018 or December 31, 2017.

8. RELATED PARTY TRANSACTIONS

The consolidated financial statements consist of Silver Viper Minerals Corp. and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
SV Plata Servicios S.A. de C.V.	Mexico	100%	Mineral exploration
SV Minerales S.A. de C.V.	Mexico	100%	Mineral exploration

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8. RELATED PARTY TRANSACTIONS (cont'd...)

Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

	For the year ended December 31, 2018		For the year ended December 31, 2017	
Management fees	\$	120,000	\$	61,285
Share-based compensation		140,000		-
Total	\$	260,000	\$	61,285

Other related party transactions are as follows:

	For the year ended December 31, 2018		For the year ended December 31, 2017	
Investor relations *	\$	47,128	\$	8,023
Management fees *		40,344		-
Office and administration *		188,285		47,618
Geological consulting fees		49,000		34,285
Share-based compensation		196,000		-
Total	\$	520,757	\$	89,926

*Fees were paid to a management service company controlled by a director of the Company that provides office space, a corporate secretary, investor relations, a CFO, accounting and administration staff to the Company on a shared cost basis.

As of December 31, 2018, the Company had \$174 in accounts payable (2017 - \$25,914) owing to companies controlled by directors.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

Cash is carried at fair value using a level 1 fair value measurement. The carrying values of receivables, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of the financial instruments.

Concentrations of business risk

The Company maintains substantially all of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk arises from value-added tax (VAT) and goods and services tax (GST), which are recoverable from the governing body in Mexico and Canada, respectively. As the Company's exploration operations are conducted in Mexico, the Company's operations are also subject to the economic risks associated with those countries.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Foreign exchange risk

A portion of the Company's operational transactions are originally denominated in Mexican Pesos. Accordingly, the results of the Company's operations and comprehensive loss as stated in Canadian dollars will be impacted by exchange rate fluctuations. The Company does not hedge its exposures to movements in the exchange rates at this time.

The Company's exposure to foreign currency risk is on its cash, long term taxes receivable, and accounts payable and accrued liabilities. At December 31, 2018, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and Mexican Peso would have an effect of \$1,900 on profit and loss.

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9. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

Price risk

Mineral prices, in particular gold and silver, are volatile, and have fluctuated sharply in recent periods. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

10. SEGMENTED INFORMATION

The Company's reportable operating segment is the acquisition of mineral properties. Geographic information is as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Exploration and evaluation assets		
Mexico	\$ -	\$ 261,500
Canada	-	-

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11. INCOME TAXES

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Basic statutory and provincial income tax rate	26%	26%
Loss for the period	\$ (3,303,621)	\$ (992,885)
Expected tax expense (recovery)	\$ (892,000)	\$ (258,000)
Change in statutory, foreign tax, foreign exchange and other	(68,000)	(8,000)
Permanent difference	144,000	-
Share issue costs	(120,000)	(56,000)
Change in unrecognized deductible temporary differences	936,000	322,000
Deferred tax expense (recovery)	\$ -	\$ -

The significant components of the Company's unrecognized deductible temporary differences and tax losses are as follows:

	December 31, 2018	December 31, 2017	Expiry
Exploration and evaluation assets	\$ 2,866,000	\$ 217,000	No expiry
Share issue costs	\$ 139,000	\$ 187,000	2039-2041
Non-capital losses available for future periods	\$ 1,416,000	\$ 847,000	2027-2038
Canada	\$ 1,016,000	\$ 448,000	2036-2038
Mexico	\$ 400,000	\$ 399,000	2027-2028

Tax attributes are subject to review and potential adjustment by tax authorities.