



# SILVERCREST

Metals Inc.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES**

**FOR THE SIX MONTHS ENDED JUNE 30, 2017**

**(UNAUDITED)**

## **MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING**

The accompanying condensed consolidated interim financial statements of SilverCrest Metals Inc. (“the Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

**SILVERCREST METALS INC.**  
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SILVERCREST METALS INC.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)  
AS AT

	June 30, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,650,939	\$ 8,928,717
Short term investment	4,000,000	4,000,000
Amounts receivable (note 6)	54,321	66,567
Taxes receivable	36,508	54,043
Prepays	156,018	96,208
<b>Total current assets</b>	<b>6,897,786</b>	<b>13,145,535</b>
<b>Non-current assets</b>		
Taxes receivable	975,377	408,970
Deposits	58,076	58,076
Property and equipment (note 5)	1,013,966	101,263
Exploration and evaluation assets (note 4)	8,231,725	4,160,633
<b>Total non-current assets</b>	<b>10,279,144</b>	<b>4,728,942</b>
<b>TOTAL ASSETS</b>	<b>\$ 17,176,930</b>	<b>\$ 17,874,477</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	\$ 381,489	\$ 283,288
<b>Shareholders' equity</b>		
Capital stock (note 7)	19,439,054	19,362,804
Share-based payment reserve (note 7)	2,231,055	544,757
Deficit	(4,874,668)	(2,316,372)
<b>Total shareholders' equity</b>	<b>16,795,441</b>	<b>17,591,189</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 17,176,930</b>	<b>\$ 17,874,477</b>

Nature of operations and going concern (note 1)

Subsequent event (note 10)

Approved by the Board and authorized for issue on August 3, 2017:

\_\_\_\_\_  
"N. Eric Fier" Director                      "Graham C. Thody" Director

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

**SILVERCREST METALS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE PERIODS ENDED JUNE 30,**

	Three months ended		Six months ended	
	2017	2016	2017	2016
Depreciation (note 5)	\$ 10,032	\$ 5,945	\$ 17,030	\$ 10,652
Exploration expenditures	3,347	44,044	11,128	51,911
Foreign exchange loss	62,007	7,169	70,335	132,518
Insurance	15,085	4,375	27,599	8,750
Interest income	(25,034)	(15,717)	(52,694)	(26,595)
Management and director fees (note 6)	78,045	26,250	156,591	52,500
Office and miscellaneous	15,294	11,182	40,803	22,372
Professional fees (note 6)	48,100	38,971	101,620	69,283
Regulatory and transfer agent fees	33,595	13,862	57,137	17,860
Rent and communications	38,447	29,086	79,250	59,049
Remuneration (note 6)	93,106	81,738	189,042	156,405
Share-based compensation (notes 6 and 7)	521,613	3,721	1,541,056	10,820
Shareholder and investor relations	63,255	50,114	116,306	77,080
Technical consultants (note 6)	18,520	3,230	49,437	14,300
Tradeshaw and travel	66,708	39,964	153,656	77,176
<b>Net and comprehensive loss for the period</b>	<b>\$ (1,042,120)</b>	<b>\$ (343,934)</b>	<b>\$ (2,558,296)</b>	<b>\$ (734,081)</b>
<b>Basic and diluted comprehensive loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.05)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>48,153,767</b>	<b>40,217,398</b>	<b>48,092,994</b>	<b>40,063,814</b>

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

**SILVERCREST METALS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE SIX MONTHS ENDED JUNE 30,**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (2,558,296)	\$ (734,081)
Items not affecting cash:		
Depreciation	17,030	10,652
Share-based compensation	1,541,056	10,820
Interest income	(52,694)	(26,595)
Changes in non-cash working capital items:		
Amounts receivable	46,538	52,153
Taxes receivable	(548,872)	(184,628)
Prepays and deposits	(59,810)	(30,819)
Accounts payable and accrued liabilities	(112,340)	(39,759)
<b>Net cash used in operating activities</b>	<b>(1,727,388)</b>	<b>(942,257)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital stock issued	76,250	65,053
<b>Net cash provided by financing activities</b>	<b>76,250</b>	<b>65,053</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	18,402	10,565
Exploration and evaluation assets	(3,715,309)	(1,408,580)
Purchase of property and equipment	(929,733)	(51,876)
<b>Net cash used in investing activities</b>	<b>(4,626,640)</b>	<b>(1,449,891)</b>
<b>Change in cash and cash equivalents, during the period</b>	<b>(6,277,778)</b>	<b>(2,327,095)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>8,928,717</b>	<b>5,241,781</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 2,650,939</b>	<b>\$ 2,914,686</b>
<b>Cash and cash equivalents is represented by:</b>		
Cash	\$ 556,255	\$ 70,670
Cash equivalents	2,094,684	2,844,016
<b>Total cash and cash equivalents</b>	<b>\$ 2,650,939</b>	<b>\$ 2,914,686</b>
<b>Non-cash investing activities</b>		
Capitalized to exploration and evaluation assets		
Accounts payable and accrued liabilities	\$ 290,453	\$ 101,419
Share-based compensation	\$ 145,242	\$ -

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

SILVERCREST METALS INC.  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY  
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Capital stock		Share-based payment reserve	Deficit	Total
	Number	Amount			
<b>Balance at December 31, 2015</b>	39,887,607	\$ 8,337,099	\$ 253,052	\$ (574,947)	\$ 8,015,204
Share-based compensation	-	-	10,820	-	10,820
Stock options exercised	217,524	42,505	(21,952)	-	20,553
Warrants exercised	222,500	44,500	-	-	44,500
Net and comprehensive loss for the period	-	-	-	(734,081)	(734,081)
<b>Balance at June 30, 2016</b>	<b>40,327,631</b>	<b>8,424,104</b>	<b>241,920</b>	<b>(1,309,028)</b>	<b>7,356,996</b>
Share-based compensation	-	-	340,932	-	340,932
Stock options exercised	334,890	59,287	(37,695)	-	21,592
Warrants exercised	1,877,496	375,499	-	-	375,499
Capital stock issued	5,232,500	11,511,500	-	-	11,511,500
Capital stock issuance costs	-	(1,007,586)	-	-	(1,007,586)
Stock options expired	-	-	(400)	400	-
Net and comprehensive loss for the period	-	-	-	(1,007,744)	(1,007,744)
<b>Balance at December 31, 2016</b>	<b>47,772,517</b>	<b>19,362,804</b>	<b>544,757</b>	<b>(2,316,372)</b>	<b>17,591,189</b>
Share-based compensation (note 7)	-	-	1,686,298	-	1,686,298
Warrants exercised (note 7)	381,250	76,250	-	-	76,250
Net and comprehensive loss for the period	-	-	-	(2,558,296)	(2,558,296)
<b>Balance at June 30, 2017</b>	<b>48,153,767</b>	<b>\$ 19,439,054</b>	<b>\$ 2,231,055</b>	<b>\$ (4,874,668)</b>	<b>\$ 16,795,441</b>

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

**SILVERCREST METALS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**  
**SIX MONTHS ENDED JUNE 30, 2017**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

SilverCrest Metals Inc. (the “Company” or “SilverCrest”) is a Canadian precious metals exploration company headquartered in Vancouver, BC. The Company was incorporated under the Business Corporations Act (British Columbia). The common shares of the Company trade on the TSX Venture Exchange under the symbol “SIL”. The head office and principal address of the Company is 501-570 Granville Street, Vancouver, BC, Canada, V6C 3P1. The address of the Company’s registered and records office is 19th Floor, 885 West Georgia Street, Vancouver, BC, Canada, V6C 3H4.

While the Company currently has no source of revenue, its cash and cash equivalents of \$2.7 million and short term deposits of \$4.0 million contribute to working capital of \$6.5 million, which management will use to fund the Company’s exploration activities, general working capital requirements, as well as property option payments for the next 12 months. The Company’s financial success is dependent on its ability to discover economically viable mineral deposits. In order to complete the Company’s expanded phase II exploration program, the Company may require substantial additional financing, which is subject to a number of factors many of which are beyond the Company’s control. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2016, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgments and estimates were presented in notes 2 and 3, respectively, of these consolidated financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

**Basis of preparation and measurement**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors of the Company on August 3, 2017.

These condensed consolidated interim financial include the accounts of the Company and its wholly-owned subsidiaries, Minera La Llamarada, S.A. de C.V., a Mexico corporation, and NorCrest Metals Inc., a Canadian corporation. The Company consolidates subsidiaries where the Company has the ability to exercise control. Control is achieved when the Company has the power to govern the financial and operating policies of the entity. Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Control can also be achieved through power over more than half of the voting rights by virtue of an agreement with other investors or through the exercise of de facto control. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

**3. NEW STANDARDS NOT YET ADOPTED**

In July 2014, the IASB issued the final version of IFRS 9 – *Financial instruments* to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption still permitted.



**SILVERCREST METALS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**  
**SIX MONTHS ENDED JUNE 30, 2017**

**3. NEW STANDARDS NOT YET ADOPTED (continued)**

IFRS 15 – *Revenue from contracts with customers* (“IFRS 15”) was issued by the IASB on May 28, 2014, and will replace IAS 18 - *Revenue*, IAS 11 - *Construction Contracts*, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018.

On January 13, 2016, the IASB issued IFRS 16 – *Leases*, the new leases standard. The standard is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied.

The Company has not yet completed the process of assessing the impact that IFRS 9, IFRS 15, and IFRS 16 will have on its consolidated financial statements, or whether to early adopt these new requirements.

**4. EXPLORATION AND EVALUATION ASSETS**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing except as otherwise disclosed. However, this should not be considered as a guarantee of title. The mineral properties may be subject to prior claims or agreements, or transfers, and rights of ownership may be affected by undetected defects.

The following table summarizes the Company’s exploration and evaluation asset expenditures:

	<b>Cruz de Mayo</b>	<b>Guadalupe</b>	<b>Huasabas</b>	<b>Las Chispas</b>	<b>Other</b>	<b>Total</b>
Balance at December 31, 2015	\$ 48,509	\$ 393,399	\$ 53,087	\$ 115,149	\$ 12,577	\$ 622,721
Acquisition costs:						
Option, concession, and surface rights payments	45,090	97,061	1,540	233,595	61,100	438,386
Exploration and evaluation expenditures:						
Assays	-	-	12,473	371,871	-	384,344
Exploration costs	2,283	-	58,446	176,758	-	237,487
Drilling	-	-	168,393	1,642,359	-	1,810,752
Salaries and remuneration	-	-	52,153	441,152	-	493,305
Share-based compensation	-	-	-	22,564	-	22,564
Technical consulting services	-	15,841	-	43,980	-	59,821
Travel and lodging	-	2,504	6,930	81,819	-	91,253
<b>Subtotal, additions</b>	<b>2,283</b>	<b>18,345</b>	<b>298,395</b>	<b>2,780,503</b>	<b>-</b>	<b>3,099,526</b>
Balance at December 31, 2016	\$ 95,882	\$ 508,805	\$ 353,022	\$ 3,129,247	\$ 73,677	\$ 4,160,633
Acquisition costs:						
Option, concession, and surface rights payments	4,609	48,616	558	252,625	30,603	337,011
Exploration and evaluation expenditures:						
Assays	-	-	-	426,295	-	426,295
Exploration costs	-	-	-	468,090	-	468,090
Drilling	-	-	-	2,306,428	-	2,306,428
Salaries and remuneration (note 6)	-	-	-	293,967	-	293,967
Share-based compensation (notes 6 and 7)	-	-	-	145,242	-	145,242
Technical consulting services	-	-	-	50,280	-	50,280
Travel and lodging	-	-	-	43,779	-	43,779
<b>Subtotal, additions</b>	<b>4,609</b>	<b>48,616</b>	<b>558</b>	<b>3,986,706</b>	<b>30,603</b>	<b>4,071,092</b>
Balance at June 30, 2017	\$ 100,491	\$ 557,421	\$ 353,580	\$ 7,115,953	\$ 104,280	\$ 8,231,725

4. **EXPLORATION AND EVALUATION ASSETS** (continued)

**Cruz de Mayo Project, Sonora, Mexico**

The Company has a 100% interest in two mineral concessions, Cruz de Mayo 2 and El Gueriguito, which are located in Sonora State, Mexico. The Company has the right to acquire a 100% interest in the El Gueriguito concession by making annual staged option payments totalling US\$1,000,000 until November 19, 2032. The Company has the right to make early payment with no additional consideration. There is a 2.5% NSR royalty which ceases on cumulative payments of US\$1,000,000. The remaining payments totalling US\$755,000 are scheduled as follows:

- US\$50,000 on each 19<sup>th</sup> day of November 2017 to 2031; and
- US\$5,000 on November 19, 2032.

**Las Chispas, Sonora, Mexico**

The property is located in Sonora, Mexico, and consists of 26 concessions.

For four of the mining concessions, the Company has the right and option to purchase an undivided 100% title for total consideration of US\$600,000. As at June 30, 2017, the remaining payments totalling US\$510,000 are scheduled as follows:

- US\$60,000 on May 20, 2018;
- US\$100,000 on May 20, 2019; and
- US\$350,000 on May 20, 2020.

For 13 of the mining concessions, the Company received the right and option to purchase an undivided 100% title for total consideration of US\$3,000,000. As at June 30, 2017, the final payment of US\$2,725,000 (of which \$500,000, at the Company's option, can be paid in common shares of SilverCrest) is due on June 2, 2018.

For one mining concession, the Company received the right and option to purchase an undivided 100% title for total consideration of US\$150,000. As at June 30, 2017, the remaining payments totalling US\$130,000 are scheduled as follows:

- US\$30,000 on December 11, 2017; and
- US\$100,000 on December 11, 2018.

For one mining concession, the Company received the right and option to purchase an undivided 100% title for total consideration of US\$150,000. As at June 30, 2017, the final payment of US\$100,000 is due on June 15, 2019.

For one mining concession, 66.7% of the concession is owned and optioned to SilverCrest by a local Mexican company and the remaining 33.3% is owned and not optioned to SilverCrest by a local Mexican family.

In June 2017, the Company's Mexico subsidiary registered the remaining six mining concessions with the Mexico Mines Registry in Hermosillo.

Surface rights over the Las Chispas mining concessions are either owned (note 5) or held by the Company's Mexico subsidiary under previously negotiated 20 year lease agreements.

**Other properties in Mexico**

The Company's other Mexican exploration properties include Huasabas, Guadalupe, Angel de Plata and Estacion Llano.

SILVERCREST METALS INC.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)  
SIX MONTHS ENDED JUNE 30, 2017

5. **PROPERTY AND EQUIPMENT**

	Computer	Equipment	Vehicle	Land <sup>(1)</sup>	Total
<b>Cost</b>					
Balance at December 31, 2015	\$ 12,756	\$ 7,429	\$ 34,597	\$ -	\$ 54,782
Additions	6,155	39,618	29,464	-	75,237
As at December 31, 2016	18,911	47,047	64,061	-	130,019
Additions	13,540	24,855	42,219	849,119	929,733
As at June 30, 2017	\$ 32,451	\$ 71,902	\$ 106,280	\$ 849,119	\$1,059,752
<b>Accumulated depreciation</b>					
Balance at December 31, 2015	\$ 1,974	\$ 625	\$ 1,423	\$ -	\$ 4,022
Depreciation for the year	7,218	4,888	12,628	-	24,734
Balance at December 31, 2016	9,192	5,513	14,051	-	28,756
Depreciation for the period	4,227	3,747	9,056	-	17,030
As at June 30, 2017	\$ 13,419	\$ 9,260	\$ 23,107	\$ -	\$ 45,786
<b>Carrying amounts</b>					
As at December 31, 2016	\$ 9,719	\$ 41,534	\$ 50,010	\$ -	\$ 101,263
As at June 30, 2017	\$ 19,032	\$ 62,642	\$ 83,173	\$ 849,119	\$1,013,966

<sup>(1)</sup> In early May 2017, the Company's Mexico subsidiary purchased a 2,500 hectare ranch which covers approximately 40% of the surface rights over the Las Chispas mining concessions.

6. **RELATED PARTY TRANSACTIONS**

**Professional fees**

During the six months ended June 30, 2017, the Company paid or accrued professional fees of \$23,487 (June 30, 2016 – \$12,963), to Koffman Kalef LLP, a law firm of which the Company's Corporate Secretary is a partner. At June 30, 2017, \$Nil (December 31, 2016 – \$66,216) was payable to Koffman Kalef LLP.

**Key management compensation**

The Company's key management personnel have authority and responsibility for planning, directing, and controlling the activities of the Company and include the Company's Chief Executive Officer, Chief Financial Officer, and former Executive Vice President. Key management personnel compensation is summarized as follows:

	Six months ended June 30, 2017	Six months ended June 30, 2016
Management fees <sup>(1)</sup>	\$ 122,500	\$ 52,500
Management remuneration <sup>(2)</sup>	44,404	-
Director fees	34,091	-
Share-based compensation <sup>(3)</sup>	1,458,060	8,241
	\$ 1,659,055	\$ 60,741

<sup>(1)</sup> Management fees were paid to companies controlled by the Chief Executive Officer and former Executive Vice President of the Company.

<sup>(2)</sup> Remuneration and short-term benefits were paid to the Chief Financial Officer of the Company.

<sup>(3)</sup> Share-based compensation is the fair value of the vested portion of stock options that have been granted to directors and officers of the Company.

6. **RELATED PARTY TRANSACTIONS** (continued)

**Other transactions**

During the six months ended June 30, 2017, the Company:

- paid remuneration of \$66,235 (June 30, 2016 – \$43,838) to an employee providing technical services who is an immediate family member of the Chief Executive Officer of the Company, of which \$61,771 (June 30, 2016 – \$41,646) was recorded as exploration and evaluation expenditures (note 4) and \$4,464 (June 30, 2016 – \$2,192) was expensed. The Company also recorded share-based compensation of \$82,996 (June 30, 2016 – \$Nil) for the vested portion of stock options granted to this employee which was recorded as exploration and evaluation expenditures (note 4);
- paid consulting fees of \$16,250 (June 30, 2016 – \$Nil) and recorded share-based compensation expense of \$20,749 (June 30, 2016 – \$Nil), for the vested portion of stock options granted, to a consultant providing technical services who is an immediate family member of the Chief Executive Officer of the Company. Amounts recognized to this consultant were recorded as exploration and evaluation expenditures (note 4); and
- paid remuneration of \$Nil (June 30, 2016 – \$5,234) to an employee providing administrative services who is an immediate family member of the former Executive Vice President of the Company.

On October 1, 2015, the Company entered into an allocation of costs agreement with Goldsource Mines Inc. (“Goldsource”), a company related by common directors and officers, whereby the Company shares salaries, administrative services, and other reimbursable expenses. During the six months ended June 30, 2017, the Company allocated to Goldsource \$95,187 (June 30, 2016 – \$96,625) for its share of these expenses, of which \$13,847 (December 31, 2016 – \$40,360) was receivable from Goldsource at June 30, 2017.

7. **CAPITAL STOCK**

**Authorized shares**

The Company’s authorized capital stock consists of an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value.

**Issued and outstanding**

At June 30, 2017, the Company had 48,153,767 common shares and no preferred shares outstanding.

*Six months ended June 30, 2017*

The Company issued 381,250 common shares at \$0.20 per share for gross proceeds of \$76,250 on the exercise of warrants.

*Year ended December 31, 2016*

On December 6, 2016, the Company completed a prospectus offering of 5,232,500 units at a price of \$2.20 per unit for gross proceeds of \$11,511,500. Each unit consisted of one common share and one half warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$3.00 per share until December 6, 2018. In connection with the prospectus offering, the Company incurred \$1,007,586 in capital stock issuance costs.

During 2016, the Company issued 552,414 common shares with a weighted average price of \$0.08 per share for gross proceeds of \$42,145 on the exercise of stock options. The Company also issued 2,099,996 common shares at a price of \$0.20 per share for gross proceeds of \$419,999 on the exercise of warrants.

**Stock options**

The Company has a “rolling 10%” Stock Option Plan which authorizes the grant of stock options to directors, officers, employees, and consultants, enabling them to acquire common shares of the Company to a maximum of 10% of the then issued and outstanding common shares. The exercise price of any option will be the market price of the Company's stock as at the date of the grant. The options can be granted for a maximum term of 10 years with vesting determined by the Board of Directors.

SILVERCREST METALS INC.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)  
SIX MONTHS ENDED JUNE 30, 2017

7. **CAPITAL STOCK** (continued)

**Stock options** (continued)

A summary of the Company's stock option transactions during the period (year) is as follows:

	Six months ended June 30, 2017		Year ended December 31, 2016	
	Number of options	Weighted average exercised price	Number of options	Weighted average exercised price
Outstanding, beginning of period (year)	3,900,005	\$ 1.06	2,830,917	\$ 0.14
Issued	100,000	2.55	1,625,000	2.32
Exercised	-	-	(552,414)	0.08
Expired	-	-	(3,498)	0.06
Outstanding, end of period (year)	4,000,005	\$ 1.09	3,900,005	\$ 1.06

During the six months ended June 30, 2017, the Company granted:

- 100,000 stock options, on January 3, 2017, to a newly appointed director that can be exercised at a price of \$2.55 per share until January 3, 2022. These stock options vest over a 1 year period, with 25% vesting after each of 3 months, 6 months, 9 months, and 12 months after the grant date, respectively.

During the year ended December 31, 2016, the Company granted:

- 100,000 stock options, on October 17, 2016, to an officer that can be exercised at a price of \$2.56 per share until October 17, 2021; and
- 1,525,000 stock options, on December 9, 2016, to directors, officers, employees, and consultants that can be exercised at a price of \$2.30 per share until December 21, 2021.

Options granted during 2016 vest over a 1 year period, with 25% vesting after each of 3 months, 6 months, 9 months, and 12 months after the grant date, respectively.

Stock options outstanding and exercisable at June 30, 2017 are as follows:

Expiry date	Exercise price	Options outstanding		Options exercisable
		Number of shares issuable on exercise	Remaining life (years)	Number of shares issuable on exercise
December 5, 2017 - December 10, 2019	\$ 0.06	25,005	1.44 <sup>(1)</sup>	25,005
December 9, 2020	\$ 0.16	2,250,000	3.45	2,250,000
October 17, 2021	\$ 2.56	100,000	4.30	50,000
December 9, 2021	\$ 2.30	1,525,000	4.45	762,500
January 3, 2022	\$ 2.55	100,000	4.52	25,000
		4,000,005		3,112,505

<sup>(1)</sup> Weighted average remaining life

The weighted average remaining life of options outstanding is 3.86 years.

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7. **CAPITAL STOCK** (continued)

**Share-based compensation**

The fair value of options granted during the six months ended June 30, 2017 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	Six months ended June 30, 2017
Expected option life (years)	5
Expected volatility	79%
Expected dividend yield	-
Risk-free interest rate	1.05%
Expected forfeiture rate	1.00%
Fair value per share	\$ 1.60
Total fair value	\$ 160,166

During the six months ended June 30, 2017, the Company recognized share-based compensation expense of \$125,054 for the vested portion of these stock options. The Company also recognized share-based compensation of \$1,561,244 for the vested portion of stock options previously granted during 2016, of which \$1,416,002 was expensed and \$145,242 was capitalized as exploration expenditures (note 4).

During the six months ended June 30, 2016, there were no stock options granted; however the Company recognized share-based compensation expense of \$10,820 for the vested portion of stock options previously granted during 2015.

**Share-based payment reserve**

The share-based payment reserve records items recognized as share-based compensation and the fair value of warrants issued based on the residual method. At the time that stock options or warrants are exercised, the corresponding amount is reallocated to share capital or, if cancelled or expired, the corresponding amount is reallocated to deficit.

A summary of share-based payment reserve transactions is as follows:

	Six months ended June 30, 2017	Year ended December 31, 2016
Balance, beginning of period (year)	\$ 544,757	\$ 253,052
Share-based compensation	1,686,298	351,752
Stock options exercised, reallocated to capital stock	-	(59,647)
Stock options expired, reallocated to deficit	-	(400)
Balance, end of period (year)	\$ 2,231,055	\$ 544,757

**Warrants**

Warrant transactions during the period (year) are as follows:

	Six months ended June 30, 2017		Year ended December 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period (year)	8,848,821	\$ 1.03	8,332,567	\$ 0.20
Issued	-	-	2,616,250	3.00
Exercised	(381,250)	0.20	(2,099,996)	0.20
Outstanding, end of period (year)	8,467,571	\$ 1.07	8,848,821	\$ 1.03

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**7. CAPITAL STOCK (continued)**

**Warrants (continued)**

The warrants outstanding at June 30, 2017 are as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Remaining life (years)</b>	<b>Number of warrants</b>
November 19, 2017	\$ 0.20	0.39	5,851,321
December 6, 2018	\$ 3.00	1.44	2,616,250
			<b>8,467,571</b>

The weighted average remaining life of warrants outstanding is 0.71 years.

**8. SEGMENTED INFORMATION**

The Company operates in one reportable segment, being the acquisition and exploration of mineral property interests in Mexico.

Geographical segmented information is presented as follows:

<b>June 30, 2017</b>	<b>Canada</b>	<b>Mexico</b>	<b>Total</b>
Net loss for the period	\$ 2,475,808	\$ 82,488	\$ 2,558,296
<b>Asset Information</b>			
Taxes receivable	\$ -	\$ 975,377	\$ 975,377
Deposits	\$ 58,076	\$ -	\$ 58,076
Property and equipment	\$ 4,792	\$ 1,009,174	\$ 1,013,966
Exploration and evaluation assets	\$ -	\$ 8,231,725	\$ 8,231,725

<b>June 30, 2016</b>			
Net loss for the period	\$ 698,239	\$ 35,842	\$ 734,081
<b>Asset Information</b>			
Deposits	\$ 58,076	\$ -	\$ 58,076
Property and equipment	\$ 9,449	\$ 82,535	\$ 91,984
Exploration and evaluation assets	\$ -	\$ 2,132,720	\$ 2,132,720

**9. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS**

The Company's financial instruments consist of cash and cash equivalents, short term investments, amounts receivable, deposits, and accounts payable. The carrying value of amounts receivable and accounts payable approximate their fair values due to the short periods until settlement. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's cash and cash equivalents and short term investments are measured using level 1 inputs.

**10. SUBSEQUENT EVENT**

Subsequent to June 30, 2017, the Company issued 1,500,000 common shares at \$0.20 per share for gross proceeds of \$300,000 for the exercise of warrants.